



ROYAL
RESOURCES LIMITED

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www.royalresources.com.au
ABN: 34 108 102 432

26 October 2011

The Manager
Companies Announcement Office
ASX Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000



Via Electronic Lodgement

Dear Sir/Madam

NOTICE OF ANNUAL GENERAL MEETING

We attach the Notice of Annual General Meeting, Explanatory Memorandum and Proxy form that will be dispatched to shareholders today, in relation to the 2011 Annual General Meeting of Royal Resources Limited to be held on Monday, 28 November 2011 at 11.00am (WST).

Yours sincerely
ROYAL RESOURCES LIMITED

Frank DeMarte
COMPANY SECRETARY

ROYAL RESOURCES LIMITED

ABN 34 108 102 432

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Date of Meeting

28 November 2011

Time of Meeting

11.00 am WST

Place of Meeting

The Function Room
The Celtic Club
48 Ord Street, West Perth
Western Australia

ROYAL RESOURCES LIMITED
ABN 34 108 102 432

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Royal Resources Limited ABN 34 108 102 432 ("**Company**") will be held at The Function Room, The Celtic Club, 48 Ord Street, West Perth, Western Australia on 28 November 2011 at 11.00 am WST for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

An Explanatory Memorandum containing information in relation to each of the following Resolutions accompanies this Notice of Annual General Meeting.

Please note terms used in the Resolutions contained in this Notice of Annual General Meeting have the same meaning as set out in the Glossary of the Explanatory Memorandum accompanying this Notice.

AGENDA

BUSINESS

Financial Reports

To receive the Financial Statements of the Company for the year ended 30 June 2011, together with the Directors Report and the Auditor's Report as set out in the Annual Report.

Resolution 1 – Remuneration Report

To consider and, if thought fit, to pass the following resolution as a non-binding **ordinary resolution**:

"That the Remuneration Report as contained within the Annual Report for the year ended 30 June 2011 be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

The Company will disregard any votes cast on Resolution 1 by or on behalf of a Restricted Voter¹. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of a Restricted Voter.

Further, the Company will not disregard a vote cast by the Chair of the meeting as a proxy, if the appointment of the Chair expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1. Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

Resolution 2 – Re-election of Mr Frank DeMarte as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Mr Frank DeMarte, being a Director who retires by rotation in accordance with Rule 13.2 of the Company's Constitution and, being eligible for re-election, be re-elected as a Director."

¹ "Restricted Voter" means Key Management Personnel and their Closely Related Parties as defined in the glossary.
ROYAL RESOURCES LIMITED – NOTICE OF ANNUAL GENERAL MEETING 2011

Resolution 3 – Approval to Grant Incentive Options to a Director – Mr Philip G Crabb or his nominee(s)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant and issue to Mr Philip G Crabb (or his nominee or nominees) 1,250,000 Incentive Options for no consideration, each with an exercise price equal to the greater of:

- a) a premium of 45% to the VWAP of the Shares on ASX on the 5 days on which sales of the Shares are recorded before the date of this Meeting (rounded up to the nearest cent); and*
- b) 21 cents,*

and an expiry date of 27 November 2016, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting (including Annexure A to the Explanatory Memorandum)."

The Company will disregard any votes cast on Resolution 3 by Mr Philip G Crabb and any associate of Mr Philip G Crabb. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution and it is not cast on behalf of Mr Philip G Crabb or an associate of Mr Philip G Crabb.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 3 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 3; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 3. Shareholders may also choose to direct the Chair to vote against Resolution 3 or to abstain from voting.

Resolution 4 – Approval to Grant Incentive Options to a Director – Mr Frank DeMarte or his nominee(s)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Frank DeMarte (or his nominee or nominees) 1,750,000 Incentive Options for no consideration, each with an exercise price which is equal to the greater of:

- a) a premium of 45% to the VWAP of the Shares on ASX on the 5 days on which sales of the Shares are recorded before the date of this Meeting (rounded up to the nearest cent); and*
- b) 21 cents,*

and an expiry date of 27 November 2016, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting (including Annexure A to the Explanatory Memorandum)."

The Company will disregard any votes cast on Resolution 4 by Mr Frank DeMarte and any associate of Mr Frank DeMarte. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution and it is not cast on behalf of Mr Frank DeMarte or an associate of Mr Frank DeMarte.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 4 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 4; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 4. Shareholders may also choose to direct the Chair to vote against Resolution 4 or to abstain from voting.

Resolution 5 – Approval to Grant Incentive Options to a Director – Mr Brian D Richardson or his nominee(s)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Brian D Richardson (or his nominee or nominees) 750,000 Incentive Options for no consideration, each with an exercise price which is equal to the greater of:

- a) a premium of 45% to the VWAP of the on ASX on the 5 days on which sales of the Shares are recorded before the date of this Meeting (rounded up to the nearest cent); and*
- b) 21 cents,*

and an expiry date of 27 November 2016, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting (including Annexure A to the Explanatory Memorandum)."

The Company will disregard any votes cast on Resolution 5 by Mr Brian D Richardson and any associate of Mr Brian D Richardson. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution and it is not cast on behalf of Mr Brian D Richardson or an associate of Mr Brian D Richardson.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 5 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 5; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 5. Shareholders may also choose to direct the Chair to vote against Resolution 5 or to abstain from voting.

Resolution 6 – Approval to Grant Incentive Options to a Director – Mr Malcolm J Randall or his nominee(s)

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Malcolm J Randall (or his nominee or nominees) 1,000,000 Incentive Options for no consideration, each with an exercise price which is equal to the greater of:

- a) a premium of 45% to the VWAP of the Shares on ASX on the 5 days on which sales of the Shares are recorded before the date of this Meeting (rounded up to the nearest cent); and*
- b) 21 cents,*

and an expiry date of 27 November 2016, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting (including Annexure A to the Explanatory Memorandum)."

The Company will disregard any votes cast on Resolution 6 by Mr Malcolm J Randall and any associate of Mr Malcolm J Randall. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution and it is not cast on behalf of Mr Malcolm J Randall or an associate of Mr Malcolm J Randall.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 6 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 6; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 6. Shareholders may also choose to direct the Chair to vote against Resolution 6 or to abstain from voting.

Resolution 7 – Approval to Grant Incentive Options to a Director – Mr Marcus F Flis or his nominee(s)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Marcus F Flis (or his nominee or nominees) 2,000,000 Incentive Options for no consideration, each with an exercise price which is equal to the greater of:

- a) a premium of 45% to the VWAP of the Shares on ASX on the 5 days on which sales of the Shares are recorded before the date of this Meeting (rounded up to the nearest cent); and*
- b) 21 cents,*

and an expiry date of 27 November 2016, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting (including Annexure A to the Explanatory Memorandum)."

The Company will disregard any votes cast on Resolution 7 by Mr Marcus F Flis and any associate of Mr Marcus F Flis. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution and it is not cast on behalf of Mr Marcus F Flis or an associate of Mr Marcus F Flis.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 7 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 7; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 7. Shareholders may also choose to direct the Chair to vote against Resolution 7 or to abstain from voting.

Resolution 8 – Renewal of Employee Share Option Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.2, Exception 9 of the Listing Rules and for all other purposes, the Company approves, as an exception to Listing Rule 7.1, the issue of securities under the employee incentive option scheme for employees known as "Royal Resources Limited Employee Share Option Plan", the rules of which are annexed as Annexure B to the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

The Company will disregard any votes cast on Resolution 8 by a director of the Company and any person associated with a director of the Company. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides. Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 8 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 8; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 8.

Shareholders may also choose to direct the Chair to vote against Resolution 8 or to abstain from voting.

Resolution 9 – Ratification of issue of Shares

To consider and, if thought fit to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4 and for all other purposes, the Company ratify the allotment and issue a total of 38,500,000 Shares (at an issue price of \$0.18 each) on 10 August 2011 and 16 August 2011 to the parties on the terms and conditions set out in the Explanatory Memorandum.”

The Company will disregard any votes cast on Resolution 9 by any person who participated in the issue the subject of Resolution 9 and any person associated with those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 10 – Ratification of issue of Shares to Intrinsic Capital LLC

To consider and, if thought fit to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4 and for all other purposes, the Company ratify the allotment and issue a total of 962,500 Shares, for no consideration on 16 August 2011 to Intrinsic Capital LLC, as advisor to the International Placement on the terms and conditions set out in the Explanatory Memorandum.”

The Company will disregard any votes cast on Resolution 10 by Intrinsic Capital LLC and any associate of Intrinsic Capital LLC. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides..

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

By order of the Board



Frank DeMarte
Company Secretary

Dated: 11 October 2011

PROXIES

- Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
- A Shareholder entitled to attend and vote at the Annual General Meeting may appoint not more than two proxies to attend and vote at the Annual General Meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the Shareholder's voting rights.
- A proxy may, but need not be a Shareholder of the Company.
- The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorising in writing or, if such appointor is a corporation, either under seal or under hand of the officer, or his attorney duly authorised.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and must reach the Registered Office of the Company as detailed below at least 48 hours prior to the Annual General Meeting. For the convenience of Shareholders a Proxy Form is enclosed.

Post to:

Royal Resources Limited
PO Box 7525
Cloisters Square
PERTH WA 6850

Deliver to:

Royal Resources Limited
Level 3, 1060 Hay Street
WEST PERTH WA 6005

Or by facsimile on:

+61 8 9322 6577

- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolutions 1 and 3 to 8 if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the Resolutions proposed in this Notice of Meeting, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed resolutions. These rules are explained in this Notice of Meeting.

Entitlement to vote

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 11.00am Western Standard Time on 26 November 2011.

Corporations

A Shareholder that is a corporation may elect to appoint an individual as its representative and vote in person at the Annual General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. Written proof of the representative's appointment must be lodged with, or presented to the Company before the Annual General Meeting.

ROYAL RESOURCES LIMITED
ABN 34 108 102 432

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of the Company.

The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Capitalised terms used in this Explanatory Memorandum are defined in the Glossary appearing at the end of this Explanatory Memorandum.

The following information should be noted in respect of the various matters contained in the accompanying Notice:

FINANCIAL REPORTS

The first item of the Notice of Annual General Meeting deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 30 June 2011 together with the Directors' declaration and report in relation to that financial year and the auditor's report on those financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chairman will also provide shareholders a reasonable opportunity to ask the Company's auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the auditor in relation to the conduct of the audit.

RESOLUTION 1 – REMUNERATION REPORT

Section 298 of the Corporations Act requires that the annual Directors' Report contains a Remuneration Report prepared in accordance with section 300A of the Corporations Act.

Pursuant to section 250R(2) of the Corporations Act, a resolution adopting the Remuneration Report must be put to the vote at the Annual General Meeting.

Shareholders are advised that pursuant to section 250R(3) of the Corporations Act, this Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's Annual Report and is also available on the Company's website (www.royalresources.com.au).

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at the 2011 Annual General Meeting, and then again at the 2012 Annual General Meeting, the Company will be required to put a resolution to the 2012 Annual General Meeting, to approve calling a general meeting (spill resolution). If more than 50% of Shareholders vote in favour of the spill resolution, the

Company must convene a general meeting (spill meeting) within 90 days of the 2012 Annual General Meeting. All of the Directors who were in office when the 2012 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the spill meeting.

Voting

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Annual General Meeting. In particular, the Directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolution.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

The Remuneration Report is set out in the Directors' Report section of the Company's 2011 Annual Financial Report. The Remuneration Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive Directors;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and each senior executive of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive Directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report.

RESOLUTIONS 2 - RE-ELECTION OF FRANK DEMARTE AS A DIRECTOR

Resolution 2 seeks approval for the re-election of Mr Frank DeMarte as a Director with effect from the end of the meeting.

Rule 13.2 of the Constitution provides that at each Annual General Meeting one-third of the Directors (other than alternate Directors and the Managing Director) or, if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors must retire from office.

Mr Frank DeMarte retires in accordance with this requirement, and offers himself for re-election as a Director.

Mr DeMarte has over 27 years of experience in the mining and exploration industry in Western Australia. Mr DeMarte has held executive positions with a number of listed mining and exploration companies and is currently an executive director of the Company.

Mr DeMarte is experienced in areas of secretarial practice, management accounting and corporate and financial management. Mr DeMarte holds a bachelor of business majoring in accounting and is a fellow of the Chartered Secretaries of Australia. Mr DeMarte is also a fellow of the Australian Institute of Company Directors. Mr DeMarte was first appointed to the Board on 23 February 2004.

RESOLUTIONS 3 TO 7 – APPROVAL TO GRANT INCENTIVE OPTIONS TO DIRECTORS

The Company proposes to grant a total of 6,750,000 Incentive Options to Messrs Philip G Crabb, Frank DeMarte, Brian D Richardson, Malcolm J Randall and Marcus F Flis (together the “**Participating Directors**”). The Incentive Options will have an exercise price which is equal to the greater of:

- a premium of 45% to the VWAP of the Shares on ASX on the 5 days on which sales of the Shares are recorded before the date of this Meeting (rounded up to the nearest cent); and
- 21 cents,

and have an expiry date of 27 November 2016.

The grant of the Incentive Options is designed to encourage the Participating Directors to have a greater involvement in the achievement of the Company’s objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through Share ownership. Under the Company’s current circumstances, the Directors consider that the incentives to each of the Participating Directors noted above represented by the grant of these Incentive Options, are a cost effective and efficient reward and incentive for the Company, as opposed to alternative forms of incentive, such as the payment of additional cash compensation to the Participating Directors.

The terms of the Incentive Options are set out in Annexure A to this Explanatory Memorandum.

The number of Incentive Options to be granted to each of the Participating Directors has been determined based upon a consideration of:

- the remuneration of the Participating Directors – the Directors wish to ensure that the remuneration offered is competitive with market standards and where appropriate, based upon performance hurdles. The Directors have considered the proposed number of Incentive Options to be granted will ensure that the Participating Directors’ overall remunerations is in line with market standards;
- length of service to the Company; and
- incentives to ensure continuity of service of the Participating Directors who have extensive knowledge of the Company and its assets.

In the event all of the Incentive Options are exercised, then based on an exercise price of \$0.21, the following amounts are payable to the Company by the Participating Directors:

Participating Director	Amount to be paid
Philip G Crabb	\$262,500
Frank DeMarte	\$367,500
Brian D Richardson	\$157,500
Malcolm J Randall	\$210,000
Marcus F Flis	\$420,000
Total	\$1,417,500

The Company will therefore receive a total of \$1,417,500 from the Participating Directors should all the Incentive Options be exercised at an exercise price of \$0.21.

The actual amount the Company will receive from the Directors on exercise of the Incentive Options will depend on the actual exercise price of the Incentive Options which will be equal to the greater of a 45% premium to the VWAP of the Shares on the 5 days on which sales of the Shares were recorded before the date of the Meeting (rounded up to the nearest cent), and 21 cents.

Shareholders should note that for reasons mentioned above, it is proposed to grant Incentive Options to three non-executive Directors (Messrs Philip G Crabb, Brian D Richardson and Malcolm J Randall) notwithstanding Guideline 8.2 of the Revised ASX Corporate Governance Principles and Recommendations which provides that non-executive Directors should not receive Options.

Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

1. the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
2. shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, the Participating Directors are considered to be related parties of the Company.

Resolutions 3 to 7 provide for the grant of Incentive Options to the Participating Directors of the Company which is a financial benefit which requires Shareholder approval.

INFORMATION REQUIREMENTS

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

The related party to whom the proposed resolution would permit the financial benefit to be given:

Subject to Shareholder approval, the following number of Incentive Options will be granted to the following related parties (or their respective nominees):

Participating Director	Number of Options
Philip G Crabb	1,250,000
Frank DeMarte	1,750,000
Brian D Richardson	750,000
Malcolm J Randall	1,000,000
Marcus Flis	2,000,000
Total	6,750,000

The nature of the financial benefit

The proposed financial benefit to be given is the grant of Incentive Options for no consideration to the Participating Directors as noted above, or their respective nominees. The terms and conditions of the Incentive Options to be granted to the Participating Directors (or their respective nominees) are set out in Annexure A to this Explanatory Memorandum.

Directors' recommendation

All the Directors were available to make a recommendation. For the reasons noted above:

Messrs Frank DeMarte, Brian D Richardson, Malcolm J Randall and Marcus F Flis (who have no interest in the outcome of Resolution 3) recommend that Shareholders vote in favour of Resolution 3. Mr Philip G Crabb declines to make a recommendation about Resolution 3 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him individually (or his nominee(s)).

Messrs Philip G Crabb, Brian D Richardson, Malcolm J Randall and Marcus F Flis (who have no interest in the outcome of Resolution 4) recommend that Shareholders vote in favour of Resolution 4. Mr Frank DeMarte declines to make a recommendation about Resolution 4 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of

Incentive Options to him individually (or his nominee(s)).

Messrs Philip G Crabb, Frank DeMarte, Malcolm J Randall and Marcus F Flis (who have no interest in the outcome of Resolution 5) recommend that Shareholders vote in favour of Resolution 5. Mr Brian D Richardson declines to make a recommendation about Resolution 5 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him individually (or his nominee(s)).

Messrs Philip G Crabb, Frank DeMarte, Brian D Richardson and Marcus F Flis (who have no interest in the outcome of Resolution 6) recommend that Shareholders vote in favour of Resolution 6. Mr Malcolm J Randall declines to make a recommendation about Resolution 6 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him individually (or his nominee(s)).

Messrs Philip G Crabb, Frank DeMarte, Brian D Richardson and Malcolm J Randall (who have no interest in the outcome of Resolution 7) recommend that Shareholders vote in favour of Resolution 7. Mr Marcus F Flis declines to make a recommendation about Resolution 7 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him individually (or his nominee(s)).

Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors.

- (i) Proposed Resolutions 3, 4, 5, 6 and 7 would have the effect of giving power to the Directors to grant a total of 6,750,000 Incentive Options on the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above.

The Company presently has 303,041,777 quoted Shares on issue and 38,504,019 quoted options and 27,910,000 unquoted options as follows:

Number of quoted options	Exercise Price	Expiry Date
3,755,637	\$0.10	31 October 2011
34,748,382	\$0.12	31 October 2013

Number of unquoted options	Exercise Price	Expiry Date
6,750,000	\$0.50	30 June 2012
1,500,000	\$0.30	6 April 2012
1,500,000	\$0.50	6 April 2013
3,000,000	\$0.30	30 November 2013
1,720,000	\$0.08	30 April 2013
4,500,000	\$0.55	26 November 2014
1,180,000	\$0.30	13 May 2013
150,000	\$0.30	19 July 2013
5,750,000	\$0.28	29 November 2015
1,860,000	\$0.24	9 June 2014

- (ii) If all Incentive Options granted as proposed above are exercised, and assuming the existing quoted and unquoted options on issue are not exercised, the effect would be to dilute the shareholding of existing Shareholders by 2.2%. The market price of the Shares during the period of the Incentive Options will normally determine whether or not Incentive Option holders exercise the Incentive Options. At the time any Incentive Options are exercised and Shares are issued pursuant to the exercise of the Incentive Options, the Shares may be trading at a price which is higher than the exercise price of the Incentive Options.

The Incentive Options will not be quoted on ASX.

- (iii) The Participating Directors' base salaries per annum (including superannuation) and the total financial benefit to be received by them in this current period as a result of the grant of Incentive Options the subject of Resolutions 3, 4, 5, 6 and 7 (showing the impact of using a volatility assumption of 59.3% to calculate the value of the Incentive Options) are as follows:

Director	Base salary/fee p.a. (\$)	Value of Options (\$)	Total Financial Benefit (\$)
Philip G Crabb	68,900	57,500	125,500
Frank DeMarte	136,486	80,500	216,986
Brian Richardson	53,000	34,500	87,500
Malcolm J Randall	53,000	46,000	99,000
Marcus Flis	381,600	92,000	473,600

* utilising a 59.3% volatility factor discussed in further detail below.

- (iv) Valuation of Incentive Options

The Company's advisers have valued the Incentive Options to be granted to the Participating Directors using the Black Scholes Option Pricing Model ("BSModel"), which is the most widely used and recognised model for pricing options. The acceptance of this model is due to its derivation being grounded in economic theory. The value of an option calculated by the BSModel is a function of a number of variables and is rounded to the nearest one hundredth of a cent. The valuation of the Incentive Options has been prepared using the following assumptions:

Variable	Input
Share price	14.5 cents (being the market value of a Share as at 10 October 2011)
VWAP Share price	15 cents (being the VWAP of the Shares (rounded up to the nearest whole number) on the 5 days on which sales of the Shares were recorded before the date of the Notice of Meeting, being 10 October 2011)
Exercise price	21 cents (being a 45% premium (rounded up to the nearest whole number) to the VWAP of the Shares on the 5 days on which sales of the Shares were recorded before the date of the Notice of Meeting, being 10 October 2011)
Risk Free Interest Rate	3.87% (estimated, based on the 5 year Australian treasury bond rate as at 10 October 2011)
Volatility	59.3% (determined utilising the daily closing Share price of the Company over the preceding 12 month period). The effect of the valuation in using volatility factors of 40%, 60% and 80% are set out below.
Expiry date	27 November 2016.

The valuation date is as at 10 October 2011, although the Incentive Options will not be granted until after Shareholders approve the grant of the Incentive Options at this Meeting.

The valuations reflected below do not necessarily represent the market value of the Incentive Options or the tax values for taxation purposes to the Incentive Option holder. The future value of the Incentive Options may be up or down on the values noted below as it will primarily depend on the future share price of a Share (for the next 5 years), and the time to expiry of the Incentive Options.

A discount factor of 30% has been applied for lack of negotiability of the Incentive Options.

Based on the above assumptions, the Company's advisers have calculated an indicative value of one Incentive Option to be granted to the Participating Directors to be 4.2 cents (based on a volatility assumption of 56% to calculate the value of the Incentive Options). Accordingly, the total value of the 6,750,000 Incentive Options to be granted to the Participating Directors is \$283,500.

Set out below is the valuation of an Option using volatility factors of 40%, 60% and 80%:

40% Volatility	60% Volatility	80% Volatility
3 cents	6.7 cents	6.2 cents

Any change in the variables applied in the Black and Scholes calculation between the date of the valuation and the date the Incentive Options are granted would have an impact on their value.

- (v) Set out below are details of each of the Participating Directors' relevant interest in the securities of the Company as at the date of this Notice:

Director & Associates	Number of Shares	Number of 6/04/12 options (\$0.30)	Number of 6/04/13 options (\$0.50)	Number of 6/04/13 options (\$0.08)	Number of 30/06/12 options (\$0.50)	Number of 30/11/13 options (\$0.30)	Number of 26/11/14 options (\$0.55)	Number of 31/10/11 options (\$0.10)	Number of 31/10/13 options (\$0.12)	Number of 29/11/15 options (\$0.28)
Philip G Crabb (1)	-	-	-	-	-	750,000	-	-	-	-
June Crabb	10,430	-	-	-	-	-	-	-	1,490	-
Ioma Pty Ltd	12,596,539	-	-	-	1,000,000	-	750,000	-	680,384	1,000,000
Ragged Range Mining Pty Ltd	5,753,713	-	-	-	-	-	-	-	1,188,428	-
Crabb Superannuation Fund	6,277,233	-	-	-	-	-	-	12,999	195,833	-
Frank DeMarte (2)	320,833	-	-	-	-	-	-	-	45,833	-
The DeMarte Family Trust	2,953,730	-	-	-	1,750,000	750,000	1,250,000	-	329,104	1,500,000
The DeMarte Super Fund	368,275	-	-	-	-	-	-	-	138,325	-
Grandeur Holdings Pty Ltd	45,297	-	-	-	-	-	-	-	6,471	-
Brian D Richardson (3)	1,130,940	-	-	-	2,500,000	-	500,000	105,156	100,000	750,000
Anne Richardson	514,248	-	-	-	-	500,000	-	90,207	-	-
Malcolm J Randall (4)	-	-	-	-	-	-	-	-	-	-
Renique Holdings Pty Ltd	1,887,383	-	-	-	750,000	500,000	500,000	-	198,197	750,000
Marcus F Flis (5)	-	-	-	-	-	-	-	-	-	-
Susan Flis	233,333	-	-	1,000,000	-	-	-	-	33,333	-
M & S Flis Super Fund	266,700	1,500,000	1,500,000	-	-	-	-	-	38,100	-
Rowan Tree Fund A/C	1,333,333	-	-	-	-	-	1,500,000	-	333,333	1,750,000

Notes:

- 1: Philip G Crabb is a sole director of Ragged Range Mining Pty Ltd and holds 48% of the shares in that company. June Crabb is Mr Crabb's wife. Mr Crabb is a director of Ioma Pty Ltd and controls this company. Mr Crabb is a trustee for and a beneficiary of the Crabb Superannuation Fund.
- 2: Frank DeMarte is a director of Grandeur Holdings Pty Ltd and holds 50% of the shares in that company. Mr DeMarte is a trustee for and a beneficiary of the DeMarte Family Trust and the DeMarte Family Superannuation Fund.
- 3: Anne Richardson is Mr Richardson's wife.
- 4: Renique Holdings Pty Ltd hold the Shares and options in the Company as trustee for the Randall Super Fund of which Malcolm J Randall and his wife, Carol Randall are beneficiaries.
- 5: Susan Flis is Mr Flis's wife. Mr Flis is a trustee for and a beneficiary of the M & S Flis Super Fund and the Rowan Tree Fund.

- vi) The following table gives details of the highest, lowest and latest price of the Shares trading on ASX over the past 12 months ending on 10 October 2011:

Security	Highest Price	Date of highest price	Lowest Price	Date of lowest price	Latest Price on 10 October 2010
Ordinary shares	23 cents	19 Jan 2011	13.5 cents	3, 4 and 6 October 2011	14.5 cents

Other Information

Under the Australian Equivalent of IFRS, the Company is required to expense the value of the Incentive Options in its statement of financial performance for the current financial year. Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs of detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Incentive Options pursuant to Resolutions 3 to 7.

Neither the Directors nor the Company are aware of other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolutions.

Listing Rule 10.11

Listing Rule 10.11 requires the approval of Shareholders by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires Shareholders to approve the grant of Incentive Options to the Participating Directors.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders:

- (a) the Incentive Options will be issued to Messrs Philip G Crabb, Frank DeMarte, Brian D Richardson, Malcolm J Randall and Marcus F Flis, who are all Directors, or their respective nominees, as noted above;
- (b) the maximum number of Incentive Options to be issued to the Directors, or their respective nominees, is 6,750,000 (the table below sets out the number of Incentive Options to be granted to each of the Directors or his nominee);

Participating Director	Number of Incentive Options
Philip G Crabb	1,250,000
Frank DeMarte	1,750,000
Brian D Richardson	750,000
Malcolm J Randall	1,000,000
Marcus F Flis	2,000,000
Total	6,750,000

- (c) the Incentive Options will be issued on one date which will be no later than 1 month after the date of this Annual General Meeting or on such other date as approved by ASX;
- (d) the Incentive Options will be issued for no consideration;
- (e) no funds will be raised by the issue of the Incentive Options; and
- (f) the terms and conditions of the Incentive Options are set out in Annexure A to this Explanatory Memorandum.

If approval is given for the issue of the Incentive Options under Listing Rule 10.11, approval is not

required under Listing Rule 7.1.

Voting

Note that a voting exclusion applies to Resolutions 3 to 7 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters may not vote on these Resolutions and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolutions.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on these Resolutions.

RESOLUTION 8 – EMPLOYEE SHARE OPTION PLAN

The Directors considered that it was desirable to establish an option plan under which employees may be offered the opportunity to subscribe for options to acquire Shares in order to increase the range of potential incentives available to them and to strengthen links between the Company and its employees and accordingly the Company adopted the Royal Resources Limited Employee Share Option Plan ("**Plan**") on 18 April 2007.

The Plan is designed to provide incentives to the employees of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances, the Directors consider that the incentives to employees are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure employees who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Plan is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

Shareholder approval is required if any grant of options pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without Shareholder approval. The Plan was previously approved by Shareholders on 27 November 2008, however additional Shareholder approval is sought at this Meeting for the purposes of Listing Rule 7.2 Exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within three years of the date of issue.

If Resolution 8 is passed, the Company will have the ability to issue Options to eligible persons under the Plan over a period of 3 years without impacting on the Company's 15% placement capacity under Listing Rule 7.1.

Prior Shareholder approval will be required before any related party of the Company can participate in the Plan.

Under the Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of options as the Board may decide and on the terms set out in the rules of the Plan, a copy of which is contained in Annexure B of this Explanatory Memorandum. Options granted under the Plan will be offered to participants in the Plan on the basis of the Board's view of the contribution of the eligible person to the Company.

The Directors believe it is beneficial to obtain Shareholder approval under this Resolution for the purposes of Listing Rule 7.2, Exception 9(b) in order for the Board to be able to offer Options to eligible persons and retain the 15% placement capacity in Listing Rule 7.1 for capital raising purposes.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- (a) a copy of the rules of the Plan is attached as Annexure B to the Notice;
- (b) 5,040,000 options have previously been granted to employees under the Plan; and
- (c) a voting exclusion statement has been included for the purposes of Resolution 8.

RESOLUTION 9 – RATIFICATION OF ISSUE OF SHARES

On 10 August 2011 and 16 August 2011, a total of 38,500,000 Shares at an issue price of \$0.18 per Share were issued to clients of Intrinsic Capital LLC, to raise A\$6.93 million (before costs) which the Company believes will provide a strengthened shareholder base supportive of the Company's growth and development potential.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold not be Listing Rule 7.1. The effect of such ratification is to restore a Company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring Shareholder approval.

Pursuant to Resolution 9, the Directors are seeking ratification under Listing Rule 7.4 of the issue of a total of 38,500,000 Shares that was made on 10 August 2011 and 16 August 2011 in order to restore the right of the Company to issue further shares within the 15% limit during the next 12 months.

The following information in relation to the Shares is provided to shareholders for the purposes of Listing Rule 7.5:

- (a) 38,500,000 Shares were allotted and issued;
- (b) the Shares were issued at an issue price of \$0.18 each;
- (c) the Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue;
- (d) the Shares were issued to clients of Intrinsic Capital LLC, all of which are unrelated parties of the Company; and
- (e) funds raised from the issue are being used for the Company's drilling and other exploration expenditure, cost of the issue and working capital.

RESOLUTION 10 – RATIFICATION OF ISSUE OF SHARES TO INTRINSIC CAPITAL LLC

On 16 August 2011, 962,500 shares which were issued for no consideration. The issue was made to Intrinsic Capital LLC, as part of the compensation arrangements with Intrinsic Capital LLC, as advisor to the International Placement, in accordance with an engagement agreement dated 5 July 2011.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold not be Listing Rule 7.1. The effect of such ratification is to restore a Company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring Shareholder approval.

Pursuant to Resolution 9, the Directors are seeking ratification under Listing Rule 7.4 of the issue of a total of 962,500 Shares that was made on 16 August 2011 in order to restore the right of the Company to issue further shares within the 15% limit during the next 12 months.

The following information in relation to the Shares is provided to shareholders for the purposes of Listing Rule 7.5:

- (a) 962,500 Shares were allotted and issued;
- (b) the Shares were issued for no consideration;
- (c) the Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue;
- (d) the Shares were issued to Intrinsic Capital LLC, an unrelated party of the Company; and
- (e) no funds were raised from the issue.

ROYAL RESOURCES LIMITED

ABN 34 108 102

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GLOSSARY

The following terms have the following meanings in the Notice and this Explanatory Memorandum:

"**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"**Accounting Standards**" has the meaning given to that term in the Corporations Act;

"**Board**" means the board of Directors;

"**Business Day**" means any day that ASX declares is not a business day;

"**Closely Related Party**" has the meaning given to that term in the Corporations Act;

"**Company**" means Royal Resources Limited ABN 34 108 102 432;

"**Constitution**" means the constitution of the Company;

"**Corporations Act**" means Corporations Act 2001 (Cth);

"**Director**" means a director of the Company;

"**Explanatory Memorandum**" means this Explanatory Memorandum accompanying the Notice;

"**Incentive Option**" means an option to acquire a Share, the terms of which are set out in Annexure A of this Explanatory Memorandum;

"**International Placement**" means the private placement of 38,500,000 Shares at a price of \$0.18 per Share to various clients of Intrinsic Capital LLC, to raise A\$6.93 million (before costs).

"**Key Management Personnel**" has the meaning given to that term in the Accounting Standards;

"**Listing Rules**" means the Listing Rules of the ASX;

"**Meeting**" means the Annual General Meeting the subject of this Notice;

"**Notice**" means the Notice of Annual General Meeting accompanying this Explanatory Memorandum;

"**Option**" means an option to acquire a Share;

"**Participating Directors**" means Messrs Philip G Crabb, Frank DeMarte, Brian D Richardson, Marcus F Flis and Malcolm J Randall;

"**Resolution**" means a resolution proposed pursuant to the Notice;

"**Restricted Voter**" means Key Management Personnel and their Closely Related Parties;

"**Share**" means a fully paid ordinary share in the capital of the Company;

"**Shareholder**" means a holder of Shares;

"**VWAP**" means volume weighted average price; and

"**WST**" means Australian Western Standard Time.

ROYAL RESOURCES LIMITED
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ANNEXURE A

**TERMS AND CONDITIONS OF INCENTIVE OPTIONS TO BE GRANTED TO
PARTICIPATING DIRECTORS**

The terms and conditions of the Options are:

1. Each Option will be issued for no consideration.
2. Each Option has an exercise price which is the higher of a premium of 45% to the volume weighted average price of the Shares (rounded to the nearest cent) on Australian Securities Exchange (“**ASX**”) on the 5 days on which sale of Shares were recorded prior to the date of the 2011 Annual General Meeting, and 21 cents (“**Exercise Price**”).
3. Each Option entitles the option holder (“**Option holder**”) to subscribe for and be allotted one fully paid ordinary share (“**Share**”) in the capital of Royal Resources Limited (“**ROY**”) at the Exercise Price for the Option.
4. The Options are exercisable at any time on or prior to 5.00 pm Western Standard Time on 27 November 2016 (“**Expiry Date**”) by completing a notice in writing (“**Notice**”) stating the intention of the Option holder to exercise all or a specified number of Options held by him and delivering it to the registered office of ROY accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice must be received by the Company before the Expiry Date. An Option not exercised before the Expiry Date will lapse. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by him.
5. The Options are not assignable or transferable without the prior written consent of the board of directors of ROY and will not be listed on the ASX.
6. All Shares issued upon exercise of the Options will rank pari passu in all respects with ROY’s then issued Shares. ROY will apply for official quotation by ASX of all Shares issued upon exercise of the Options.
7. There are no participating rights or entitlements inherent in the Options and the Option holder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options unless the Options are first exercised in accordance with these terms and conditions. However, ROY must give the Option holder, in accordance with Listing Rules of ASX, notice of any new issue of securities before the record date for determining entitlements to the new issue.
8. In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of ROY prior to the Expiry Date, the rights of the Option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

9. If there is a pro rata issue (except a bonus issue) to ROY shareholders, the exercise price of an Option will be reduced according to the following formula:

$$O^{\text{N}} = O - \frac{E [(P - (S + D))]}{N + 1}$$

Where:

O^{N} = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying securities into which one Option is exercisable;

P = the average market price of Shares (weighted by reference to volume) sold in the ordinary course of trading on ASX during the five trading days ending on the day before the ex rights date or the ex entitlements date;

S = the subscription price for new Shares issued under the pro rata issue;

D = any dividends due but not yet paid on the existing Shares (except those to be issued under the pro rata issue); and

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

10. If there is a bonus issue to ROY shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
11. Shares allotted and issued pursuant to the exercise of the Options will be allotted and issued on the above terms and conditions not more than 14 days after the receipt of a properly executed Option Exercise Form and the exercise price in respect of the Option.

ROYAL RESOURCES LIMITED
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ANNEXURE B

RULES OF EMPLOYEE SHARE OPTION PLAN
(approved by shareholders on 28 November 2008)

1. NAME OF PLAN

1.1 This Plan shall be called the Royal Resources Limited Employee Share Option Plan.

2. ESTABLISHMENT AND TERMINATION OF THE PLAN

2.1 The Board may establish and administer the Plan in accordance with the terms and conditions set out in these Rules and otherwise as it determines from time to time in its absolute discretion.

2.2 The Board may terminate the Plan, or suspend its operation for any period it considers desirable, at any time that it considers appropriate.

2.3 The Board may not issue any further Options after the Plan has been terminated. However, these Rules will continue to apply to Options on issue at the date of such termination until the last of those Options lapses or is exercised.

3. PURPOSE OF PLAN

3.1 The purpose of this Plan is to:

- (a) recognise the ongoing ability of the employees of the Company and their expected efforts and contribution in the long term to the performance and success of the Company;
- (b) provide an incentive to the employees of the Company to remain in their employment in the long term;
- (c) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees; and
- (d) provide employees of the Company with the opportunity to acquire Options, and ultimately Shares, in the Company, in accordance with these Rules.

4. OPERATION OF THE PLAN

4.1 The Plan operates according to these Rules which bind the Company and each Participant.

4.2 The number of Shares to be received on exercise of the Options the subject of an offer under the Plan when aggregated with:

- (a) the number of Shares which would be issued were each outstanding offer or Option, being an offer made or Option acquired pursuant to the Plan or any other employee share scheme extended only to employees or Directors of the Company, exercised; and
- (b) the number of Shares issued during the previous 5 years pursuant to the Plan or any other employee share scheme extended only to employees or Directors of the Company;

but disregarding any offer made, or Option acquired or Share issued by way of or as a result of:

- (c) an offer under the Plan to a person situated at the time of receipt of the Offer outside Australia; or
- (d) an offer under the Plan that did not need disclosure to investors because of section 708 of the Corporations Act; or
- (e) an offer made under a disclosure document,

must not exceed 5% of the total number of issued Shares as at the time of the offer under the Plan.

5. ELIGIBILITY

5.1 Subject to these Rules, the Board may from time to time determine that any Eligible Person is entitled to participate in the Plan and the extent of that participation. Prior to making that determination, the Board must consider:

- (a) the seniority of the relevant Eligible Person and the position the Eligible Person occupies within the Company;
- (b) the length of service of the Eligible Person with the Company;
- (c) the record of employment of the Eligible Person with the Company;
- (d) the potential contribution of the Eligible Person to the growth of the Company;
- (e) the extent (if any) of the existing participation of the Eligible Person (or any Permitted Nominee in relation to that Eligible Person) in the Plan; and
- (f) any other matters which the Board considers relevant.

5.2 The Board may exercise its powers in relation to the participation of any Eligible Person on any number of occasions.

6. OFFER OF OPTIONS

6.1 Subject to these Rules and to the Listing Rules, the Company (acting through the Board) may offer Options to any Eligible Person at such times and on such terms as the Board considers appropriate. Each offer must state:

- (a) the name and address of the Eligible Person to whom the offer is made;
- (b) that the Eligible Person to whom the offer is addressed may accept the whole or any lesser number of Options offered;
- (c) the minimum number of Options and any multiple of such minimum or any other number which may be accepted;
- (d) the period within which the offer may be accepted, and the period or periods during which the Options or any of them may be exercised and the Expiry Date;
- (e) the method of calculation of the Exercise Price; and

- (f) any other matters which the Board may determine.

7. ACCEPTING OFFERS

7.1 Upon receipt of an offer of Options, an Eligible Person may, within the period specified in the offer:

- (a) accept the whole or any lesser number of Options offered by giving to the Company an Application Form; or
- (b) nominate a nominee in whose favour the Eligible Person wishes to renounce the offer by notice in writing to the Board. The Board may, in its absolute discretion, resolve not to allow such renunciation of an offer in favour of a nominee without giving any reason for such decision.

7.2 Upon:

- (a) receipt of the Application Form referred to in paragraph 7.1(a); or
- (b) the Board resolving to allow a renunciation of an offer in favour of a nominee ("**Permitted Nominee**") and the Permitted Nominee accepting the whole or any lesser number of Options offered by giving the Company an Application Form,

then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by these Rules and will be granted Options subject to these Rules.

7.3 If Options are issued to a Permitted Nominee or an Eligible Person, the Eligible Person must, without limiting any provision in these Rules, ensure that the Permitted Nominee complies with these Rules.

7.4 On the issue of Options following receipt by the Company of an Application Form, an Eligible Person or the Permitted Nominee, as the case may be, becomes a Participant.

8. NO CONSIDERATION

8.1 No consideration is payable by an Eligible Person for a grant of an Option, unless the Board decides otherwise.

9. CERTIFICATES

9.1 The Company must give a Participant one or more Certificates stating:

- (a) the number of Options issued to the Participant;
- (b) the Exercise Price of those Options; and
- (c) the Issue Date of those Options.

9.2 The Certificates for the Options will be dispatched within 10 Business Days after the Issue Date.

10. QUOTATION

10.1 The Company will not apply for Official Quotation of any Options.

10.2 If shares of the same class as those allotted pursuant to the exercise of Options granted under the Plan are listed on the ASX, the Company must apply for Official Quotation of those Shares allotted pursuant to the exercise of Options within the time required by the Listing Rules after the date of allotment.

11. NOT TRANSFERABLE

11.1 Subject to clauses 11.2 and 14.5, Options are not transferable.

11.2 Options may be transferred, by an instrument of transfer, in the following circumstances only:

- (a) a transfer constituting the necessary transfer documents following an acceptance of an offer made under an off-market bid relating to Options;
- (b) a transfer to a bidder on the sale of the Options under Division 3 of Part 6A.1 of the Corporations Act;
- (c) a transfer to a 100% holder on the sale of the Options under Division 2 of Part 6A.2 of the Corporations Act;
- (d) a transfer under Part 6A.3 of the Corporations Act to a person entitled to acquire the Options under section 661A or 664A of the Corporations Act; or
- (e) a transfer approved by the Board in those circumstances as may be determined by the Board.

12. EXERCISE OF OPTIONS

12.1 Subject to these Rules and the terms of the Options, Options may be exercised at any time during the period commencing on the Issue Date and ending on the Expiry Date.

12.2 Notwithstanding paragraph 12.1, all Options may be exercised:

- (a) during a Bid Period; or
- (b) at any time after a Change of Control Event has occurred; or
- (c) on an application under section 411 of the Corporations Act, if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

12.3 Options may only be exercised by the Participant giving notice in writing to the Board delivered to the registered office of the Company. The notice must specify the number of Options being exercised and the Exercise Price for the Options specified in the notice and must be accompanied by:

- (a) the Certificate for those Options, for cancellation by the Company; and
- (b) a cheque payable to the Company (or another form of payment acceptable to the Board) in the amount of the product of the number of Options then being exercised by the Participant and the Exercise Price.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount referred to in paragraph (b).

12.4 Subject to paragraph 14.1, within 10 Business Days after the notice referred to in clause 12.3 becoming effective, the Board must:

- (a) allot and issue the number of Shares to be issued in respect of the Options being exercised;
- (b) cancel the Certificate for the Options being exercised; and
- (c) if applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the notice.

12.5 The Board may, at its discretion, by notice to the Participant reduce, waive or vary (provided such variation is not adverse to the Participant) the Exercise Conditions attaching to Options in whole or in part at any time and in any particular case.

13. SHARES ALLOTTED ON EXERCISE OF OPTIONS

13.1 All Shares allotted upon exercise of the Options rank *pari passu* in all respects with Shares previously issued and, in particular, entitle the holders of Shares to participate fully in:

- (a) dividends declared by the Company after the date of allotment; and
- (b) all issues of securities made or offered *pro rata* to holders of Shares.

14. LAPSE OF OPTIONS

14.1 Options not validly exercised on or before the Expiry Date will automatically lapse.

14.2 Unless otherwise determined by the Board, if any Options are granted subject to Exercise Conditions and, prior to satisfaction of the Exercise Conditions (such that the Options are not exercisable), an Eligible Person ceases to be an Eligible Person then:

- (a) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, any such Options held by such Eligible Person, or if appropriate, his or her Permitted Nominee, will automatically lapse; and
- (b) if the Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her within:
 - (i) 3 months of the date of (as the case may be) Retirement, Redundancy, death or Total and Permanent Disablement; or
 - (ii) such longer period as the Board determines,

subject to the Board, in its absolute discretion, reducing, waiving or varying the Exercise Conditions applying to those Options in accordance with clause 12.5 so that those Options may be exercised. Options the subject of clause 14.2(b) not exercised within 3 months or the longer period determined by the Board, will automatically lapse.

14.3 Unless otherwise determined by the Board, if an Eligible Person ceases to be an Eligible Person at any time after an Option is or has become exercisable, then:

- (a) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her within :
 - (i) 1 month of ceasing to be an Eligible Person; or

(ii) such longer period as the Board determines,

and any Options the subject of this clause not exercised within 1 month or the longer period determined by the Board, will automatically lapse; and

(b) if an Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee is entitled to exercise any such Option at any time prior to its Expiry Date.

14.4 A certificate signed by the company secretary of the Company stating that a person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan, both as to such occurrence and the reason for such occurrence and the date of such occurrence.

14.5 Subject to clause 14.2, if at any time prior to the Expiry Date of any Options a Holder dies, the deceased Holder's Legal Personal Representative may:

(a) elect to be registered as the new Holder of the deceased Holder's Options;

(b) whether or not he or she becomes so registered, exercise those Options in accordance with and subject to these Rules as if he were the Holder of them; and

(c) if the deceased Holder had already given the Company a notice of exercise of his or her Options, pay the Exercise Price in respect of those Options.

15. PARTICIPATION RIGHTS, BONUS ISSUES, RIGHTS ISSUES, REORGANISATIONS OF CAPITAL AND WINDING UP

15.1 New Issues

(a) Participants are not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:

(i) they have become entitled to exercise their Options under the Plan; and

(ii) they do so before the record date for the determination of entitlements to the new issue of securities and participate as a result of being holders of Shares.

(b) The Company must give Participants, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.

15.2 Bonus Issues

If there is a bonus share issue ("**Bonus Issue**") to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Holder would have received if the Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

15.3 Pro Rata Issues

If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any Options, the Exercise Price of an Option will be adjusted in the manner provided for in the Listing Rules.

15.4 Reorganisation of Capital

If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, then the rights of a Participant (including the number of Options to which each Participant is entitled and the Exercise Price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

15.5 Winding Up

If, prior to the expiry of any Options, a resolution for a members' voluntary winding up of the Company is proposed (other than the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Exercise Conditions, the Participants may, during the period referred to in the notice, exercise their Options.

15.6 Fractions of Shares

For the purpose of this clause 15, if Options are exercised simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares for which the Participant is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

15.7 Calculations and Adjustments

Any calculations or adjustments which are required to be made under this clause 15 will be made by the Board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Participant.

15.8 Notice of Change

The Company must within a reasonable period give to each Participant notice of any change under clause 15 to the Exercise Price of any Options held by the Participant or to the number of Shares which the Participant is entitled to subscribe for on exercise of an Option.

16. EXERCISE PRICE OF OPTIONS

16.1 The method of calculation of the Exercise Price of each Option will be determined by the Board with regard to the Market Value of the Shares when it resolves to offer the Option.

17. AMENDMENTS TO THE RULES

17.1 Board May Alter Rules

The Board may, subject to clause 17.2 and the Listing Rules, alter, delete or add to these Rules at any time (save for the provisions of clause 4.2).

17.2 Alteration of clause 4.2

The Board may alter clause 4.2 with the prior approval by ordinary resolution of the shareholders of the Company in a general meeting.

17.3 Consent of Participants

If any amendment to be made under clause 17.1 would adversely affect the rights of Participants in respect of any Options then held by them, the Board must obtain the consent of Participants who between them hold not less than 75% of the total number of those Options held by all those Participants before making the amendment.

17.4 Eligible Persons Outside Australia

The Board may make any additions, variations or modifications to the Rules, in relation to the implementation of the Plan and the specific application of the Rules to Eligible Persons residing outside Australia.

18. POWERS OF THE BOARD

18.1 The Plan shall be administered by the Board who shall have the power to:

- (a) determine appropriate procedures and make regulations for the administration of the Plan which are consistent with these Rules;
- (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (c) terminate or suspend the operation of the Plan at any time, provided that the termination or suspension does not adversely affect or prejudice the rights of Participants holding Options at that time;
- (d) delegate those functions and powers it considers appropriate, for the efficient administration of the Plan, to any one or more persons whom the Board reasonably believes to be capable of performing those functions and exercising those powers, for such period and on such conditions as the Board may determine;
- (e) take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules;
- (f) administer the Plan in accordance with these Rules as and to the extent provided in these Rules; and
- (g) make regulations for the operation of the Plan consistent with these Rules.

19. NOTICES

19.1 Notices may be given by the Company to any Holder either personally or by sending by post to his or her address as noted in the Company's records or to the address (if any) within the Commonwealth of Australia supplied by him to the Company for the giving of notices.

Notices for any overseas Holders shall be forwarded and posted by air. Where a notice is sent by post the notice shall be deemed to be served on the day after posting. The signature of any notice may be given by any Director or secretary of the Company. A notice of exercise given under clause 12.3 shall not be deemed to be served on the Company until actually received.

20. NO COMPENSATION OR DAMAGES

- 20.1 The rights and obligations of any Holder under the terms of his or her employment with the Company are not affected by his or her participation in the Plan.
- 20.2 These Rules do not form part of, and will not be incorporated into, any contract of engagement or employment between a Holder and the Company.
- 20.3 No Holder has any rights to compensation or damages as a result of the termination of his or her employment, so far as those rights arise or may arise from the Holder ceasing to have rights under the Plan as a result of the termination.
- 20.4 Participants do not, as Participants, have any right to attend or vote at general meetings of holders of Shares.

21. GOVERNING LAW

- 21.1 The Plan and any Options issued under it are governed by the laws of Western Australia and the Commonwealth of Australia.
- 21.2 Each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia, the Commonwealth of Australia and courts entitled to hear appeals from those courts.

22. ADVICE

- 22.1 Eligible Persons should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to participation in the Plan.

23. DEFINITIONS AND INTERPRETATION

- 23.1 In these Rules, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"Application Form" means a duly completed and executed application for the issue of Options made by an Eligible Person or Permitted Nominee in respect of an Offer, in the form approved by the Board from time to time;

"ASX" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"Bid Period", in relation to a takeover bid in respect of shares in the Company, means the period referred to in the definition of that expression in section 9 of the Corporations Law provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement;

"Board" means the directors acting as the board of directors of the Company or a committee appointed by such board of directors;

"Business Day" means a day on which banks are open for business in Perth excluding a Saturday, Sunday or public holiday;

"Certificate" means the certificate issued in accordance with clause 9 by the Company to a Holder in respect of an Option;

"Change of Control Event" means a shareholder, or a group of associated shareholders, becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Board;

"Company" means Royal Resources Limited ACN 108 102 432;

"Corporations Act" means Corporations Act 2001 (Cth);

"Director" means a director of the Company from time to time but does not include a person who is only a director by virtue of being an alternate director;

"Eligible Person" means at any time a person who then is an employee (whether full-time or part-time) of the Company or of an associated body corporate of the Company;

"Exercise Condition" means the performance, vesting or other conditions (if any) determined by the Board and specified in an Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option can be exercised;

"Exercise Price" means, in respect of an Option, the subscription price per Share, determined in accordance with clause 16, payable by a Holder on exercise of the Option;

"Expiry Date" means, in relation to an Option, the date determined by the Board prior to the offer of the relevant Options, subject to any restriction in the Corporations Act from time to time but in any event no longer than 5 years from the Issue Date;

"Holder" means, in relation to an Option, the person (whether an Eligible Person or a Permitted Nominee) entered in the Company's register of options as the holder of that Option;

"Issue Date" means, in relation to an Option, the date on which the Company grants that Option;

"Legal Personal Representative" means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

"Listing Rules" means the Official Listing Rules of ASX as they apply to the Company from time to time;

"Market Value" means, if the Company is admitted to the official list of ASX:

- (a) the weighted average closing sale price of the Shares recorded on the stock market of ASX over the five trading days immediately preceding the day on which the Board resolves to offer an Option; or
- (b) in circumstances where there has been no trading in the Shares during the five trading days immediately preceding the day on which the Board resolves to offer an Option, the last sale price recorded on the stock market of ASX;

"Offer" means an invitation to an Eligible Person made by the Company under clause 6.1 to apply for an issue of Options;

"**Official Quotation**" has the meaning ascribed to it in the Listing Rules;

"**Option**" means an option issued under the Plan to subscribe for a Share;

"**Participant**" means a person who holds Options issued under the Plan and includes, if a Participant dies or becomes subject to a legal disability, the Legal Personal Representative of the Participant;

"**Permitted Nominee**" has the meaning given to it by clause 7.2;

"**Plan**" means the Royal Resources Limited Employee Share Option Plan established in accordance with these Rules;

"**Redundancy**" means, in relation to an Eligible Person, a determination by the Board that the Company's need to employ a person for the particular kind of work carried out by that Eligible Person has ceased (but, for the avoidance of any doubt, does not include the dismissal of an Eligible Person for personal or disciplinary reasons or where the Eligible Person leaves the employ of the Company of his or her own accord);

"**Retirement**" means, in relation to an Eligible Person, retirement by that Eligible Person from the Company at age 60 or over or such earlier age as considered appropriate by the Board;

"**Rules**" means these rules, as amended from time to time;

"**Series**" means, in relation to Options, Options with a common Issue Date;

"**Shares**" means fully paid ordinary shares in the capital of the Company;

"**Specified Reason**" means Retirement, Total and Permanent Disablement, Redundancy or death;

"**Tax**" means any tax, levy, impost, GST, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing; and

"**Total and Permanent Disablement**" means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience.

23.2 In these Rules, unless a contrary intention appears:

- (a) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (b) the singular includes the plural and vice versa;
- (c) a reference to a gender includes all genders; and
- (d) an expression defined in, or given a meaning for the purposes of, the Corporations Act has the same meaning where used in these Rules.

000001 000 ROY
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

 For your vote to be effective it must be received by 11:00am (WST) Saturday 26 November 2011

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View the Annual Report:

www.royalresources.com.au

Update your securityholding 24 hours a day, 7 days a week:

www.investorcentre.com

Your secure access information is: SRN/HIN: 1999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Royal Resources Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Royal Resources Limited to be held at The Function Room, The Celtic Club, 48 Ord Street, West Perth, Western Australia on Monday, 28 November 2011 at 11.00am WST and at any adjournment of that meeting.

Important for Resolutions 1 and 3 to 8 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default

By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolutions 1 and 3 to 8 as set out below and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Resolutions 1 and 3 to 8, the Chairman of the Meeting will not cast your votes on Resolutions 1 and 3 to 8 and your votes will not be counted in computing the required majority if a poll is called on these Items. If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Step 2 below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Resolutions 1 and 3 to 8).

The Chairman of the Meeting intends to vote all available proxies in favour of Resolutions 1 and 3 to 8 of business.

I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolutions 1 and 3 to 8 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Resolutions 1 and 3 to 8 are connected directly or indirectly with the remuneration of a member of key management personnel and/or even if the Chairman of the Meeting has an interest in the outcome of these Items and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6	Approval to Grant Incentive Options to a Director - Mr Malcolm J Randall or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Frank DeMarte as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7	Approval to Grant Incentive Options to a Director - Mr Marcus Flis or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval to Grant Incentive Options to a Director - Mr Philip G Crabb or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Renewal of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to Grant Incentive Options to a Director - Mr Frank DeMarte or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Ratification of Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to Grant Incentive Options to a Director - Mr Brian D Richardson or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Ratification of issue of Shares to Intrinsic Capital LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____