

## ASX Announcement: ROY

9 October 2008



### CASH SALE OF PILBARA IRON ORE PROJECT TO GIRALIA

- **The three tenements comprising Royal's Prairie Downs Project in the eastern Pilbara have been sold to Giralia.**
- **Consideration is approximately \$3.2 million, fulfilled in cash and the issue of fully paid shares in Giralia.**
- **Royal maintains an interest in the project through the share holding.**

Following a review of opportunities, the Directors of Royal Resources Limited (ASX: ROY – "Royal") have decided to sell the tenements making up the Prairie Downs Project to Giralia Resources NL (ASX: GIR – "Giralia") for an upfront cash and script consideration.

Royal's 100% owned tenements: E52/1604, E52/1911, and E521912, comprising the Prairie Downs Project in the Pilbara will be transferred in total to Giralia. The consideration for the sale is:

- an upfront cash payment of \$2 million;
- an issue of 1 million fully paid shares, escrowed for six months; and
- an issue of 1 million fully paid shares, escrowed for 12 months.

The settlement date for the sale is 22 October 2008.

Royal announced the drilling results on the Iron Ridge Prospect on E52/1604 on 30 July, 2008. A JORC compliant resource was not announced at that time. Royal considers that any resource at Iron Ridge, together with the prospectivity of the Homestead Prospect, could not operate as a standalone DSO iron ore business. As a result, Royal undertook discussions with exploration companies in the region that had iron ore resources, or were in the process of defining iron ore resources with which the Prairie Downs mineralisation could be amalgamated, either by way of a joint venture or outright sale.

The Directors of Royal considered that an outright sale will leave Giralia with maximum flexibility while bringing immediate benefit to Royal's cash position. Royal shareholders will maintain exposure to this project's upside through the Giralia share holding. Royal has confidence in Iron Ridge and believes it will enhance the resource that Giralia announced on 11 July 2008 on its Western Creek Project. That project lies immediately to the west and south of, and is contiguous with, Iron Ridge.

"This sale maximises Royal's return on its investment in the Prairie Downs Project. With a cash position in excess of \$5 million Royal is now able to better position itself for a possible mine development at the Warriedar Joint Venture's Shine deposit in the Mid West (Royal 40%, Gindalbie Metals Limited 60%)", noted Royal's CEO Mr Marcus Flis. He went on to comment: "Raising cash in the current environment is difficult. Royal is in an excellent position to take advantage of any opportunities that emerge from the current market malaise".

Royal's Directors wish Giralia every success with their consolidated project.

For further information contact:

**Marcus Flis**  
**Chief Executive Officer**  
**+61 8 9322 8542**



Registered Office: Level 3, 1060 Hay Street, West Perth, 6005  
PO Box 7525, Cloisters Square, Perth 6850, Western Australia  
Phone: + 61 8 9322 8542 Fax: + 61 8 9322 6577  
Email: [info@royalresources.com.au](mailto:info@royalresources.com.au) [www.royalresources.com.au](http://www.royalresources.com.au)