

# ASX ANNOUNCEMENT

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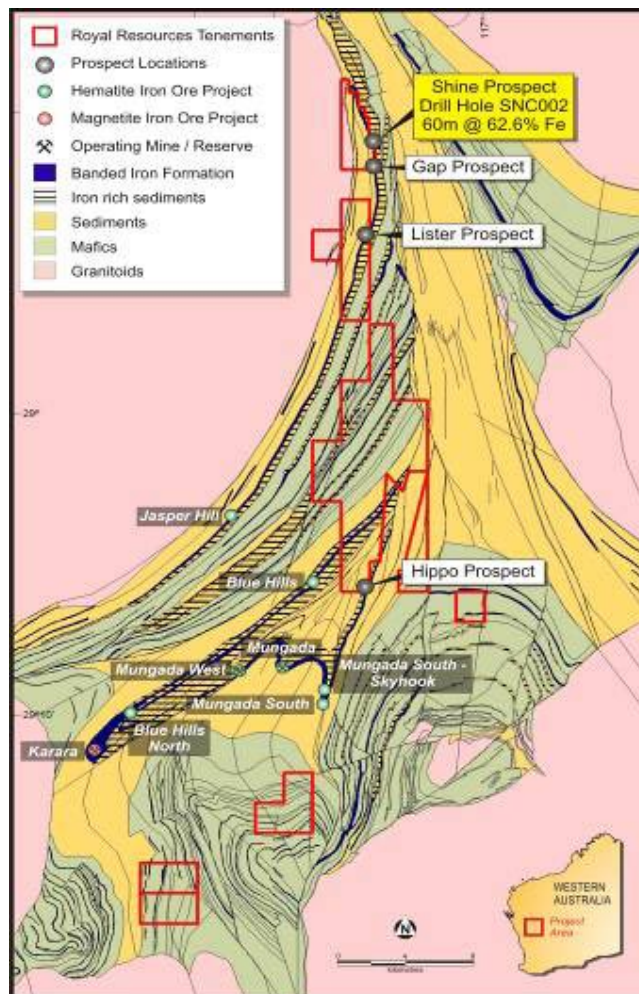
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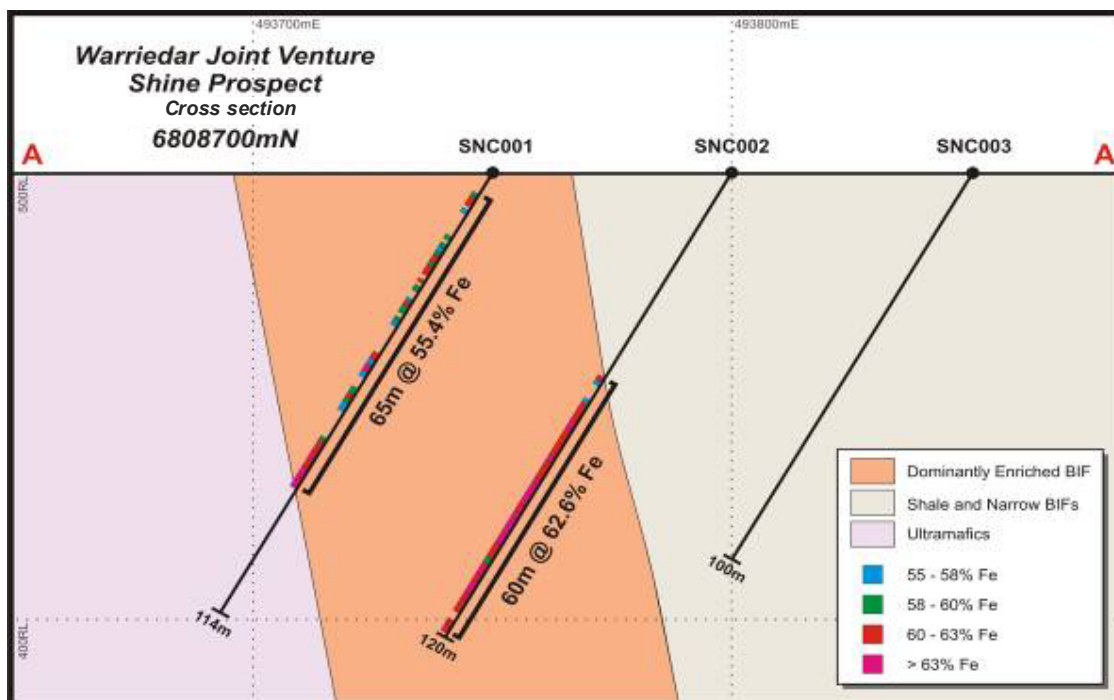
## DRILLING UPDATE - IRON ORE PROSPECTS

Royal Resources Limited (**ASX: ROY**), through its joint venture partner Gindalbie Metals Limited (**ASX: GBG**), is currently undertaking an aggressive drilling campaign of Direct Shipping Ore (DSO) mineralisation at the Shine Prospect under the Warriedar Joint Venture (Figure 1).



**Figure 1 – Warriedar Location Map**

As announced in November 2007, Phase 1 RC drilling at Shine returned significant high grade intercepts of hematite ore, including 60m at 62.6% Fe, 22m at 63.9%, and 27m at 63.1% Fe (Figure 2).



**Figure 2 – Shine Prospect Section 6808700mN**

Ongoing surface geological mapping and surface sampling completed in 2007 and early 2008 had identified a prospective strike length of 850m of mineralised banded iron formation. Phase 2 drilling, consisting of a planned 38 drill holes for a total of 3,827 metres on a 50 x 100 metre grid, will test this zone and lay the basis for extending the mineralisation to the south into the Gap Prospect and to the north into GBG's tenements.

Approval for this work was received and drilling commenced on the 10 May 2008. For the period ending 27 May 2008 thirty three holes, for a total of 2004 metres, had been completed. These include pre-collars for planned diamond core drilling. While no assays have been received, it is observed from geologic logging that the style and grade of mineralisation is similar to that encountered in the Phase 1 drilling. On the basis of this an accelerated in-fill drilling programme of an additional 16 drill holes for a total of 1,835 metres has been recently approved.

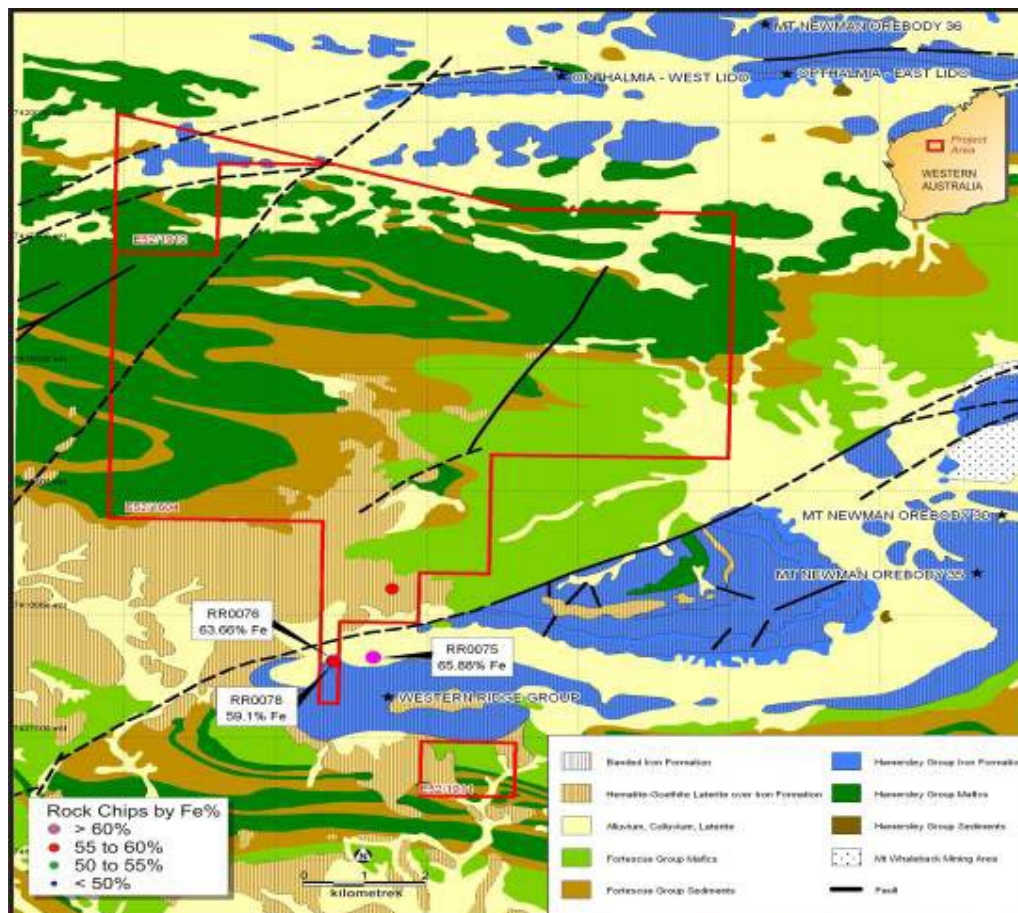
ROY's Chief Executive Officer, Mr Marcus Flis, noted that it is expected that following the results of this drilling, an inferred resource is expected to be defined.

"The Shine Prospect has the capability of producing an outstanding resource in excess of 20 million tonnes of high grade DSO. When taken in the context of neighbouring properties, both ROY's under the Joint Venture and GBG's, the area has the potential of creating a substantial and profitable DSO iron ore business. It is anticipated that following the Phase 2 drilling a comprehensive programme of diamond drilling, metallurgical testing, and geotechnical evaluation will be undertaken in late 2008/early 2009 to assess the business opportunity" said Mr Flis.

The Warriedar Joint Venture between ROY and GBG covers approximately 130 square kilometres in the Midwest region of Western Australia (Figure 1). GBG has a 60% interest in the iron ore rights and maintained that equity with an expenditure of \$1 million on exploration and drilling over three years. ROY has elected to contribute to the Joint

Venture to maintain its 40% interest. The Shine, Gap and Lister prospects are located within tenement E59/887. Gap and Lister are still to be fully assessed by drilling.

Elsewhere, a campaign of 13 drill holes planned for the Iron Ridge Prospect on Prairie Downs E52/1604 has been delayed due to drilling rig availability. This campaign is designed to test the extension of BHPB's Western Ridge Marra Mamba orebody onto ROY's 100% owned ground (Figure 3). The drilling has been approved under a Programme of Work and is now scheduled to commence in early July.



**Figure 3 – Prairie Downs E52/1604**

Drilling at Mindy (E47/1615) was curtailed after four holes due to rig breakdown. Drilling of the two remaining planned holes will recommence at a later date when a more suitable drilling rig becomes available. Assay results are awaited although no mineralised intercepts were noted in the geologic logs.

Follow-up of anomalous rock chip samples on Marillana Bridge E47/1613 and Perishing E47/1614 was undertaken by reconnaissance drilling, two holes in the former and nine in the latter. Significant thicknesses of overburden (20 – 25 metres) were encountered on both prospects. Highly siliceous weathered banded iron formation with no significant iron mineralisation was intercepted at depth. Assay results are awaited.

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