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Title: Open Briefing®. Royal Resources. CEO on Uranium Growth Strategy

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Royal Resources Limited (ASX code – ROY) has advanced iron ore projects in the Midwest and Pilbara regions of Western Australia and uranium prospects in Colorado, Utah and Arizona, USA. In May 2008, you announced a Joint Venture with Energy Fuels Inc. (listed on TSX) to explore, evaluate and mine uranium properties in Arizona. Can you describe all of Royal's uranium assets in the USA?

CEO Marcus Flis
Royal has three strategic partners in the USA. We entered a Joint Venture with Lynx to identify, assess, and acquire uranium exploration properties in highly prospective, yet poorly explored, terrains. This Joint Venture has resulted in staking more than 165 square kilometres of claims in the Uravan Belt of the Colorado Plateau, some of the most prospective ground for uranium mineralisation in the USA. Royal will earn 80% of the Joint Venture. A Joint Venture with GeoMinInc, covering over 7.5 square kilometres, gives Royal an entry into the highly prospective Thirty Nine Mile Volcanic Field within trucking distance to an existing uranium mill at Cañon City. Both of these are in southern Colorado / south eastern Utah.

Royal recently announced a deal with our third partner, Energy Fuels Inc. who have extensive claims in the Arizona Strip, that area of land between the Grand Canyon and the Utah border. Around 26 properties covering discrete breccia pipe targets have been folded into this 50:50 JV.

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Can you describe the uranium exploration and mining industry in the USA? What are the similarities and differences between it and the Australian industry?

CEO Marcus Flis
First of all, unlike Australia, the uranium exploration scene has been essentially dormant for some time in the USA. With explorers keen to chase uranium in high-risk countries in Africa, the USA has been largely ignored. This has been exacerbated by the sub-prime meltdown which has starved junior explorers of funds. Unlike Australian exploration, exploration in the USA is generally highly targeted, with only very small parcels being staked. Freehold ownership of mineral rights by property owners has driven this behaviour. However, Royal has staked very large areas of highly prospective land – areas more typical of the Australian exploration style. With these we will be able to apply modern exploration techniques, such as facies mapping and geophysics, as opposed to the predominantly wildcat drilling that has historically been the norm. In so doing, Royal will be targeting the "elephants" and, if successful, will change another paradigm in the USA: that of a mine large enough to support its own uranium mill. You see, right now it is more typical for a different company to own and operate a mill than the mining companies. A lot of uranium in the USA is toll processed through third party mills, leaking a lot of value!

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Can you outline the history of uranium exploration and production in the regions you operate?

CEO Marcus Flis
The major uranium production area of SW Colorado and SE Utah is from the Uravan Belt on the Colorado Plateau where mining first commenced before 1880. The target mineral was vanadium, but a significant accessory mineral was uranium, at the time only recently able to be converted to its metallic form. By 1898, in excess of 10 tonnes of ore grading more than 20% U_3O_8 and 15% V_2O_5 were shipped. By 1910, the "Uravan Belt" had been defined and mining started in earnest. The Manhattan Project, the USA's drive to produce the first atom bomb, accelerated mining, so that between 1943 and 1955 over 800 mines produced 1,350 tonnes of U_3O_8. Production peaked in the 1960's, but with the slump in uranium prices in the late 1980's, many of the mines shut down. In excess of 114,000 tonnes of U_3O_8 were produced to 1990.

The Arizona Strip was predominantly worked by Energy Fuels Nuclear Inc., a precursor to Energy Fuels Inc., our JV partner in this region. Around 10,000 tonnes of U_3O_8 have been produced, all from underground mines.

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How can Royal make a success of operating in the USA uranium industry? What is Royal's strategy to add value for its shareholders from its uranium assets in the USA?

CEO Marcus Flis
Royal has a critical mass of highly prospective exploration ground in two historically high production areas. We are operating in an environment where toll processing is the norm – so start-up costs are very low, allowing even small discoveries to be put into production early. All of this is supported by average grades that are high by world standards. The average grades here are 0.25 – 0.39% U_3O_8 at Uravan and 0.65% at the Arizona Strip. These compare extremely well to grades at Olympic Dam (0.058%), Ranger 3 (0.15%), and Jabiluka (0.50%). Finally, we have in place a highly experienced technical and management team who have been involved in major exploration success and mine start-ups. All this will come together as many commentators believe that world uranium prices are set to rebound to more that US$100/lb. The business proposition is very compelling.

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What are Royal's rights and obligations under the various joint ventures?

CEO Marcus Flis
Royal has agreed to sole fund the Lynx JV to US$4.5 million over 5 years to earn-in to 80% of the projects. US$3.6 million has already been spent. The GeoMinInc JV is sole funded by Royal to a level of US$0.85 million over 18 months with US$0.62 million already spent. The EFR Arizona Strip JV has a commitment of US$2 million over 3 years for Royal to earn-in to 50% of the projects. In each case, Royal has flexibility to walk away at any stage, convert minority holdings to a royalty revenue stream, and take its share of production in kind.

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When do you expect the next significant results from your iron ore exploration? Can you give a brief update on recent exploration?

CEO Marcus Flis
Drilling is currently underway at the Warriedar JV to test the Shine high-grade hematite resource. This should be completed by early July, with full results available by about the end of August. It is my expectation that Shine will have a maiden resource declared at that time. Drilling at Prairie Downs has been delayed to rig availability, and will now start in early July. I expect that drilling will show the continuation of high grade Marra Mamba ores east from BHPB's Western Ridge orebody and west from Giralia's ground. The target is in excess of 20 million tonnes. Later in the year, drilling will start at our Mt Margaret Prospect where +30 million tonnes of detrital-style iron ore is the target.

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What is Royal's current funding position and your additional expenditure commitments or expectations?

CEO Marcus Flis
Royal has slightly in excess of $6 million in the bank. The 2008/09 budget is a success budget and will be driven by a commitment to discovery. This is an aggressive budget, but one which is expected to deliver results earlier.

In the longer term we are considering various options that will add to shareholder value. The two pronged approach we have – iron in Australia and uranium in the USA –suggests there is an obvious path for Royal when we have sufficiently defined resources in both of those areas.

I expect a maiden resource announcement from our iron exploration programme within the next three months. As advised by our JV partner at the Warriedar Project, Gindalbie, drilling is underway there now. Gindalbie have announced plans to put their Mungada hematite resource into operation by the end of 2009. There is no reason at this stage to think we couldn't bring the Shine Prospect in line with that start-up.

In the USA, we are embarking on a major drilling campaign in both the Uravan and Arizona Strip areas, the latter by operator Energy Fuels. As both have high quality targets, early results are anticipated.

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What is your longer term growth vision for Royal?

CEO Marcus Flis
Royal will grow both through short to medium term iron production in the Mid West, and its emergence as an uranium producer in the USA. Both will be supported by a vigorous campaign of resource and land acquisition through targeted joint ventures that fit our criteria. Royal is firmly of the belief that both iron and uranium prices will be buoyant for some time to come. While iron prices may settle down in the longer run, our focussing on high grade hematite, rather than power-hungry magnetite concentrate, will insulate us from any major downturn. Uranium is set to continue its strong pricing as ventured by many analysts and Royal will continue to expand its presence in the high-grade regions in the USA.

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Thank you Marcus.

For further information on Royal Resources visit www.royalresources.com.au or call Marcus Flis on (08) 9322 8542.

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