

13 October 2009

[Name of Option holder]
[Address]
[Address]

Dear Option holder

RENOUNCEABLE RIGHTS ISSUE

On 8 October 2009 Royal Resources Limited ACN 108 102 432 ("**Company**") announced that the Company will be conducting a pro-rata renounceable rights issue of approximately 101,329,828 fully paid ordinary shares on the basis of one new share for every one share held on the record date at an issue price of \$0.10 per new share, together with approximately 33,776,609 free attaching new options, each exercisable at \$0.10 on or before 31 October 2011, on the basis of one new option for every three new shares issued (if a new option is exercised between 3 May 2010 and 31 May 2010 the new option holder is entitled to receive a secondary option exercisable at \$0.12 on or before 31 October 2013), to raise approximately \$10,132,983 ("**Rights Issue**").

The Record Date for determining entitlements under the Rights Issue is 22 October 2009.

You will need to check that your options are currently exercisable under the terms of your granted options before you can participate in the Rights Issue.

To exercise your options and thereby participate in the Rights Issue you will need to deliver to the registered office of the Company the following:

1. a notice in writing to the directors of the Company specifying the number of options to be exercised;
2. your option certificate covering that number of options; and
3. payment for the exercise price for those options by way of a cheque made payable to the Company.

Each share allotted as a result of the exercise of an option will rank pari passu with all other issued ordinary shares of the Company.

Option Exercise Notices and funds must be received by no later than 5.00 p.m. (Western Standard Time) on 19 October 2009.

For further information please contact me on +61 8 9322 8542.

Yours faithfully
ROYAL RESOURCES LIMITED



Frank DeMarte
COMPANY SECRETARY



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