

UPDATE ON USA URANIUM ACTIVITIES

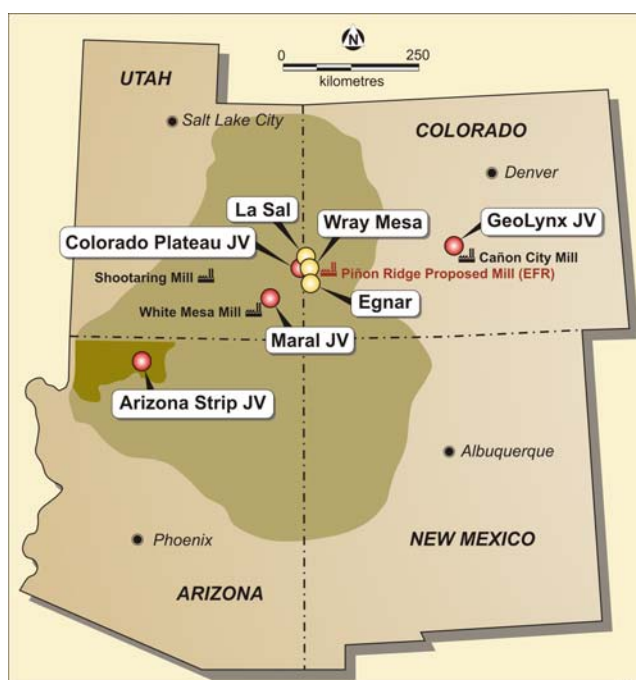
- Royal attains 80% of the Lynx-Royal JV
- Drilling underway at Egnar and Wray Mesa
- High resolution aeromagnetic survey initiated at Egnar
- Airborne EM survey over Arizona Strip breccia pipe targets
- Assessment of Hop Ck historic uranium resource underway
- Maral JV – access to ground in the Chinle mining camp, Utah

The Directors of Royal Resources Limited (ASX:ROY – “Royal”) wish to report on advances in Royal’s uranium projects in the USA.

Lynx-Royal Joint Venture

As of September 2008, Royal has met the expenditure commitments to lock in 80% of the Lynx-Royal JV. Royal announced on 4 April 2007 that it had entered into an arrangement with Lynx2 LLC (“Lynx”) to acquire uranium properties of note for exploration and development through a vehicle known as Lynx-Royal LLC (“Lynx-Royal JV”). The JV has successfully staked in excess of 2,500 claims covering approximately 198 square kilometres in the highly prospective Uravan Belt of the Colorado Plateau.

Figure 1: Project Locations - USA



Royal’s substantive presence in this mineral field has resulted in numerous approaches by third parties holding prospective ground. On 7 May 2008, Royal announced a 50:50 strategic alliance with Energy Fuels Inc. who, through their operating arm, Energy Fuels Resources (“EFR”) holds highly prospective ground in the Arizona Strip for high grade collapse breccia pipe uranium. EFR is the operator of this joint venture with Royal providing technical advice. A subsequent 50:50 joint venture was announced on 30 July, 2008 extending this alliance to the Colorado Plateau JV, of which Lynx-Royal is the operator. These two joint ventures give Royal an unimpeded path to uranium production as EFR’s Piñon Ridge Uranium Mill advances to construction. On 30 August,

2007 Royal announced a 64:20:16 joint venture between Royal, Lynx and Geomininc for entry into the highly prospective Thirty Nine Mile Volcanic Field, and known as the Geolynx JV, for which Lynx-Royal is the operator. This partnership has given access to 220 claims covering 16.8 square kilometres of high potential ground adjacent to the +30,000,000 lb Hansen-Picnic and 23,500,000 lb Taylor Ranch uranium resources.

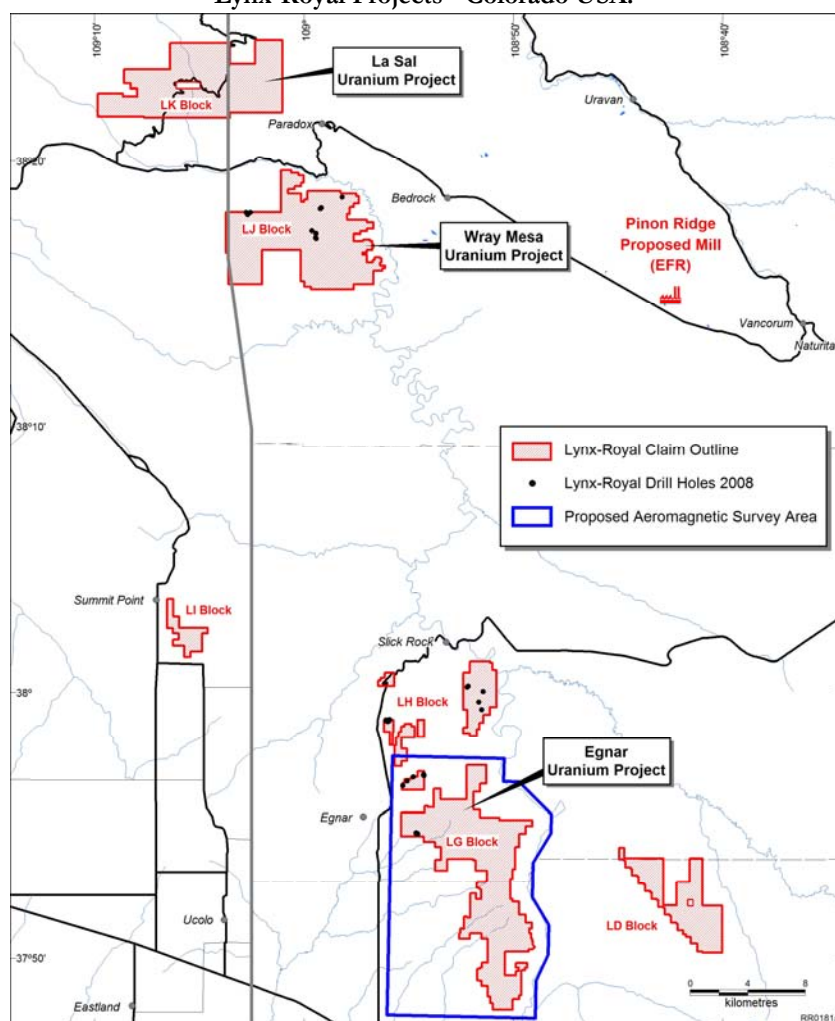
Royal has completed the earn-in to the Lynx-Royal JV and is now moving to take over all activities, so reducing costs considerably.

Figure 1 shows a summary of the project areas Royal is engaged in.

Update on Lynx-Royal ground

On 15 July, Lynx-Royal initiated an extensive drilling programme on the Egnar and Wray Mesa Projects of the joint venture. The Egnar holes are designed to test extensions of encouraging results reported on 8 February 2008 whilst the Wray Mesa holes are designed as wildcat reconnaissance testing of the target uraniumiferous formation. To date 24 holes, for a total of 2,349 metres of RC drilling has been completed. A further 19 holes for 3,772 metres are underway or planned for the remainder of the year (Figure 2). Results from this drilling have not been verified yet as assays are pending. However, the targeted host lithology was intersected in all holes and downhole gamma wire line logs are encouraging.

Figure 2: Drill Targets and Aeromagnetic Survey Coverage on the Lynx-Royal Projects - Colorado USA.



A high resolution, low-level aeromagnetic survey has been commissioned for the Egnar area to determine the efficacy of this technique in this environment. The survey will incorporate a horizontal gradiometer to maximise mapping capability and a radiometric acquisition system. The

survey is to be flown at a 20 metre above ground level flying height. The target of the survey is the palaeochannel system in the Salt Wash Member of the Morrison Formation as outlined by contained heavy mineral accumulations. This will be the first survey of this type ever undertaken in the Uravan Belt and is an example of the new methods Royal is applying to this old area.

Update on the Arizona Strip Partners JV

Drilling of the Weap Pipe has been finalised. A total of ten holes for 2,826 metres of stratigraphic and deep drilling has been completed. The Weap Pipe was interpreted to be a failed system with insufficient mineralisation to be of further interest.

An airborne electromagnetic (AEM) survey is being commissioned to test the remainder of the collapse breccia pipe targets held by the JV in the Arizona strip, in excess of 26 targets. This will be a fast track method to test for significant mineralisation in the target zones and will reduce the need for expensive drill testing.

In the meantime, on-ground exploration activity is focussed on geological mapping of the surface expression of interpreted collapse structures. This work has resulted in the identification of a new pipe on open ground adjacent to JV claims and has now been staked. Deployment of track-etch detectors has also been completed to test for uranium mineralisation via radon detection on four pipe structures. Once the AEM data is delivered, possibly by the beginning of November, all data will be used to prioritise drilling for the next field season in the northern spring of 2009.

Colorado Plateau JV

Assessment of the Hop Creek uranium occurrence has commenced. The occurrence was last drilled in the late 1950's. Royal will target a conceptual 0.5 to 1.5 million pounds of contained U_3O_8 @ 0.2 to 0.35% U_3O_8 based on indications from historic prospect-scale drilling. There has been, to date, insufficient exploration to define a Mineral Resource. An initial drill test to confirm the historic intercepts will precede a larger campaign to test interpreted extensions. Until such a test, the full size potential of this occurrence cannot be determined.

Geolynx JV

Work at the Thirty Nine Mile Volcanic Field has been suspended until Royal gets a clear view of the Fremont County's intention of allowing permitting of exploration and mining activities. Thirty four claims of the 220 claim package making up the JV are in conflict. These are being worked through with the other claimants.

Maral JV

The Option to JV document has been executed and initial due diligence work will be undertaken in the area of the two blocks of claims held under this JV. The Option document allows for drill testing prior to committing to vendor payments of \$10,000 per year, escalating to \$20,000 per year over three years. Whilst these claims are relatively small, they occur within a highly productive zone of the Chinle Formation. The Abrego Block contains three mines that were operating from 1959 to around 1973. Combined production from these was 104,000 t @ 0.35% U_3O_8 for 750,000 pounds contained U_3O_8 .

Royal remains very excited about the uranium opportunities in the USA. Domestic policy on nuclear power generation will see the domestic fleet increase from 104 power plants to possibly 123 over the next 20 years. Two are already under construction. Royal's pre-eminent position in the historically high uranium production areas of the Colorado Plateau, together with its strategic partnership with planned uranium mill owner EFR, gives Royal's Board satisfaction that exploration efforts will result in a profitable and sustainable uranium mining business.

For further information contact:

Marcus Flis
Chief Executive Officer
+61 8 9322 8542