

ASX Announcement: ROY

21 December 2009



EXPLORATION UPDATE: SIGNIFICANT DRILLING RESULTS

Key Points:

- **Significant drill intercepts for the Warriedar JV:
15 metres @ 64.31% Fe from 50 metres**
- **Drilling at Hop Creek intercepts uranium mineralisation**
- **Field work commences at Razorback**
- **EL47/1611 and EL47/1612 in the Hamersley Basin sold**

Royal Resources Limited is pleased to provide an update of work undertaken during the past two months. Drilling was undertaken by the Warriedar JV (Gindalbie manages) at the Hippo Prospect for high grade hematite mineralisation and by the Colorado Plateau Partners JV (Royal manages) at Hop Creek Prospect for uranium mineralisation. Assessment of the recently acquired Razorback Magnetite Deposit has begun with field geological mapping and airborne geophysical surveys underway.

High grade haematite intersected at the Hippo Prospect, Warriedar JV

The Hippo Prospect lies approximately 25 kilometres south of the Shine Prospect (Figure 1). The area is characterised by subdued topography and has generally poor exposure. Surface rock chip sampling of outcropping iron mineralisation, consisting of hematitic goethite hosted within the Windanning Formation, returned the following significant results:

Sample	East	North	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%	LOI
GR1959	493,625	6,781,518	63.46	0.71	0.26	0.057	0.106	8.06
GR1961	493,518	6,781,212	64.67	0.46	0.22	0.015	0.033	6.77

Table 1: Hippo Prospect - Significant Rock Chip Samples (>57% Fe)

These results have been followed up by drill testing during November 2009. Four RC holes, for a total of 238 metres were drilled on two sections 300 metres apart.

Drill results suggest that the BIF varies from 25 to 40 metres in thickness. The mineralised zone occurs on the footwall contact with an ultramafic schist and carbonaceous shale and is about 10 to 15 metres thick. Significant intersections (>57% Fe) from this drilling are:

Hole ID	East (m)	North (m)	From (m)	To (m)	Interval (m)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%	LOI%
HIC002	493460	6781200	45	65	20	60.95	7.55	0.19	0.115	0.077	4.46
<i>including</i>			50	65	15	64.31	3.15	0.21	0.124	0.064	3.91

Note: A nominal cut off of 57% Fe with a maximum of 2metres internal waste was used to define significant ore intersections

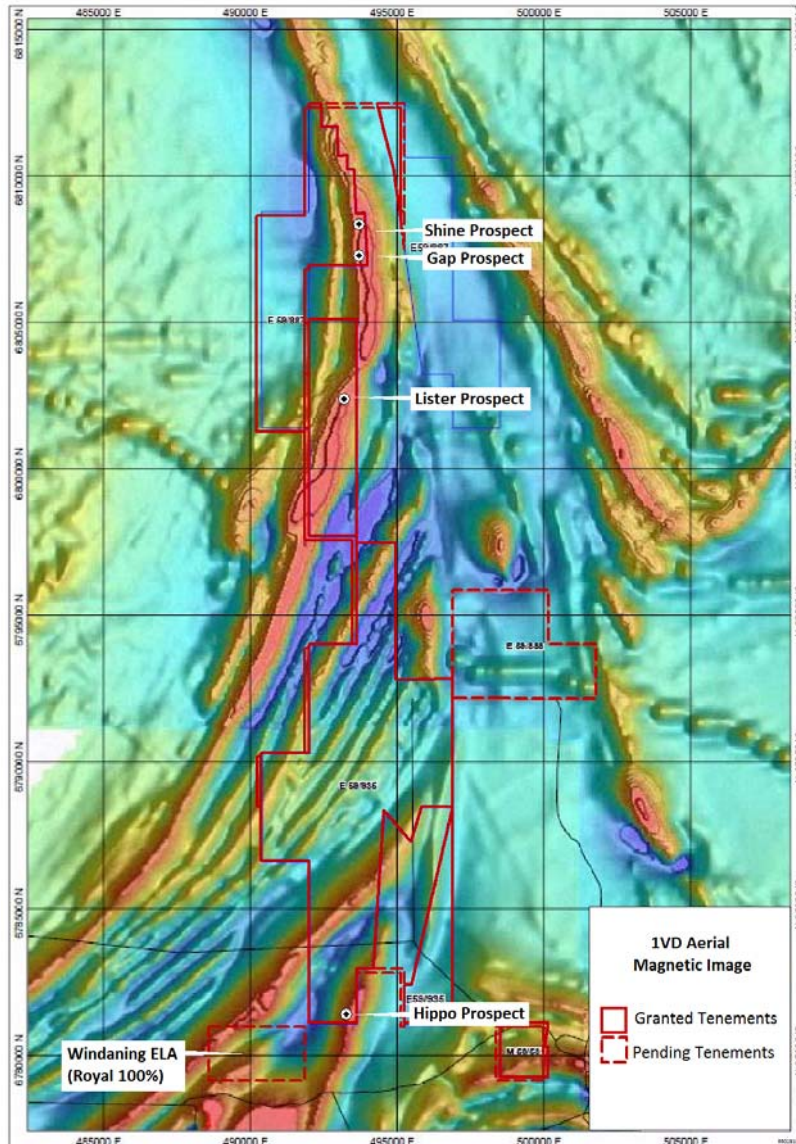
Table 2: Hippo Prospect RC Drill Results



The mineralisation intersected at Hippo is highly significant due its occurrence in a large area of subdued topography with very poor surface exposure of the BIF, as it is buried beneath colluvial cover. The mineralisation is open for 300 metres to the north and completely open to the south.

Further drilling is planned for 2010 to follow up the intersected mineralisation along strike and dip.

Figure 1: Warriedar JV prospect locations on image of aeromagnetic data



Hop Creek

Hop Creek uranium prospect (Figure 2) is part of the Colorado Plateau Partners Joint Venture (CPPJV), a 50:50 JV with Toronto Stock Exchange listed Energy Fuels Resources (TSX:EFR). The Hop Creek claims occur to the east and north of uranium mineralisation defined by Atlas Minerals, Hunt Oil and Climax Uranium from the early 1960s to the mid-1980s. Two holes were drilled by Royal in 2008 to test a possibly easterly extension of this mineralisation. There were no significant results from that drilling. A programme of 11 drill holes was planned to test a possible northerly extension.

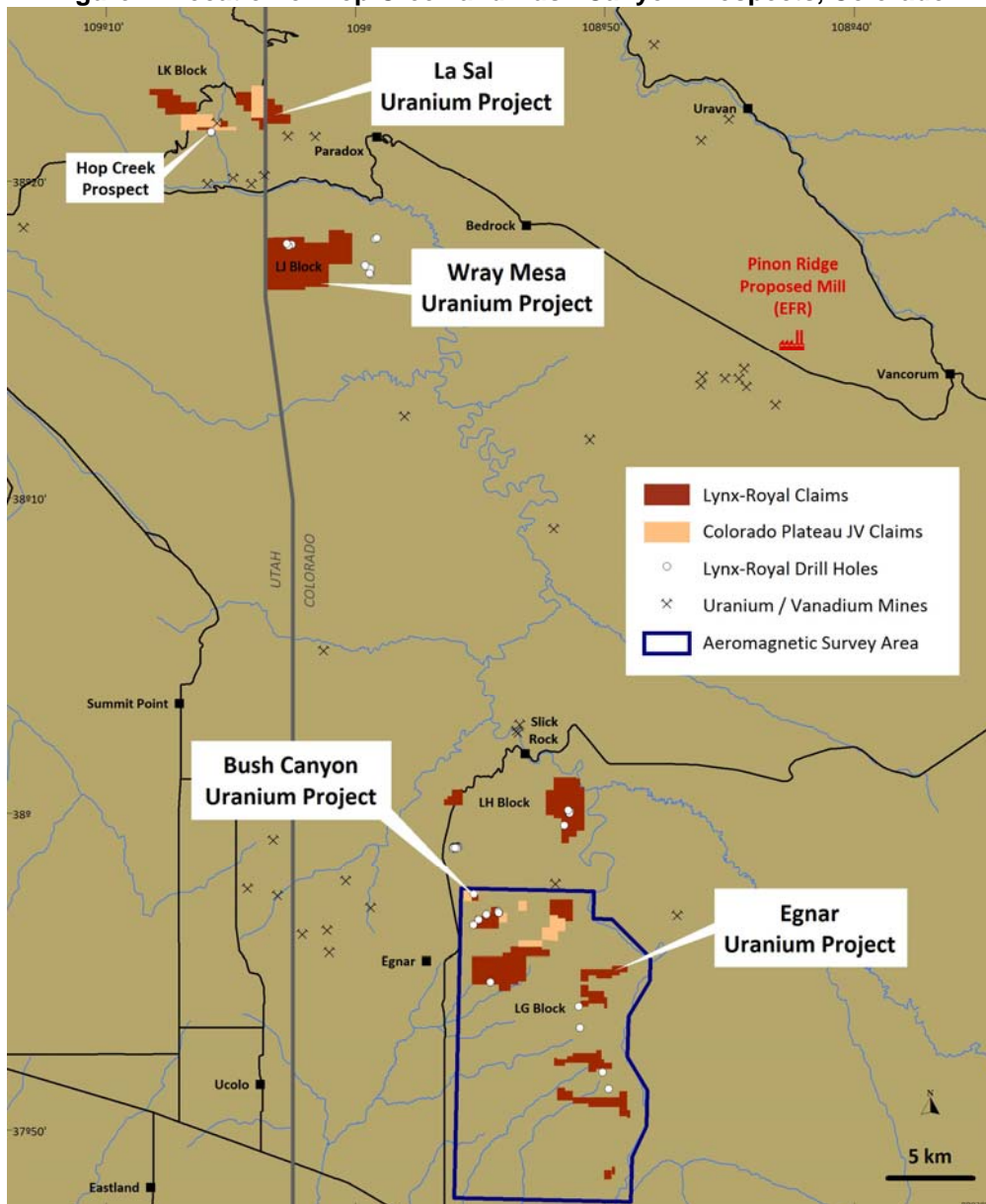
Three drill holes have now been completed (HC09002, HC09007, and HC09009) for a total of 2,402 feet (732m). Significant results, based on calibrated gamma-ray wire line logging are:

HC09002 582.7 to 584.9 ft, 2.2 feet (0.7m) @ 0.017% eU₃O₈
HC09009 463.7 to 464.7 ft, 1.0 foot (0.3m) @ 0.029% eU₃O₈

On the basis of these results, drilling of the remaining eight holes has been suspended whilst an assessment of the drilling results is completed.

In the meantime, drilling activities will move to the Bush Canyon Prospect (Figure 2) where four drill holes, for a nominal 366 metres will be drilled to follow-up historic uranium mineralisation intercepts adjacent to the CPPJV claims.

Figure 2: Location of Hop Creek and Bush Canyon Prospects, Colorado



Field work commences on the Red Dragon Project (incorporating Razorback)

Field work has commenced on the Red Dragon Project, incorporating the Razorback Magnetite Deposit. Photo-geological interpretation and high resolution geophysical surveying is expected to be completed by early January. The data will be used as the basis for drill planning. Drilling is expected to commence by March, depending on permitting being granted from the state government.

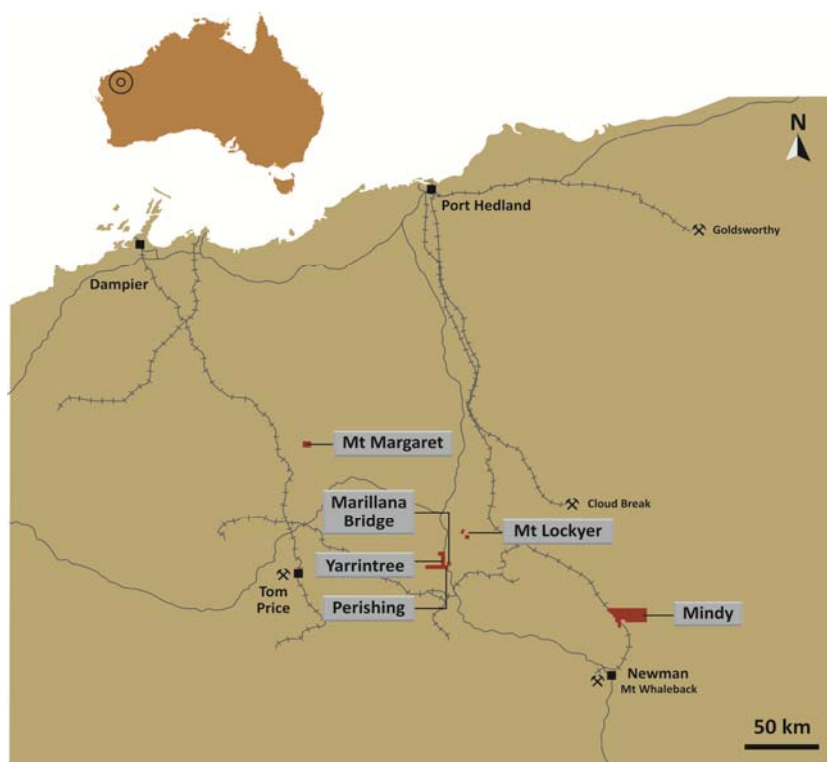
Disposal of Mt Margaret and Mt Lockyer tenements

As a result of the continuing review of ground held under exploration licence Royal has concluded that E47/1611 (Mt Margaret) and E47/1612 (Mt Lockyer) are not core assets to Royal's activities. These licences are located in the Hamersley Basin (Figure 3) and were held for DSO bedded and detrital hematite iron ore exploration. Work carried out during 2008 and 2009 indicated that they have restricted opportunity to deliver an iron ore resource of the size and quality needed to deliver economic value to Royal shareholders.

Both licences have been sold to Fortescue Metals Group Limited for a total consideration of \$75,000. The licences lie adjacent to ground held by FMG.

With this sale, and the previously announced optioning of E47/1615 (Mindy) to Atlas Iron Ltd (4 September 2009) Royal has decreased its exposure in the infrastructure-challenged Hamersley Basin. Royal will continue to find opportunities to add value from the remaining tenements it holds in the Hamersley Basin (E47/1927 (Yarrintree), E47/1613 (Marillana Bridge), and E47/1614 (Perishing)).

Figure 3: Location of Mt Margaret and Mt Lockyer tenements



The details contained in this report that pertains to ore and mineralisation is based upon information compiled by Mr Marcus Flis, a full-time employee of the Royal Resources Limited. Mr Flis is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Flis consents to the inclusion in this report of the matters based upon his information in the form and context in which it appears.

For further information contact:
+61 8 9322 8542

Marcus Flis
Managing Director