

27 April 2006

The Manager  
Companies Announcement Office  
Australian Stock Exchange Limited  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

**Via Electronic Lodgement**

Dear Sir/Madam

**ACTIVITIES & CASHFLOW REPORT FOR THE QUARTER ENDING 31 MARCH 2006**

**HIGHLIGHTS**

- Royal Resources raises \$4.024 million and is admitted to the official list of the Australian Stock Exchange Limited.
- Five prospective iron ore prospects identified within the Pinyalling Hills Iron Ore Project areas in the Midwest Province in Western Australia
- Rock sampling has returned maximum assay values of 60.91% Fe in Banded Iron Formation (BIF) units at the Thatcher Prospect to the east of the historical Rothsay gold mine.
- Nine (9) bulk samples collected from the Plateau Ironstone project submitted to AMMTEC (Australian Metallurgical and Mineral Testing Consultants) for detailed metallurgical and analytical assessment. Following receipt of the results from this work 1500m of drilling is to be undertaken.
- The Baron Rothschild gold resource, where there are inferred (JORC compliant) resources of 61,560 ounces of gold has been reviewed and will be drilled in May 2006 to test interpreted plunging high grade shoots.



## **INTRODUCTION**

Royal Resources Limited (“Royal Resources”) is a significant tenement holder in the Midwest Iron Ore Province in Western Australia. The Midwest Iron Ore region is currently one of Western Australia’s major resource growth areas which hosts the State’s largest base metal mine at Golden Grove and where there are presently major developments planned for iron ore and gold projects. (See attached tenement location plan.).

## **IRON ORE EXPLORATION**

### ***Pinyalling Hills Iron Ore Project***

The Pinyalling Hills Project covers all prospective iron ore prospects within Royal Resources tenements located in the Midwest Iron Ore Province of Western Australia.

The Warriedar Joint Venture between Gindalbie Metals Limited (60%) and Royal Resources (40%) is also located within the Midwest Iron Ore Province. Since listing Royal Resources has carried out exploration studies for prospective iron ore resources contained within Banded Iron Formation (“BIF”) prospects - Thatcher, Three Sisters and Iron Ridge - and the Ironstone resources at Fields Find and Pinyalling South. The results of this work have been very encouraging and the next major phase of work will be Reverse Circulation drilling at three of the five prospect areas.

### ***Thatcher Prospect***

This prospects area comprises a number of parallel BIF units that have been tightly folded and abut intrusive granite to the east of the old Rothsay gold mine workings. Aerial photographic mapping at 1:25000 scale is currently being carried out to delineate the extent of these BIF units as there is little surface outcrop. Rock chip sampling has returned significant assay values with maximum values of 60.91% Fe.

### ***Iron Ridge Prospect***

This prospect area is located to the north of the Baron Rothschild gold mine and intermittently outcrops over a strike distance of 3.5 to 4 kilometres. Recent mapping and sampling indicate that this prospect zone is wider and more extensive than initially reported and has potential for hosting both hematite and magnetite iron ore resources.

### ***Three Sisters Prospect***

This prospect comprises a number of parallel BIF units that are tightly folded and adjacent to a major regional NE/SW fault structure. There is evidence for significant alteration of the BIF units and this considerably enhances the areas prospectivity for hematite resources. Rock chip assaying from the sparse outcrop in the area has returned assay values up to 59% Fe.

The following table below lists the significant rock chip assay results from the above BIF prospect areas.

### SIGNIFICANT ROCK CHIP RESULTS

Sample Number	Easting (m)*	Northing (m)*	Prospect	Fe%
RX2181	488917	6761195	Thatcher	60.91
RX2303	489154	6761348	Thatcher	56.26
RX2189	542382	6786708	Iron Ridge	59.71
RX2578	540778	6786571	Iron Ridge	56.07
RX2586	526428	6788294	Three Sisters	56.62
RX2306	526266	6788150	Three Sisters	59.25

\* These results have been rounded and do not include all elements assayed. Co-ordinates are MGA94/Zone 50.

#### ***Plateau Ironstone Project***

The Plateau Ironstone project covers an area of about 30km<sup>2</sup> and sits on top of the extensive Fields Find ultramafic layered intrusive. The project is in the very early stages of assessment. In April (9) bulk samples for metallurgical testing were collected from areas of outcropping ironstone. AMMTEC (Australian Metallurgical and Mineral Testing Consultants) are presently carrying out detailed analytical and metallurgical testing of the samples. Upon receipt of the results it is intended to undertake a drilling program to test the lateral extent of this ironstone resource over its length of 12 kilometres. Previous sampling returned encouraging results with Fe grades up to 50.1% and moderate silica - 5.3% and alumina oxides - 7.5%.

### **GOLD PROJECTS**

With surging metals prices and the gold price at above A\$800.00 per ounce Royal Resources is also reviewing its gold resources. The Company's tenements in the Midwest Province contain significant gold resources at Rothsay and Baron Rothschild with JORC compliant resources of approximately 149,000 ounces of gold. Both prospect areas have potential to be expanded and four RC holes are planned for the Baron Rothschild prospect to test one of the major plunging gold shoots.

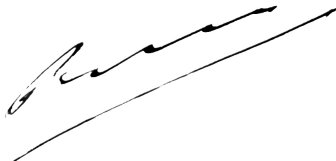
The recently announced acquisition of the Minjar Project from Gindalbie Metals Limited by Monarch Resources Limited will result in an increased gold exploration focus in the region. With the current sustained gold price Rothsay and Baron Rothschild gold resources will be attractive for future development.

The Fields Find and the Pinyalling Hills areas also have a number of gold mineralized areas that have not been evaluated in any detail. These will be re-assessed to determine if there is potential for upgrading the areas of established mineralization.

## CORPORATE

Royal Resources successfully raised \$4.024 million, was admitted to the Official List of the Australian Stock Exchange Limited and the securities commenced trading on 6 April 2006.

Yours sincerely  
ROYAL RESOURCES LIMITED

A handwritten signature in black ink, appearing to read 'Philip G Crabb', written over a thin horizontal line.

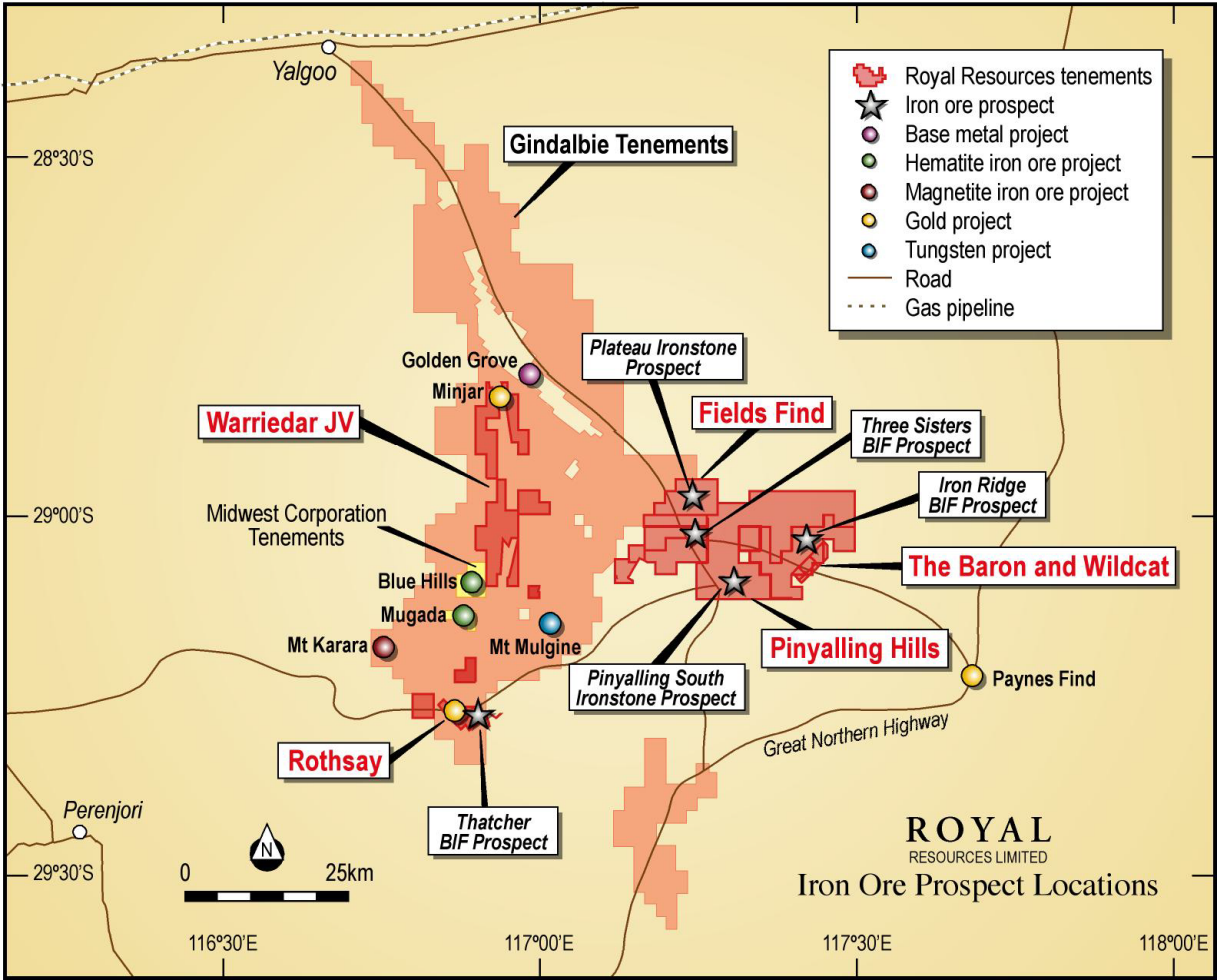
Philip G Crabb  
DIRECTOR

For further information about Royal Resources Limited.

Website: [www.royalresources.com.au](http://www.royalresources.com.au)

Contacts: Philip Crabb (Director) or Brian Richardson (Director)

The details contained in this report that pertain to ore and mineralisation is based upon information compiled by Mr Bryan Bourke, a full-time employee of the Company. Mr Bourke is a Member of the Australasian Institute of Geoscientist (AIG) 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 Bourke consents to the inclusion in this report of the matters based upon his information in the form and context in which it appears.



- Royal Resources tenements
- ★ Iron ore prospect
- Base metal project
- Hematite iron ore project
- Magnetite iron ore project
- Gold project
- Tungsten project
- Road
- ⋯ Gas pipeline

**Warriedar JV**

**Gindalbie Tenements**

**Plateau Ironstone Prospect**

**Fields Find**

**Three Sisters BIF Prospect**

**Iron Ridge BIF Prospect**

**The Baron and Wildcat**

**Pinyalling Hills**

**Rothsay**

**Pinyalling South Ironstone Prospect**

**Thatcher BIF Prospect**

28°30'S

29°00'S

29°30'S

116°30'E

117°00'E

117°30'E

118°00'E

**ROYAL**  
RESOURCES LIMITED

**Iron Ore Prospect Locations**



Great Northern Highway

Yalgoo

Golden Grove  
Minjar

Midwest Corporation  
Tenements

Blue Hills  
Mugada

Mt Karara

Mt Mulgine

Paynes Find

Perenjori

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

**ROYAL RESOURCES LIMITED**

ABN

**34 108 102 432**

Quarter ended ("current quarter")

**31 March 2006**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(167)	(244)
(b) development	-	-
(c) production	-	-
(d) administration	(13)	(42)
1.3 Dividends received		-
1.4 Interest and other items of a similar nature received		-
1.5 Interest and other costs of finance paid		-
1.6 Income taxes paid		-
1.7 Other (provide details if material)		-
<b>Net Operating Cash Flows</b>	<b>(180)</b>	<b>(286)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
© other fixed assets	(4)	(4)
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
©other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(4)</b>	<b>(4)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(184)</b>	<b>(290)</b>

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(184)	(290)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	4,724	4,724
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	20	170
1.17	Repayment of borrowings	(200)	(200)
1.18	Dividends paid	-	-
1.19	Other – share issue expenses	(159)	(159)
<b>Net financing cash flows</b>		<b>4,385</b>	<b>4,535</b>
<b>Net increase (decrease) in cash held</b>		<b>4,201</b>	<b>4,245</b>
1.20	Cash at beginning of quarter/year to date	46	2
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>4,247</b>	<b>4,247</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
Not Applicable		

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable
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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable
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### Financing facilities available

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	400
4.2	Development	-
<b>Total</b>		400

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	23	46
5.2	Deposits at call	4,224	-
5.3	Bank overdraft	-	-
5.4	Other (bank guarantees)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>		4,247	46

**Appendix 5B**  
**Mining exploration entity quarterly report**

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**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	
6.1	Interests in mining tenements relinquished, reduced or lapsed	Pinyalling	E59/848	100%	Nil
6.2	Interests in mining tenements acquired or increased	-	-	-	-

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference + securities</b> <i>(description)</i>	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-
7.3	<b>+Ordinary securities</b>	50,060,004	41,025,342	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	26,120,003	26,120,003	\$0.20
7.5	<b>+Convertible debt securities</b> <i>(description)</i>	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.7	<b>Options</b> <i>(description and conversion factor)</i>			<b>Exercise price</b>	<b>Expiry date</b>
		20,120,003	20,120,003	\$0.20	11/07/2007
		23,915,003	23,915,003	\$0.20	11/11/2009
		4,000,000	-	\$0.20	31/01/2011
7.8	Issued during quarter	20,120,003	20,120,003	\$0.20	11/07/2007
		20,120,003	22,620,003	\$0.20	11/11/2009
		4,000,000	-	\$0.20	31/01/2011
7.9	Exercised during quarter	1,000,000	-	\$0.20	11/07/2009
7.10	Expired during quarter	-	-	-	-
7.11	<b>Debentures</b> <i>(totals only)</i>	-	-		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	-	-		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Company Secretary

Date 27 April 2006

Print name:

FRANK DE MARTE

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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