

## **MARKET UPDATE ON EXPLORATION ACTIVITIES**

Royal Resources Limited ("Royal", ASX : ROY) is pleased to provide the following update on its exploration activities conducted over the past three months.

### **Key Points:**

- **Outstanding geochemical assays from the Shine DSO hematite prospect were received, including 20 metres @ 64.8% Fe from 157 metres, inclined hole**
- **DTR results from the Shine drilling, including 104 metres @ 71.7% Fe @ 47.98% weight recovery from 158 metres, indicating the high grade hematite mineralisation overlies a magnetite capable of producing DRI concentrate**
- **Awaited geochemical assays from the Lister DSO hematite prospect were received, including 18 metres @ 61.97% Fe from 43 metres**
- **Surface sampling and geological mapping at Warriedar JV has highlighted new prospects**
- **Aeromagnetic and ground magnetic surveys have been completed over the Warriedar JV ground**
- **Airborne electromagnetic data collected over the Arizona Strip uranium properties has been delivered and is now undergoing assessment**
- **Meetings with JV partners in the USA have resulted in lower expenditure commitments**
- **Analysis of data collected over the past two years over the Egnar ground is being undertaken to assess targets for drilling in 2009/10**
- **The Heads Of Agreement that sees Royal take over exploration of four uranium tenements from Aldershot Resources in the Northern Territory has now commenced**

### **Warriedar JV**

Activities on the Warriedar Joint Venture prospects in the Mid West have centred on consolidating drill hole information from the last round of drilling, completing geophysical surveys, progressing the environmental assessment of the proposed Shine mining area and exploration target generation.

Final geochemical assay results were received for drill hole SND006 at the Shine Prospect. The significant assay result, using a 57% Fe and a 2 metre internal dilution cut off was:

Hole ID	From (m)	To (m)	Interval (m)	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	S%	LOI%
SND006	157	177	20	64.76	2.49	0.96	0.118	0.012	3.38

These results confirm the consistent high grade mineralisation in the Shine Prospect, both down dip and along strike.

In addition, Davis Tube Recovery (DTR) tests were returned for nine diamond drill holes drilled during June and July 2008. DTR is an assay that reports how much of the magnetite in a rock sample can be recovered by magnetic separation, expressed as a percentage weight recovery, and the iron content of that sample. A weight recovery of greater than around 35% is significant. Notable results, primarily from zones below the depth of oxidation, include:

Hole ID	From (m)	To (m)	Interval (m)	% Weight Recovery	Fe%	SiO <sub>2</sub> %	P%	S%
SND002	158	178	20	63.1	71.7	0.4	0.007	0.032
SND003	158	262	104	47.98	71.02	0.93	0.006	0.128
SND008	136	356	220	37.17	70.17	2.02	0.009	0.069
SND0010	136	253.6	117.6	33.72	69.46	2.81	0.016	0.051
SND0012	92	192	100	29.07	69.58	2.76	0.012	0.016
SND0020	168	202.1	34.1	30.15	70.13	2.38	0.010	0.020
SND0023	128	152	24	31.02	70.17	0.82	0.008	0.007
SND0023	160	236	76	31.88	69.16	3.05	0.015	0.046
SND0025	166	182	16	41.81	69.38	1.26	0.005	0.548
SND0025	190	232.2	42.2	53.74	70.97	1.15	0.003	0.002

*Note: A nominal cut-off of 20% weight recovery with a maximum of 8m internal waste was used to locate significant intersections*

This data shows that the coarse-grained magnetite occurring in fresh banded iron formation below the Shine Direct Shipping Ore grade hematite can supply an excellent magnetite concentrate feed that could meet Direct Reduction Iron specifications (typically Fe>67%, Al<sub>2</sub>O<sub>3</sub> + SiO<sub>2</sub> <2%). Any magnetite resource delineated at Shine would be in addition and separate to that of any DSO hematite resource and so represent an additional opportunity for Royal.

Final geochemical assay results analyses were also returned for drilling undertaken at Lister. Significant results, using a 57% Fe and a 2 metres internal dilution cut off are:

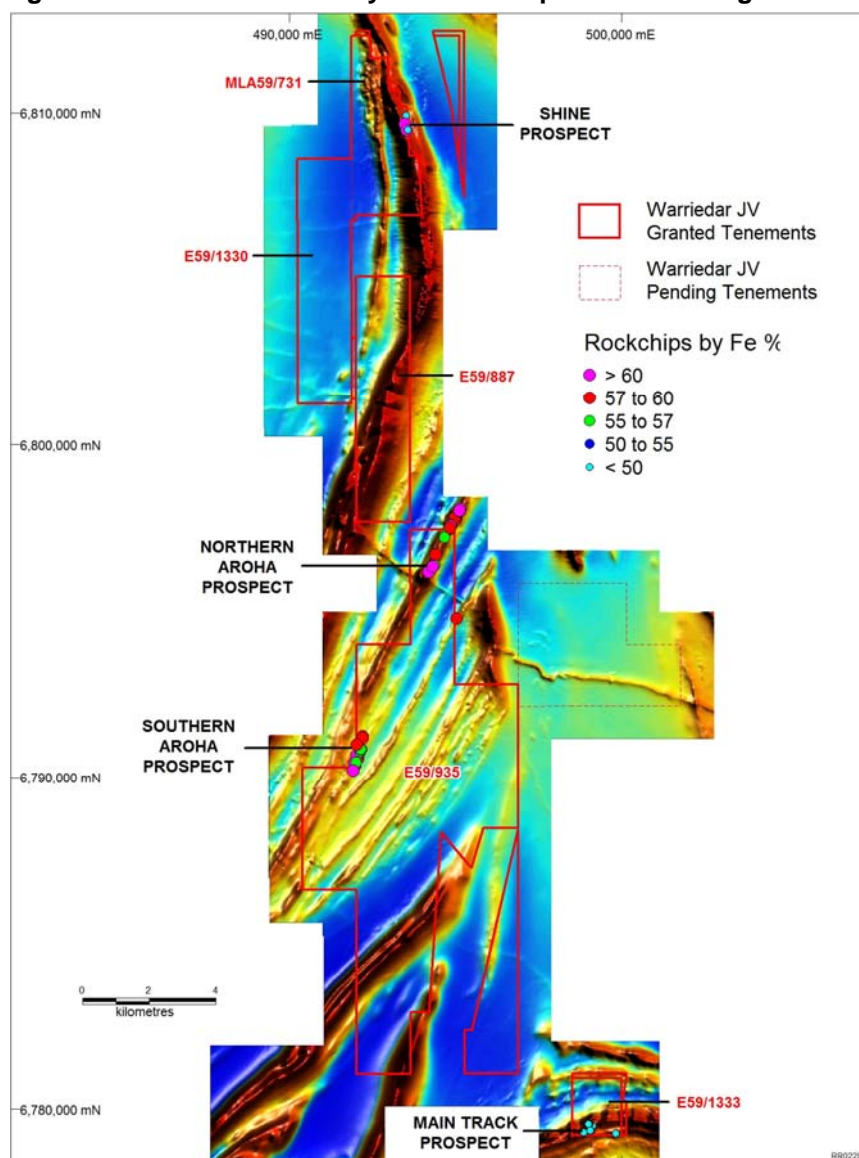
Hole ID	From (m)	To (m)	Interval (m)	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	S%	LOI%
LRC025	66	68	2	60.00	6.00	2.20	0.117	0.013	3.69
LRC027	26	29	3	62.95	4.32	3.56	0.019	0.013	2.11
LRC028	43	61	18	61.97	3.92	2.76	0.059	0.046	4.14
LRC028	64	74	10	60.81	5.32	2.82	0.075	0.022	3.33
LRC031	44	48	4	62.03	4.47	3.26	0.020	0.011	3.16
LRC032	98	101	3	60.58	5.84	2.80	0.113	0.010	2.55

These assays confirm that Lister may be a useful source of additional ore to support the development of the Shine Prospect.

Geological mapping and rock chip sampling were undertaken at Aroha, North Shine and Main Track prospects where enriched hematite was observed at surface. Figure 1 is a summary of the assays from this sampling and shows the widespread nature of hematite enrichment on the Warriadar JV tenements. These are planned for followed up drilling in 2009/10.

The Warriedar JV partners have completed a programme of geophysical surveying to assist in geological mapping and prospect assessment. This comprised a low-level, high resolution aeromagnetic survey to in-fill areas not previously covered and a high-definition ground magnetic survey specifically covering the banded iron formation. The data is currently been used to assess iron ore targets with reference to magnetic signatures over known mineralisation, such as Shine.

**Figure 1 Results of iron assays of rock chips over aeromagnetic data**



The Joint Venture partners are now planning a programme of relatively shallow, first pass exploration drilling at Main Track and North Shine to test areas of iron enriched outcrops.

Environmental assessment has been progressed with the completion of initial studies on flora, terrestrial fauna, subterranean fauna, soils, and groundwater. Studies on surface hydrology, waste rock geochemistry, greenhouse emissions, visual impacts and indigenous culture and heritage are in their preliminary stages or being scoped out for future action.

### Arizona Strip Uranium

Final data from the VTEM airborne electromagnetic survey undertaken in November 2008 has now been delivered and target assessment started. Modelling by inversion will be used extensively to define and prioritise drilling targets.

In response to the Global Financial Crisis, Royal has initiated a re-negotiation of the terms of the Joint Venture Agreement with partner, Energy Fuels Resources. These negotiations, yet to be concluded, will see a reduction in annual exploration expenditure commitments by Royal.

### **Egnar - Wray Mesa - La Sal Uranium**

Assay data from the 2008 drilling are still being awaited. In the meantime, an analysis of all geological data collected during the past two drilling campaigns is being undertaken in the Egnar region. This is being done in combination with the assessment of historic drilling data not previously available. The analysis will be used in conjunction with the high resolution aeromagnetic - radiometric data that was collected at the end of 2008 to identify drilling targets, prioritise ground for further field mapping and flag ground for relinquishment.

### **Northern Territory Uranium**

On 24 March 2009, all Conditions Precedent to the Heads of Agreement (HOA) between Royal and Aldershot Resources Ltd were met and the Commencement Date for the agreement set.

An exploration programme is now being finalised so that field work, including drilling, can begin as soon as the wet season abates.

### **CORPORATE**

Royal continues to assess exploration opportunities arising from the weak financial positions of other explorers. While the Directors of Royal feel it is prudent to conserve cash in these difficult times, the best opportunities will nonetheless be pursued if they are shown to be able to increase shareholders' value by presenting good exploration opportunities. Conversely, exploration ground that is seen not to represent reasonable opportunities for value enhancement is actively being sold or relinquished.

Royal's activities during the past three months have been impacted by severe winter conditions in the USA and a go-slow due to harsh summer conditions in Australia. This period has been used to consolidate non-field activities in preparation for the field season in both countries and to pause to consider our capital requirements in the light of tightening market conditions.

With Royal's entry into the Australian uranium exploration industry via the Aldershot HOA and the diminishing opportunities in iron ore exploration, Royal is increasingly re-aligning itself into the exciting future of the energy sector. The lower barriers to entry of uranium exploration and mining will ensure Royal has an enhanced ability to deliver exploration and development success.

The details contained in this report that pertain to ore and mineralisation is based upon information compiled by Mr Marcus Flis, a full-time employee of the Royal Resources Limited. 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 December 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Flis consents to the inclusion in this report of the matters based upon his information in the form and context in which it appears.

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