

## **ASX Announcement: ROY**

**31 July 2009**



### **FOURTH QUARTER ACTIVITIES & CASHFLOW REPORT TO 30 JUNE 2009**

#### **URANIUM USA**

- **Field follow-up of targets identified in the recently completed airborne electromagnetic survey is underway**
- **A drilling programme of up to 11 holes is now in permitting stage for Hop Ck with drilling expected to commence by September**
- **Royal has renegotiated the Arizona Strip Partners JV agreement resulting in the earn-in being doubled to six years and the annual expenditure commitment halved**

#### **URANIUM NORTHERN TERRITORY**

- **Drilling has commenced at Adelaide River Prospect, Pine Creek District**
- **Drilling is due to commence at the George Creek Prospect, Pine Creek District**
- **Royal has been successful in attracting a grant from the Northern Territory Government under its “Bringing Forward Discovery” initiative for the Ngalia prospect**

#### **IRON ORE AUSTRALIA**

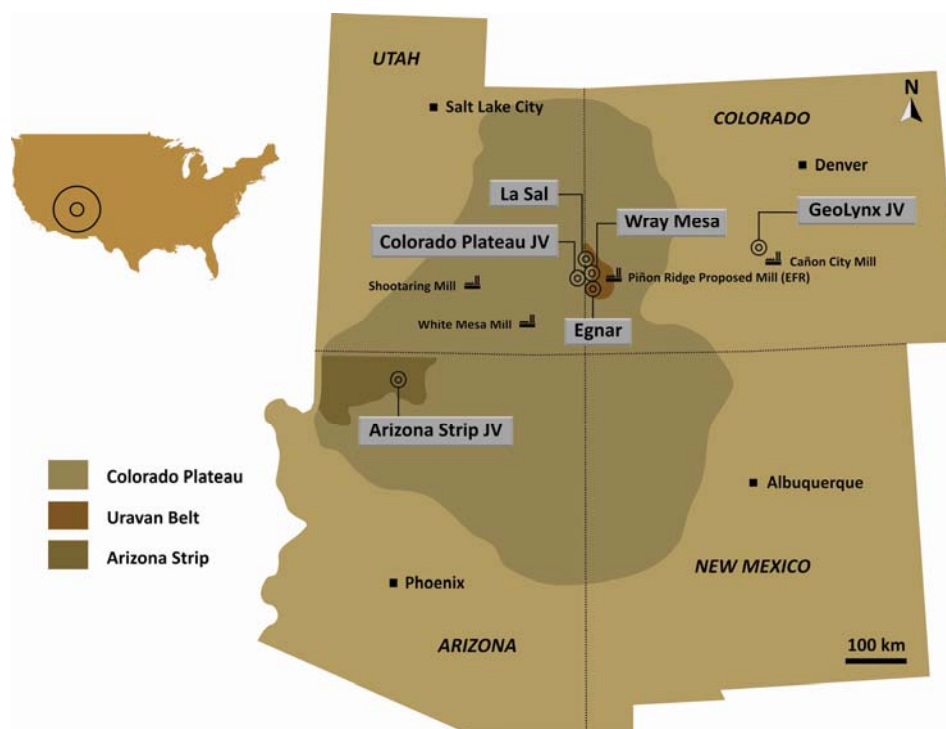
- **Outcrop rock chip sampling has highlighted three prospects for further follow-up to the north and south of the Shine hematite mineralisation with a best assay of 62.0% Fe, 4.6% SiO<sub>2</sub>, and 1.7% Al<sub>2</sub>O<sub>3</sub>**

During the Fourth Quarter preparations for the 2009 drilling programme were undertaken. Drilling is planned for high grade uranium targets on the Colorado Plateau and the Arizona Strip (USA) and in the Pine Creek Orogen (Northern Territory).

## USA URANIUM EXPLORATION

Royal's uranium exploration activities in the USA are controlled by four joint ventures, of which Royal is the manager-operator of three. A government maintenance fee is due on all claims in the USA by 1 September 2009. Work during the Quarter has focussed on prioritising all claims to meet that deadline.

**Figure 1 – Project locations, USA**



### **Egnar – Lynx-Royal Joint Venture: Royal (80%), Royal manages**

Assessment of last year's drilling data and interpretation of the high resolution aeromagnetic and radiometric survey has now been completed, as reported on 7 July 2009. As part of the review process additional historic drilling information in areas not previously drilled by Royal has been obtained and integrated into Royal's GIS database. This is being used to determine which claims to retain and to put in place a drill testing programme for Q4 2009.

All final drill samples geochemical analyses have been received, with no changes from the preliminary data. These showed a best result of 3.05m @ 435ppm  $U_3O_8$  and 2,043 ppm vanadium from 120.4m including 1.52m @ 690ppm  $U_3O_8$  and 3,610 ppm vanadium from 120.4m in hole EG-08-034

### **Wray Mesa – Lynx-Royal Joint Venture: Royal (80%), Royal manages**

An assessment of the Wray Mesa claims by an independent consulting geologist has defined high priority areas for retention. A drilling programme is currently being designed to test these areas.

### **La Sal – Lynx-Royal Joint Venture: Royal (80%), Royal manages**

The La Sal claims are being assessed by an independent consulting geologist to highlight areas for retention.

### **Colorado Plateau Joint Venture: Royal (80%), Royal manages**

A drilling programme of up to eleven holes will be undertaken on the Hop Creek Prospect to assess a line of uranium mineralisation that occurs off-claim. This programme is awaiting permitting and is expected to commence in September.

An option for a set of claims known as the Luke and MO claims has been allowed to expire following unfavourable drilling results.

#### **Tallahassee Creek - Geolynx Joint Venture: Royal (64%), Royal manages**

Historic drilling results for areas held by the Geolynx JV have been obtained. This includes drilling information on the neighbouring Hansen mineralisation, a prospect drilled out by Cyprus in the 1970's and containing 25 to 35 million pounds of uranium at 0.05 to 0.2% U<sub>3</sub>O<sub>8</sub>.

On the JV's Crampton Claims, mineralised intercepts, historically tagged as "ore", but not reportable under JORC guidelines, will be further investigated to determine the tenor of that mineralisation. An historic working on these claims, the Last Chance Mine, produced grades averaging 0.31% U<sub>3</sub>O<sub>8</sub>. The records show potential to extend the mineralisation outside these workings. Assessment of the historic drilling data and integration into Royal's GIS database continues. A ground radiometric survey has also been completed on the claims.

#### **Arizona Strip – Arizona Strip Partners Joint Venture: Royal (40%), Energy Fuels manages**

As announced on 7 July 2009, Royal has successfully further renegotiated the agreement with Toronto-listed Energy Fuels Resources that governs this joint venture. The earn-in term has been extended from three years to six years and the total earn-in amount reduced from \$2 million to \$1.9 million. Royal's minimum expenditure commitment has thus been reduced from US\$470,000pa to US\$255,000pa.

Assessment of the VTEM survey delivered last quarter is continuing. High priority targets have been defined and field inspection instigated. It is expected that two to three pipe targets will be drilled this season.

## **NORTHERN TERRITORY URANIUM EXPLORATION**

Royal is the operator-manager of four projects under an earn-in agreement with Aldershot Resources Limited, a Toronto Stock Exchange listed company (Figure 2).

#### **George EL24550: Royal (earning 60%), Royal manages**

The Adelaide River Prospect is based on the historically productive Adelaide River Uranium Mine which produced ore at a head grade of 0.5% U<sub>3</sub>O<sub>8</sub>. Aldershot Resources Ltd reported a drill hole intercept of **7.1m @ 0.41% U<sub>3</sub>O<sub>8</sub>, 0.44% Co, 0.44% Cu, and 0.24% Ni** from 89.9m in hole ARDDH002 in February 2008. A drilling programme has been designed to follow-up on this result and to extend the area tested along a re-interpreted shear trend. Ground spectrometer surveying has been completed over the area to allow refinement of hole locations. Drilling has now started; up to 10 holes will be drilled for a total of 1,820m (Figure 3).

Ground spectrometer surveying and drilling are also planned at the George Creek Prospect. The drilling will test extensions to the historic George Creek Mine which produced average uranium ore grades of **0.26% U<sub>3</sub>O<sub>8</sub>**. Up to three holes will be drilled initially.

A tenement, ELA 27354, has been applied for north of the Adelaide River Mine to secure possible extensions of the mineralisation.

#### **Waterhouse West EL24563: Royal (earning 60%), Royal manages**

Data compilation from previous explorers is continuing.

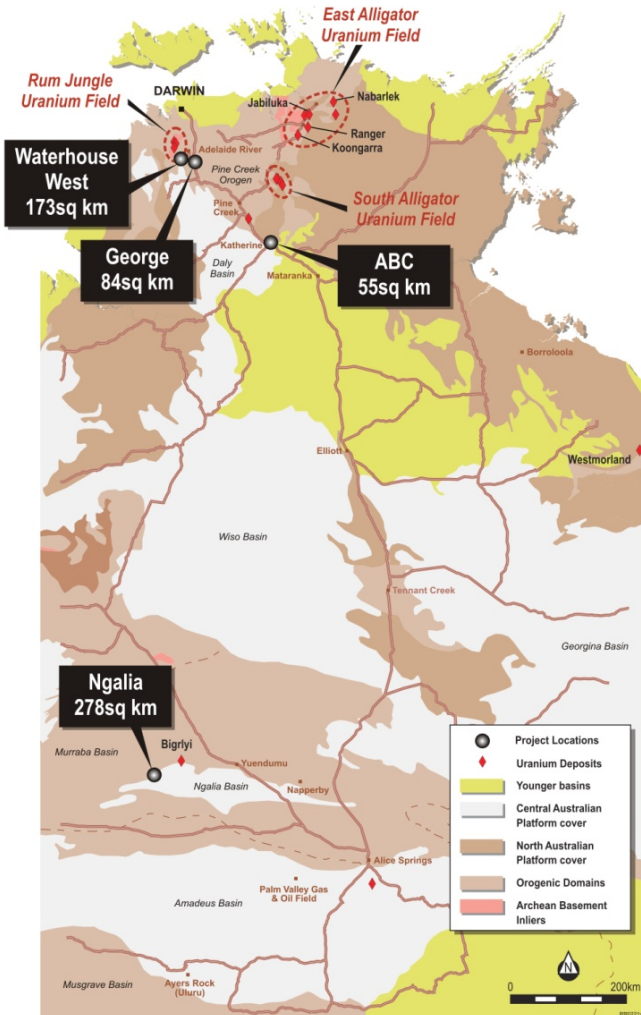
#### **ABC ELA24555: Royal (earning 60%), Royal manages**

Access negotiations are continuing and are expected to conclude by next year.

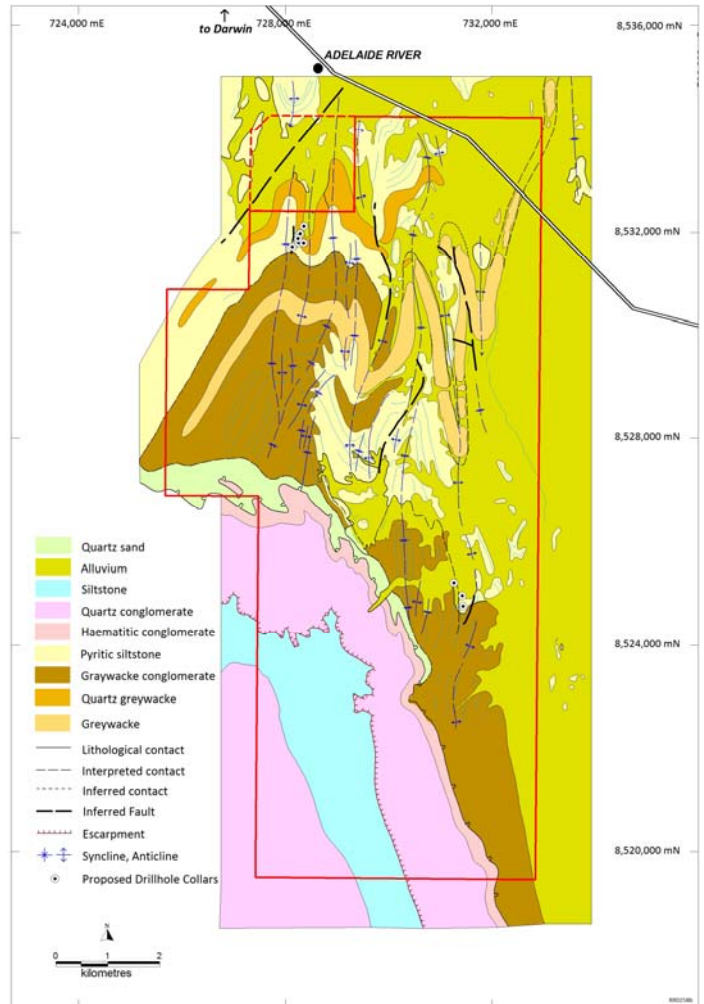
**Ngalia EL24571: Royal (earning 60%), Royal manages**

A submission for the NT Government’s Collaborative Drilling Program under the “Bringing Forward Discovery” initiative was submitted and accepted for drilling on this tenement. The government will fund drilling of diamond drill holes on a 50:50 basis to investigate the location and nature of the thrustured north-western margin of the Ngalia Basin. Royal is pursuing Bigrlyi-style uranium mineralisation along this margin. Drilling will commence once an agreement has been finalised with the Central Land Council.

**Figure 2 – Project Locations, Northern Territory**



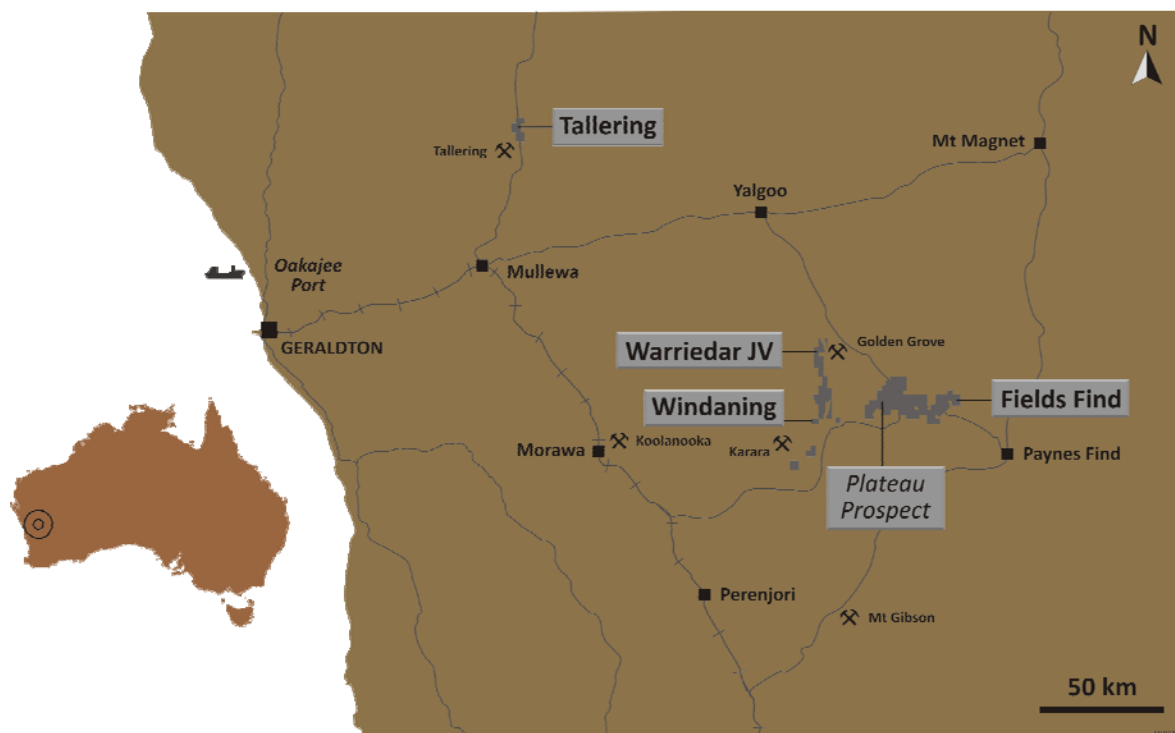
**Figure 3 – Proposed drilling, George EL24550**



## MID WEST IRON ORE PROJECTS

Royal holds 459 square kilometres, incorporating 38 exploration licences, mining leases, and prospecting permits in the Mid West (Figure 4). Of these, 137 square kilometres are in the Warriedar Joint Venture with Gindalbie Metals Ltd, in which Royal has a 40% interest and 322 square kilometres are 100% owned by Royal. The target in all is for high grade hematite iron ore.

**Figure 4 – Royal's Mid West Tenement holdings at 30 June 2009**



### Warriedar Joint Venture: Royal (40%), Gindalbie manages

Geological mapping and outcrop sampling programmes have been undertaken along the Windaning Formation banded iron formation to the south of the Lister Prospect and north of the Shine Prospect. The Lister-Shine area is expected to support a Direct Shipping Ore mining operation.

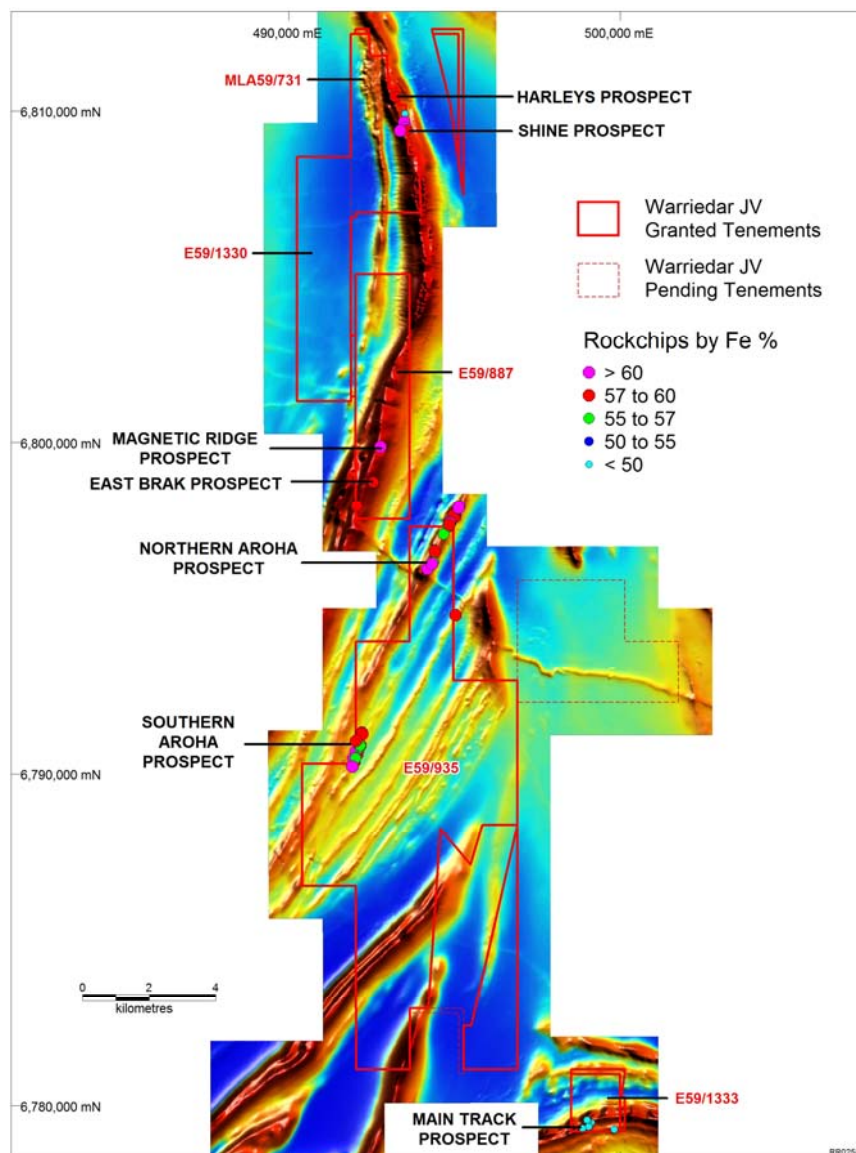
Significant rock chip samples at Magnetic Ridge and East Brak Prospects, around 10 km to the south of Shine include:

Sample No	Easting	Northing	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	S%	LOI
GR3548	492545	6798816	57.01	5.62	3.47	0.162	0.102	8.59
GR3553	492755	6799731	58.07	5.47	3.71	0.038	0.063	3.85
GR3558	492769	6799867	60.62	5.45	2.93	0.031	0.09	2.95
GR3560	492043	6798081	59.50	2.84	1.88	0.138	0.113	9.06

Work on Harleys Prospect, the northern continuation of the Shine high-grade hematite mineralisation, returned the following significant rock chip results (Figure 5):

Sample No	Easting	Northing	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	S%	LOI
GR3321	493565	6809419	57.2	12.1	0.98	0.11	0.036	4.7
GR3322	493359	6809408	62.0	4.6	1.70	0.093	0.02	4.5
GR3374	493208	6810436	58.3	12.4	0.32	0.11	0.012	3.8

**Figure 5 - Results of iron assays of rock chips over aeromagnetic data**



**Tallering E59/1117: Royal (100%)**

No work has been undertaken on this tenement during the reporting period.

**Windaning ELA59/1522: Royal (100%)**

Granting of this tenement is now likely to occur in the next Quarter.

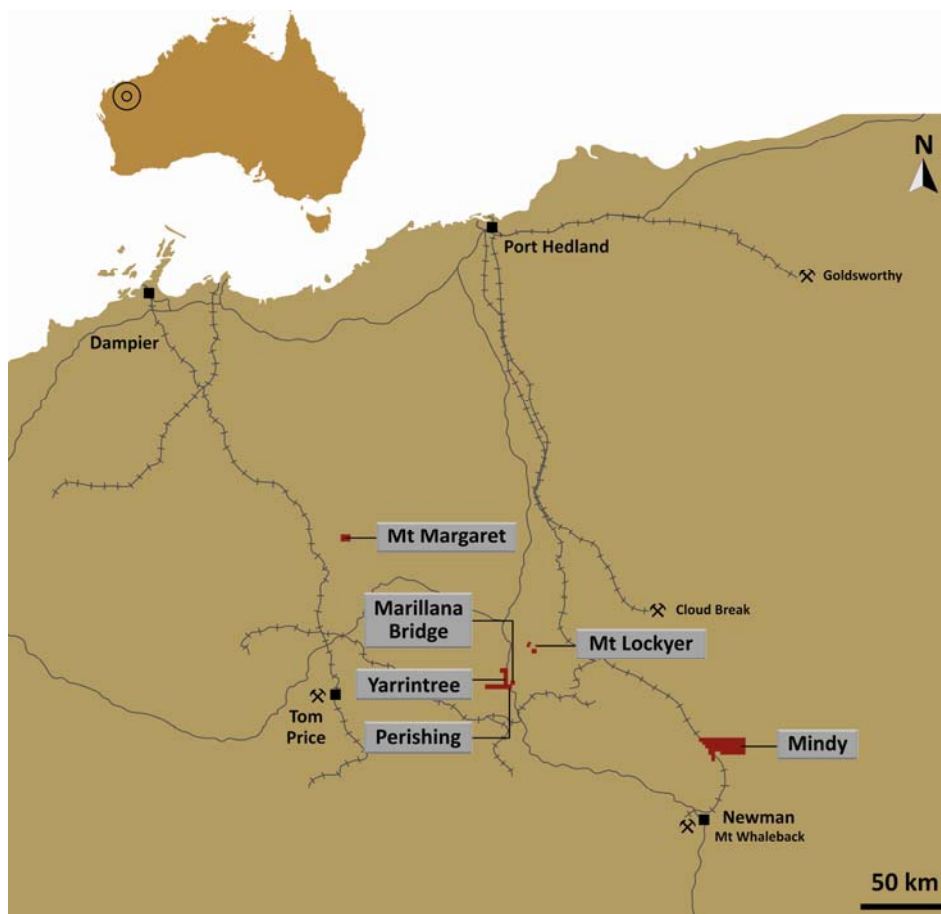
**Water Tank P63/1361, 1362, and 1363: Royal (100%)**

Discussions on farming-out of these tenements have terminated as the properties were not attracting a reasonable value. While farm-out opportunities will continue to be pursued, a drilling programme has been designed to progress the two highest priority prospects. The Empire Rose prospect has a best intercept of 7m @ 3.50 g/t Au from 20m (hole WTAC085). The Jezabeel Prospect has best intercepts of 8m @ 1.88 g/t Au from 32m including 2m @ 4.87 g/t Au (hole WTRC027). Note that these intercepts are corrected from those reported on 7 July 2009. A programme of up to 50 aircore holes for a total of 2,500m is planned.

## PILBARA IRON ORE PROJECTS

Royal holds a 100% interest in six tenements in the Pilbara region where the focus is on exploring for high grade iron ore (Figure 6).

**Figure 6 – Royal's Pilbara Tenement holdings at 30 June 2009**



### **Mt Lockyer E47/1612: Royal (100%)**

No work has been undertaken on this tenement pending the granting of ELA47/1927 (Yarrintree).

### **Mindy E47/1615: Royal (100%)**

Royal is continuing discussions with a potential farm-out partner for this tenement.

### **Yarrintree ELA47/1927: Royal (100%)**

This tenement is now expected to be granted in the next Quarter, having just cleared all hurdles for granting during the Fourth Quarter.

## **CORPORATE**

As at 31 July 2009, the Company had 92,460,720 shares on issue and 2,348 shareholders. The Top 20 shareholders held 38% of the Company.

For further information contact:

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

The information contained in this report that relates to exploration results, mineral resources or ore resources is based upon information compiled by Mr Marcus Flis. Mr Flis is a Fellow 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Flis is a full time employee of the Company and consents to the inclusion in this report of the matters based upon his information in the form and context in which it appears.

# 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**

ACN

**34 108 102 432**

Quarter ended ("current quarter")

**30 JUNE 2009**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 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	(307)	(3,895)
(b) development	-	-
(c) production	-	-
(d) administration	(457)	(1,306)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	24	201
1.5 Interest and other costs of finance paid	(11)	(11)
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(751)</b>	<b>(5,011)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	(98)
(c) other fixed assets	-	(23)
1.9 Proceeds from sale of:		
(a)prospects	-	2,000
(b)equity investments	234	234
(c)other fixed assets	-	62
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – placement of security deposits	(2)	(132)
Other - Payment for Licences and Software	(19)	(56)
<b>Net investing cash flows</b>	<b>213</b>	<b>1,987</b>
1.13 Total operating and investing cash flows (carried forward)	(538)	(3,024)

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

1.13	Total operating and investing cash flows (brought forward)	(538)	(3,024)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – share issue costs	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(538)	(3,024)
1.20	Cash at beginning of quarter/year to date	3,121	5,607
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,583	2,583

**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	72
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

- 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

### 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	350
4.2 Development	-
<b>Total</b>	<b>350</b>

### 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	125	17
5.2 Deposits at call	2,458	3,188
5.3 Bank overdraft	-	(84)
5.4 Other (bank guarantees)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,583</b>	<b>3,121</b>

### 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	-	-	-
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>	92,460,720	-	-
7.4	Changes during quarter			
	(a) Increases through issues	-	-	-
	(b) Decreases through returns of capital, buy-backs	-	-	-
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>			<i>Exercise price</i>	<i>Expiry date</i>
		39,730,858	39,730,858	\$0.20	11/07/2009
		4,800,000	-	\$0.20	31/01/2011
		6,750,000	-	\$0.50	30/06/2012
		250,000	-	\$0.34	10/01/2011
		1,350,000	-	\$0.50	15/01/2011
		500,000	-	\$0.20	9/03/2010
		500,000	-	\$0.40	9/03/2010
		1,500,000	-	\$0.25	06/04/2011
		1,500,000	-	\$0.30	06/04/2012
		1,500,000	-	\$0.50	06/04/2013
		420,000	-	\$0.34	30/06/2011
		3,000,000	-	\$0.30	30/11/2013
		100,000	-	\$0.08	31/12/2011
		1,900,000	-	\$0.08	30/04/2013
/7.8	Issued during quarter	1,900,000	-	\$0.08	30/04/2013
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	295,000	-	\$0.32	30/04/2009
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:  
(Director /Company Secretary)  
Print name: FRANK DE MARTE

Date: 31 July 2009

## 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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