

ROYAL RESOURCES LIMITED

ABN 34 108 102 432

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Date of Meeting

27 November 2009

Time of Meeting

10.00 am WST

Place of Meeting

Colonial Conference Room
The Melbourne
Corner of Hay and Milligan Streets, Perth
Western Australia

ROYAL RESOURCES LIMITED
ABN 34 108 102 432

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Royal Resources Limited ABN 34 108 102 432 ("**Company**") will be held at Colonial Conference Room, The Melbourne, corner of Hay and Milligan Street, Perth, Western Australia on 27 November 2009 at 10.00 am WST for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

An Explanatory Memorandum containing information in relation to each of the following Resolutions accompanies this Notice of Annual General Meeting.

Please note terms used in the Resolutions contained in this Notice of Annual General Meeting have the same meaning as set out in the Glossary of the Explanatory Memorandum accompanying this Notice.

AGENDA

BUSINESS

Financial Reports

To receive the Financial Statements of the Company for the year ended 30 June 2009.

Resolution 1 – Remuneration Report

To consider and, if thought fit, to pass the following resolution as a non-binding **ordinary resolution**:

"That, pursuant to and in accordance with section 250R(2) of the Corporations Act, the Remuneration Report as contained within the Directors' Report be adopted."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

Resolution 2 – Re-election of Mr Philip G Crabb as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Mr Philip G Crabb, being a Director retiring by rotation in accordance with Rule 13.2 of the Company's constitution, and, being eligible, offers himself for re-election, be re-elected as a Director."

Resolution 3 – Re-election of Malcolm J Randall as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Mr Malcolm J Randall, being a Director retiring by rotation in accordance with Rule 13.2 of the Company's constitution, and, being eligible, offers himself for re-election, be re-elected as a Director."

Resolution 4 – Approval to Grant Incentive Options to a Director – Mr Philip G Crabb

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Philip G Crabb (or his nominee or nominees) 750,000 Incentive Options for no consideration, each with an exercise price which is the higher of:

- a) a premium of 45% to the VWAP of the Shares (rounded up to the nearest cent) on ASX on the 5 trading days prior to the date of this Meeting; and*
 - b) 55 cents,*
- and an expiry date of 26 November 2014, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting (including Annexure A to the Explanatory Memorandum)."*

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 4 by Mr Philip G Crabb and any associate of Mr Philip G Crabb. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution and it is not cast on behalf of Mr Philip G Crabb or an associate of Mr Philip G Crabb.

Resolution 5 – Approval to Grant Incentive Options to a Director – Mr Frank DeMarte

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Frank DeMarte (or his nominee or nominees) 1,250,000 Incentive Options for no consideration, each with an exercise price which is the higher of:

- a) a premium of 45% to the VWAP (rounded up to the nearest cent) of the Shares on the ASX on the 5 trading days prior to the date of this Meeting; and*
 - b) 55 cents,*
- and an expiry date of 26 November 2014, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting (including Annexure A to the Explanatory Memorandum)."*

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 5 by Mr Frank DeMarte and any associate of Mr Frank DeMarte. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution and it is not cast on behalf of Mr Frank DeMarte or an associate of Mr Frank DeMarte.

Resolution 6 – Approval to Grant Incentive Options to a Director – Mr Brian D Richardson

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Brian D Richardson (or his nominee or nominees) 500,000 Incentive Options for no consideration, each with an exercise price which is the higher of:

- a) a premium of 45% to the VWAP of the Shares (rounded up to the nearest cent) on the ASX on the 5 trading days prior to the date of this Meeting; and*
- b) 55 cents,*

and an expiry date of 26 November 2014, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting (including Annexure A to the Explanatory Memorandum)."

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 6 by Mr Brian D Richardson and any associate of Mr Brian D Richardson. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution and it is not cast on behalf of Mr Brian D Richardson or an associate of Mr Brian D Richardson.

Resolution 7 – Approval to Grant Incentive Options to a Director – Mr Malcolm J Randall

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Malcolm J Randall (or his nominee or nominees) 500,000 Incentive Options for no consideration, each with an exercise price which is the higher of:

- a) a premium of 45% to the VWAP (rounded up to the nearest cent) of the Shares on the ASX on the 5 trading days prior to the date of this Meeting; and*
- b) 55 cents,*

and an expiry date of 26 November 2014, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting (including Annexure A to the Explanatory Memorandum)."

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 7 by Mr Malcolm J Randall and any associate of Mr Malcolm J Randall. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution and it is not cast on behalf of Mr Malcolm J Randall or an associate of Mr Malcolm J Randall.

Resolution 8 – Approval to Grant Incentive Options to a Director – Mr Marcus F Flis

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Marcus F Flis (or his nominee or nominees) 1,500,000 Incentive Options for no consideration, each with an exercise price which is the higher of:

- a) a premium of 45% to the VWAP of the Shares (rounded up to the nearest cent) on the ASX on the 5 trading days prior to the date of this Meeting; and*
- b) 55 cents,*

and an expiry date of 26 November 2014, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting (including Annexure A to the Explanatory Memorandum)."

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 8 by Mr Marcus F Flis and any associate of Mr Marcus F Flis. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution and it is not cast on behalf of Mr Marcus F Flis or an associate of Mr Marcus F Flis.

Resolution 9 – Ratification of issue of Options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, the Company ratify the allotment and issue of 5,000,000 Options (each with an exercise price of \$0.10 expiring on 31 October 2011) on 19 October 2009 to various parties as set out in the Explanatory Memorandum, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting (including Annexure B to the Explanatory Memorandum)."

The Company will disregard any votes cast on Resolution 9 by any person who participated in the issue the subject of Resolution 9 and any person associated with those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 10 – Ratification of issue of Tranche A Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 7.4 and for all other purposes, the Company ratify the allotment and issue of 8,869,108 Shares on 12 October 2009 at an issue price of \$0.15 per Share ("**Tranche A Shares**"), to Aus-Ore Investments Pty Ltd, an entity controlled by Sin-Tang Development Pte Ltd, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."*

The Company will disregard any votes cast on Resolution 10 by any person who participated in the issue the subject of Resolution 10 and any person associated with those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 11 – Approval of issue of Tranche B Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 7.1 and for all other purposes, the Company approves the allotment and issue of 5,000,000 Shares at an issue price of \$0.15 per Share ("**Tranche B Shares**"), to Sin-Tang Development Pte Ltd (or it's nominee or nominees) on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."*

The Company will disregard any votes cast on Resolution 11 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed, and any person associated with those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 12 – Approval of issue of Tranche C Shares and Sin-Tang Options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 7.1 and for all other purposes, the Company approves the allotment and issue of 5,000,000 Shares at an issue price of \$0.10 per Share ("**Tranche C Shares**"), together with 3,333,333 free attaching new Options, each with an exercise price of \$0.10 and an expiry date of 31 October 2011 ("**Sin-Tang Options**"), to Sin-Tang Development Pte Ltd (or it's nominee or nominees) on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting (including Annexure C to the Explanatory Memorandum."*

The Company will disregard any votes cast on Resolution 12 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed, and any person associated with those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 13 – Increase in Directors' Fees

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with Listing Rule 10.17 and for all other purposes, the maximum aggregate Directors' fees payable to non-executive Directors be increased from \$200,000 per annum to \$400,000 per annum."

The Company will disregard any votes cast on Resolution 13 by a Director of the Company and any associate of a Director. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person entitled to vote, in accordance with a direction on a proxy form to vote as the proxy decides.

By order of the Board



Frank DeMarte
Company Secretary

Dated: 20 October 2009

PROXIES

- Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
- A Shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at the Annual General Meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the Shareholder's voting rights. Fractions shall be disregarded.
- A proxy may, but need not be a Shareholder of the Company.
- The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorising in writing or, if such appointor is a corporation, either under seal or under hand of the officer, or his attorney duly authorised.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and must reach the Registered Office of the Company as detailed below at least 48 hours prior to the Annual General Meeting. For the convenience of Shareholders a Proxy Form is enclosed.

Post to:

Royal Resources Limited
PO Box 7525
Cloisters Square
PERTH WA 6850

Deliver to:

Royal Resources Limited
Level 3, 1060 Hay Street
WEST PERTH WA 6005

Or by facsimile on:

+61 8 9322 6577

Entitlement to vote

For the purposes of regulation 7.11.37 of the Corporations Regulations, the Company determines that members holding Shares at 5.00pm Western Standard Time on 25 November 2009 will be entitled to attend and vote at the Annual General Meeting.

Corporations

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with, or presented to the Company before the Annual General Meeting.

ROYAL RESOURCES LIMITED
ABN 34 108 102 432

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting (“**Notice**”) of the Company.

The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Capitalised terms used in this Explanatory Memorandum are defined in the Glossary appearing at the end of this Explanatory Memorandum.

The following information should be noted in respect of the various matters contained in the accompanying Notice:

Financial Reports

Appropriate time will be devoted to the consideration of the Financial Statements and Reports of the Company for the year ended 30 June 2009 at the Annual General Meeting.

RESOLUTION 1 – REMUNERATION REPORT

Section 298 of the Corporations Act requires that the annual Directors’ Report contains a Remuneration Report prepared in accordance with section 300A of the Corporations Act.

Pursuant to section 250R(2) of the Corporations Act, a resolution adopting the Remuneration Report contained within the Directors’ Report must be put to the vote.

Shareholders are advised that pursuant to section 250R(3) of the Corporations Act, this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors’ Report section of the Company’s 2009 Annual Financial Report. The report:

- explains the Board’s policy for determining the nature and amount of remuneration of executive Directors;
- explains the relationship between the Board’s remuneration policy and the Company’s performance;
- sets out remuneration details for each Director and each senior executive of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive Directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report.

RESOLUTIONS 2 AND 3 - RE-ELECTION OF PHILIP G CRABB AND MALCOLM J RANDALL AS DIRECTORS

Resolution 2 seeks approval for the re-election of Mr Philip G Crabb as a Director with effect from the end of the meeting. Resolution 3 seeks approval for the re-election of Mr Malcolm J Randall as a Director with effect from the end of the meeting.

Rule 13.2 of the Company's constitution provides that at each Annual General Meeting one-third of the Directors (other than alternate Directors and the Managing Director) or, if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors must retire from office.

Mr Philip G Crabb and Mr Malcolm J Randall retire in accordance with this requirement, and offer themselves for re-election as Directors.

RESOLUTIONS 4 TO 8 – APPROVAL TO GRANT INCENTIVE OPTIONS TO DIRECTORS

The Company proposes to grant a total of 4,500,000 Incentive Options to Messrs Philip G Crabb, Frank DeMarte, Brian D Richardson, Malcolm J Randall and Marcus F Flis (together the “**Participating Directors**”). The Incentive Options will have an exercise price which is the higher of a premium of 45% to the VWAP of the Shares on ASX (rounded up to the nearest cent) on the 5 trading days prior to the date of this Meeting, and 55 cents, and an expiry date of 26 November 2014.

The grant of the Incentive Options is designed to encourage the Participating Directors to have a greater involvement in the achievement of the Company’s objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through Share ownership. Under the Company’s current circumstances, the Directors consider that the incentives to each of the Participating Directors noted above represented by the grant of these Incentive Options, are a cost effective and efficient reward and incentive for the Company, as opposed to alternative forms of incentive, such as the payment of additional cash compensation to the Participating Directors.

The terms of the Incentive Options are set out in Annexure A to this Explanatory Memorandum.

The number of Incentive Options to be granted to each of the Participating Directors has been determined based upon a consideration of:

- the remuneration of the Participating Directors – the Directors wish to ensure that the remuneration offered is competitive with market standards and where appropriate, based upon performance hurdles. The Directors have considered the proposed number of Incentive Options to be granted will ensure that the Participating Directors’ overall remunerations is in line with market standards;
- length of service to the Company; and
- incentives to ensure continuity of service of the Participating Directors who have extensive knowledge of the Company and its assets.

In the event the Incentive Options are exercised, then based on an exercise price of \$0.55, which is a 45% premium to the VWAP of the Shares on ASX (rounded up to the nearest whole number) on the 5 trading days prior to the date of valuation of the Incentive Options, being 15 October 2009, the following amounts are payable to the Company by the Participating Directors, being the total exercise price in respect of the Incentive Options:-

Participating Director	Amount to be paid
Philip G Crabb	\$412,500
Frank DeMarte	\$687,500
Brian D Richardson	\$275,000
Malcolm J Randall	\$275,000
Marcus F Flis	\$825,000
Total	\$2,475,000

The Company will therefore receive \$2,475,000 from the Participating Directors should all the Incentive Options be exercised at an exercise price of 55 cents.

The actual amount the Company will receive from the Directors on exercise of the Incentive Options will depend on the actual exercise price of the Incentive Options which will be the higher of a 45% premium to the VWAP of the Shares (rounded up to the nearest cent) on the 5 trading days prior to the date of the Meeting, and 55 cents.

Shareholders should note that for reasons mentioned above, it is proposed to grant Incentive Options to three non-executive Directors (Messrs Philip G Crabb, Brian D Richardson and Malcolm J Randall) notwithstanding Guideline 8.2 of the Revised ASX Corporate Governance Principles and Recommendations which provides that non-executive Directors should not receive Options.

Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

1. the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
2. shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, the Participating Directors are considered to be related parties of the Company.

Resolutions 4 to 8 provide for the grant of Incentive Options to the Participating Directors of the Company which is a financial benefit which requires Shareholder approval.

INFORMATION REQUIREMENTS

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

The related party to whom the proposed resolution would permit the financial benefit to be given:

Subject to Shareholder approval, the following number of Incentive Options will be granted to the following related parties (or their respective nominees):

Participating Director	Number of Options
Philip G Crabb	750,000
Frank DeMarte	1,250,000
Brian D Richardson	500,000
Malcolm J Randall	500,000
Marcus Flis	1,500,000
Total	4,500,000

The nature of the financial benefit

The proposed financial benefit to be given is the grant of Incentive Options for no consideration to the Participating Directors as noted above, or their respective nominees. The terms and conditions of the Incentive Options to be granted to the Participating Directors (or their respective nominees) are set out in Annexure A to this Explanatory Memorandum.

Directors' recommendation

All the Directors were available to make a recommendation. For the reasons noted above:

Messrs Frank DeMarte, Brian D Richardson, Malcolm J Randall and Marcus F Flis (who have no interest in the outcome of Resolution 4) recommend that Shareholders vote in favour of Resolution 4. Mr Philip G Crabb declines to make a recommendation about Resolution 4 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him individually (or his nominee(s)).

Messrs Philip G Crabb, Brian D Richardson, Malcolm J Randall and Marcus F Flis (who have no interest in the outcome of Resolution 5) recommend that Shareholders vote in favour of Resolution 5. Mr Frank DeMarte declines to make a recommendation about Resolution 5 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him individually (or his nominee(s)).

Messrs Philip G Crabb, Frank DeMarte, Malcolm J Randall and Marcus F Flis (who have no interest in the outcome of Resolution 6) recommend that Shareholders vote in favour of Resolution 6. Mr Brian D Richardson declines to make a recommendation about Resolution 6 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him individually (or his nominee(s)).

Messrs Philip G Crabb, Frank DeMarte, Brian D Richardson and Marcus F Flis (who have no interest in the outcome of Resolution 7) recommend that Shareholders vote in favour of Resolution 7. Mr Malcolm J Randall declines to make a recommendation about Resolution 7 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him individually (or his nominee(s)).

Messrs Philip G Crabb, Frank DeMarte, Brian D Richardson and Malcolm J Randall (who have no interest in the outcome of Resolution 8) recommend that Shareholders vote in favour of Resolution 8. Mr Marcus F Flis declines to make a recommendation about Resolution 8 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him individually (or his nominee(s)).

Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors.

- (i) Proposed Resolutions 4, 5, 6, 7 and 8 would have the effect of giving power to the Directors to grant a total of 4,500,000 Incentive Options on the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above. The Company presently has 101,329,828 quoted Shares on issue and 24,070,000 unquoted options as follows:

Number of unquoted options	Exercise Price	Expiry Date
4,800,000	\$0.20	31 January 2011
6,750,000	\$0.50	30 June 2012
250,000	\$0.34	10 January 2011
1,350,000	\$0.50	15 January 2011
500,000	\$0.20	9 March 2010

500,000	\$0.40	9 March 2010
1,500,000	\$0.25	6 April 2011
1,500,000	\$0.30	6 April 2012
1,500,000	\$0.50	6 April 2013
420,000	\$0.34	30 June 2011
3,000,000	\$0.30	30 November 2013
100,000	\$0.08	31 December 2011
1,900,000	\$0.08	30 April 2013
5,000,000	\$0.10	1 November 2009

- (ii) If all Incentive Options granted as proposed above are exercised, and assuming the existing unquoted options on issue are not exercised, the effect would be to dilute the share holding of existing Shareholders by 4.2%. The market price of the Shares during the period of the Incentive Options will normally determine whether or not Incentive Option holders exercise the Incentive Options. At the time any Incentive Options are exercised and Shares are issued pursuant to the exercise of the Incentive Options, the Shares may be trading at a price which is higher than the exercise price of the Incentive Options.

The Incentive Options will not be quoted on ASX and as such have no actual market value.

- (iii) The Participating Directors' base salaries per annum (including superannuation) and the total financial benefit to be received by them in this current period as a result of the grant of Incentive Options the subject of Resolutions 4, 5, 6, 7 and 8 (showing the impact of using a volatility assumption of 124.45% to calculate the value of the Incentive Options) are as follows:

Director	Base salary/fee p.a. (\$)	Value of Options (\$)	Total Financial Benefit (\$)
Philip G Crabb	65,400	166,500	231,900
Frank DeMarte	127,383	277,500	404,883
Brian Richardson	35,000	111,000	146,000
Malcolm J Randall	35,000	111,000	146,000
Marcus Flis	327,000	333,000	660,000

* utilising a 124.45% volatility factor discussed in further detail below.

- (iv) Valuation of Options

The Company's advisers have valued the Incentive Options to be granted to the Participating Directors using the Black Scholes Option Pricing Model ("BSModel"), which is the most widely used and recognised model for pricing options. The acceptance of this model is due to its derivation being grounded in economic theory. The value of an option calculated by the BSModel is a function of a number of variables and is rounded to the nearest one hundredth of a cent. Their assessment of the value of the Incentive Options has been prepared using the following assumptions:

Variable	Input
Share price	41 cents (being the market value of a Share as at 14 October 2009)
VWAP share Price	38 cents (being the VWAP of the Shares (rounded up to the nearest whole number) on the 5 trading days prior to the date of valuation, being 15 October 2009.
Exercise price	\$0.55 cents (being a 45% premium to the VWAP of the Shares on the 5 trading days prior to the date of valuation, being 15 October 2009.
Risk Free Interest Rate	5.79% (estimated, based on the 5 year Australian treasury

	bond rate as at 14 October 2009)
Volatility	124.45% (determined utilising the daily closing Share price of the Company over the preceding 12 month period). The effect of the valuation in using volatility factors of 40%, 60% and 80% are set out below.
Expiry date	26 November 2014.

The valuation date is as at 15 October 2009, although the Incentive Options will not be granted until after Shareholders approve the grant of the Incentive Options at this meeting.

The valuations reflected below do not necessarily represent the market value of the Incentive Options or the tax values for taxation purposes to the Incentive Option holder. The future value of the Incentive Options may be up or down on the values noted below as it will primarily depend on the future share price of a Share (for the next 5 years), and the time to expiry of the Incentive Options.

A discount factor of 30% has been applied for lack of negotiability of the Incentive Options.

Based on the above assumptions, the Company's advisers have calculated an indicative value of one Incentive Option to be granted to the Participating Directors to be 22.2 cents (based on a volatility assumption of 124.45% to calculate the value of the Incentive Options). Accordingly, the total value of the 4,500,000 Incentive Options to be granted to the Participating Directors is \$999,000.

Set out below is the valuation of an Option using volatility factors of 40%, 60% and 80%:

40% Volatility	60% Volatility	80% Volatility
23.6 cents	18.4 cents	12.4 cents

Any change in the variables applied in the Black and Scholes calculation between the date of the valuation and the date the Incentive Options are granted would have an impact on their value.

- (v) Set out below are details of each of the Participating Directors' relevant interest in the securities of the Company as at the date of this Notice:

Director	Associates	Number of Shares	Number of 6/04/11 options (\$0.25)	Number of 6/04/12 Options (\$0.30)	Number of 6/04/13 options (\$0.50)	Number of 6/04/13 options (\$0.08)	Number of 31/01/11 options (\$0.20)	Number of 30/06/12 options (\$0.50)	Number of 30/11/13 options (\$0.30)
Philip G Crabb (Note 1)	Held personally	-	-	-	-	-	-	-	750,000
	June Crabb	4,470	-	-	-	-	-	-	-
	Darkdale Pty Ltd	887,479	-	-	-	-	-	-	-
	Ioma Pty Ltd	6,453,676	-	-	-	-	1,000,000	1,000,000	-
	Ragged Range Mining Pty Ltd	3,565,285	-	-	-	-	-	-	-
	Crabb Superannuation Fund	587,500	-	-	-	-	-	-	-
Frank DeMarte (Note 2)	Held personally	110,000	-	-	-	-	-	-	-
	The DeMarte Family Trust	509,851	-	-	-	-	1,000,000	1,750,000	750,000
	The DeMarte Super Fund	91,980	-	-	-	-	-	-	-
	Grandeur Holdings Pty Ltd	15,531	-	-	-	-	-	-	-
Brian D Richardson (Note 3)	Held personally	615,470	-	-	-	-	-	2,500,000	-
	Anne Richardson	270,624	-	-	-	-	1,000,000	-	500,000
Malcolm J Randall (Note 4)	Renique Holdings Pty Ltd	294,593	-	-	-	-	800,000	750,000	500,000
Marcus F Flis (Note 5)	Held personally	-	-	-	-	-	-	-	-
	Susan Flis	114,300	1,500,000	-	-	1,000,000	-	-	-
	M & S Flis Super Fund	-	-	1,500,000	1,500,000	-	-	-	-

Notes:

- 1: Philip G Crabb is a sole director of Ragged Range Mining Pty Ltd and holds 48% of the shares in that company. June Crabb is Mr Crabb's wife. Mr Crabb is a director of Ioma Pty Ltd and Darkdale Pty Ltd and controls these companies. Mr Crabb is a trustee for and a beneficiary of the Crabb Superannuation Fund.
- 2: Frank DeMarte is a director of Grandeur Holdings Pty Ltd and holds 50% of the shares in that company. Mr DeMarte is a trustee for and a beneficiary of the DeMarte Family Trust and the DeMarte Family Superannuation Fund.
- 3: Anne Richardson is Mr Richardson's wife.
- 4: Renique Holdings Pty Ltd hold the Shares and options in the Company as trustee for the Randall Super Fund of which Malcolm J Randall and his wife, Carol Randall are beneficiaries.
- 5: Susan Flis is Mr Flis's wife. Mr Flis is a trustee for and a beneficiary of the M & S Flis Super Fund.

- (vi) The following table gives details of the highest, lowest and latest price of the Shares trading on ASX over the past 12 months ending on 19 October 2009:

Security	Highest Price	Date of highest price	Lowest Price	Date of lowest price	Latest Price on 19 October 2009
Ordinary shares	44 cents	09/10/09	3.9 cents	30/03/09	28 cents

Other Information

Under the Australian Equivalent of IFRS, the Company is required to expense the value of the Incentive Options in its statement of financial performance for the current financial year. Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs of detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Incentive Options pursuant to Resolutions 4 to 8.

Neither the Directors nor the Company are aware of other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolutions.

Listing Rule 10.11

Listing Rule 10.11 requires the approval of Shareholders by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires Shareholders to approve the grant of Incentive Options to the Participating Directors.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders:

- (a) the Incentive Options will be issued to Messrs Philip G Crabb, Frank DeMarte, Brian D Richardson, Malcolm J Randall and Marcus F Flis, who are all Directors, or their respective nominees;
- (b) the maximum number of Incentive Options to be issued to the Directors, or their respective nominees, is 4,500,000 (the table below sets out the number of Incentive Options to be granted to each of the Directors or his nominee);

Participating Director	Number of Incentive Options
Philip G Crabb	750,000
Frank DeMarte	1,250,000
Brian D Richardson	500,000
Malcolm J Randall	500,000
Marcus F Flis	1,500,000
Total	4,500,000

- (c) the Incentive Options will be issued on one date which will be no later than 1 month after the date of this Annual General Meeting or on such other date as approved by ASX;
- (d) the Incentive Options will be issued for no consideration;
- (e) no funds will be raised by the issue of the Incentive Options; and
- (f) the terms and conditions of the Incentive Options are set out in Annexure A to this Explanatory Memorandum.

If approval is given for the issue of the Incentive Options under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

RESOLUTION 9 – RATIFICATION OF ISSUE OF OPTIONS

On 9 October 2009, the Company entered into a share purchase agreement with various shareholders ("**Vendors**") of Mawson Metals Group Limited ACN 138 064 972 ("**Mawson West**") for the purchase of 100,000,000 shares in Mawson West ("**SSA**").

As part of the consideration under the SSA, the Company agreed to issue to the Vendors, Options ("**Vendor Options**") in the Company as follows:

Vendor	Number of Options
Isiwood Pty Limited (Jill Hickson Superannuation Fund)	1,968,750
Barton Place Pty Limited	984,375
Barton Place Holdings Pty Ltd (Barton Place Holdings Super Fund)	1,359,375
David Y S Wong	62,500
Eric Y H Wong	62,500
Roscious Pty Ltd (Deapen Family Trust)	450,000
Blue Sea Investment Holdings Pty Ltd (Ajax Super Fund)	112,500

The Vendor Options have an exercise price of 10 cents each and expire on 31 October 2011.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold not be Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further securities up to 15% of the issued capital of the company without requiring Shareholder approval.

Pursuant to Resolution 9, the Directors are seeking ratification under Listing Rule 7.4 of the issue of 5,000,000 Vendor Options that was made on 19 October 2009 in order to restore the right of the Company to issue further securities within the 15% limit during the next 12 months.

The following information in relation to the Vendor Options is provided to shareholders for the purposes of Listing Rule 7.5:

- (a) 5,000,000 Vendor Options were allotted and issued;
- (b) the Vendor Options were issued as part consideration for the sale of 100,000,000 shares in Mawson West pursuant to the SSA;
- (c) the terms and conditions of the Vendor Options are set out in Annexure B to this Explanatory Memorandum;
- (d) the Vendor Options were issued to the Vendors as set out in the table above. The Vendors are unrelated parties of the Company; and
- (e) no funds were raised from the issue of the Vendor Options.

BACKGROUND TO RESOLUTIONS 10, 11 and 12

On 5 October 2009, the Company entered into a memorandum of understanding ("**MOU**") with Sin-Tang Development Pte Ltd, a Singaporean iron ore supplier ("**Sin-Tang**"), under which the parties agreed that:

- the Company will issue Shares and Options to Sin-Tang;
- Sin-Tang will sub-underwrite a rights issue (as detailed below) by the Company to the amount of \$920,000 (subject to any shortfall being available); and
- the parties will establish an unincorporated joint venture to develop and operate the Razorback Ridge Project.

Pursuant to a prospectus lodged with ASIC and released on the ASX on 13 October 2009, the Company is conducting a pro-rata renounceable rights issue of approximately 101,329,828 new Shares

on the basis of 1 new Share for every 1 Share held on the record date of 22 October 2009 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 2009 on the basis of 1 new Option for every 3 new Shares issued, to raise approximately \$10,132,983 ("**Rights Issue**").

Pursuant to the MOU, the Company has agreed to issue Shares and Options to Sin-Tang as follows:

- 8,869,108 Shares at an issue price of \$0.15 cents per Share within 2 days of execution of the MOU ("**Tranche A Shares**"). The Tranche A Shares were issued on 12 October 2009;
- subject to Shareholder approval, 5,000,000 Shares at an issue price of \$0.15 per Share ("**Tranche B Shares**");
- subject to Shareholder approval, and Sin-Tang taking up their entitlement in full under the Rights Issue, 5,000,000 Shares at an issue price of \$0.10 per Share ("**Tranche C Shares**"), together with 3,333,333 free attaching new Options, each with an exercise price of \$0.10 and an expiry date of 31 October 2011 ("**Sin-Tang Options**").

RESOLUTION 10 – RATIFICATION OF ISSUE OF TRANCHE A SHARES

Resolution 10 seeks Shareholder ratification of the issue of the Tranche A Shares.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold not be Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further securities up to 15% of the issued capital of the company without requiring Shareholder approval.

Pursuant to Resolution 10, the Directors are seeking ratification under Listing Rule 7.4 of the issue of 8,869,108 Shares that was made on 12 October 2009 in order to restore the right of the Company to issue further securities within the 15% limit during the next 12 months.

The following information in relation to the Shares is provided to shareholders for the purposes of Listing Rule 7.5:

- (a) 8,869,108 Shares were allotted and issued;
- (b) the Shares were issued at an issue price of \$0.15 each;
- (c) the Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue;
- (d) the Shares were issued to Sin Tang, an unrelated party of the Company; and
- (e) funds raised from the issue were used for the development of the Company's Razorback magnetite project.

RESOLUTION 11 – APPROVAL OF ISSUE OF TRANCHE B SHARES

Under the MOU, the issue of the Tranche B Shares is subject to Shareholder approval.

Further, as noted above, Listing Rule 7.1 requires shareholder approval to the proposed issue of securities in the Company. Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue.

The following information in relation to the Tranche B Shares to be issued is provided to Shareholders for the purposes of Listing Rule 7.3:

- (a) the maximum number of Tranche B Shares the Company can issue is 5,000,000;
- (b) the Company will allot and issue the Tranche B Shares no later than 3 months after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- (c) the Tranche B Shares will be allotted and issued on one date;
- (d) the Tranche B Shares will be issued at an issue price of \$0.15;

- (e) the Tranche B Shares will be issued and allotted to Sin-Tang, an unrelated party of the Company;
- (f) the Tranche B Shares will be fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue; and
- (g) the \$750,000 raised from the issue will be used for the development of the Company's Razorback magnetite project.

RESOLUTION 12 – APPROVAL OF ISSUE OF TRANCHE C SHARES AND SIN-TANG OPTIONS

Under the MOU, the issue of the Tranche C Shares and free attaching Sin-Tang Options is subject to Shareholder approval, and to Sin-Tang taking up their entitlement in full under the Rights Issue.

Further, as noted above, Listing Rule 7.1 requires shareholder approval to the proposed issue of securities in the Company. Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue.

The following information in relation to the Tranche C Shares and the Sin-Tang Options to be issued is provided to Shareholders for the purposes of Listing Rule 7.3:

- (b) the maximum number of Tranche C Shares the Company can issue is 5,000,000. The maximum number of Sin-Tang Options the Company can issue is 3,333,333;
- (b) the Company will allot and issue the Tranche C Shares and the Sin-Tang Options no later than 3 months after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- (c) the Tranche C Shares will be allotted and issued on one date. The Sin-Tang Options will be allotted and issued on one date;
- (d) the Tranche C Shares will be issued at an issue price of \$0.10 each. The Sin-Tang Options will be issued for no consideration;
- (e) the Tranche C Shares and the Sin-Tang Options will be issued and allotted to Sin-Tang, an unrelated party of the Company;
- (f) the Tranche C Shares will be fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue. The terms and conditions of the Sin-Tang Options are set out in Annexure C to this Explanatory Memorandum; and
- (g) the \$500,000 raised from the issue will be used for the development of the Company's Razorback magnetite project.

RESOLUTION 13 – INCREASE IN DIRECTORS' FEES

Resolution 13 seeks shareholder approval for the purposes of Listing Rule 10.17 and for all other purposes, for the Company to be authorised to increase the aggregate amount of fees paid to Directors by \$200,000 from \$200,000 per annum to an aggregate amount of \$400,000 per annum.

The Board considers that it is reasonable and appropriate at this time to seek an increase in the remuneration pool for non-executive Directors for the following reasons:

- (a) expected growth on the Company;
- (b) non-executive Directors fees may need to be increased to retain Directors;
- (c) to attract new Directors of a calibre required to effectively guide and monitor the business of the Company; and
- (d) to remunerate Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates.

The maximum aggregate fees payable to Directors have not been increased since 23 January 2006 and the number of non-executive Directors has not increased from 23 January 2009. It is not intended to fully utilise the increased aggregate fees in the immediate future.

The remuneration of each Director for the year ended 30 June 2009 is detailed in the Company's 2009 Annual Report.

ROYAL RESOURCES LIMITED

ABN 34 108 102

432

GLOSSARY

The following terms have the following meanings in the Notice and this Explanatory Memorandum:

"**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"**Board**" means the board of Directors;

"**Business Day**" means any day that ASX declares is not a business day;

"**Company**" means Royal Resources Limited ABN 34 108 102 432;

"**Corporations Act**" means Corporations Act 2001 (Cth);

"**Director**" means a director of the Company;

"**Explanatory Memorandum**" means this Explanatory Memorandum accompanying the Notice;

"**Listing Rules**" means the Listing Rules of the ASX;

"**Meeting**" means the Annual General Meeting the subject of this Notice;

"**Notice**" means the Notice of Annual General Meeting accompanying this Explanatory Memorandum;

"**Option**" means an option to acquire a Share;

"**Participating Directors**" means Messrs Philip G Crabb, Frank DeMarte, Brian D Richardson, Marcus F Flis and Malcolm J Randall;

"**Resolution**" means a resolution proposed pursuant to the Notice;

"**Share**" means a fully paid ordinary share in the capital of the Company;

"**Shareholder**" means a holder of Shares;

"**VWAP**" means volume weighted average price; and

"**WST**" means Australian Western Standard Time.

ROYAL RESOURCES LIMITED
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ANNEXURE A

TERMS AND CONDITIONS OF OPTIONS TO BE GRANTED TO PARTICIPATING DIRECTORS

The terms and conditions of the Options are:

1. Each Option will be issued for no consideration.
2. Each Option has an exercise price which is the higher of a premium of 45% to the VWAP of the Shares (rounded to the nearest cent) on ASX on the 5 trading days prior to the date of the Meeting, and 55 cents.
3. Each Option entitles the option holder ("**Option holder**") to subscribe for and be allotted one fully paid ordinary share ("**Share**") in the capital of Royal Resources Limited ("**ROY**") at the exercise price for the Option.
4. The Options are exercisable at any time on or prior to 5.00 pm Western Standard Time on 26 November 2014 ("**Expiry Date**") by completing a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by him and delivering it to the registered office of ROY accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice must be received by the Company before the Expiry Date. An Option not exercised before the Expiry Date will lapse. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by him.
5. The Options are not assignable or transferable without the prior written consent of the board of directors of ROY and will not be listed on the Australian Securities Exchange ("**ASX**").
6. All Shares issued upon exercise of the Options will rank pari passu in all respects with ROY's then issued Shares. ROY will apply for official quotation by ASX of all Shares issued upon exercise of the Options.
7. There are no participating rights or entitlements inherent in the Options and the Option holder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options unless the Options are first exercised in accordance with these terms and conditions. However, ROY must ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 business days after the issue is announced and the Option holder will be notified of the proposed issue at least 9 business days before the record date. This will give the Option holder the opportunity to exercise its Options prior to the date for determining entitlements to participate in any such issue.
8. In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of ROY prior to the Expiry Date, the rights of the Option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
9. If there is a pro rata issue (except a bonus issue) to ROY shareholders, the exercise price of an Option will be reduced according to the following formula:

$$O^n = O - \frac{E}{P} [(P - (S + D))]$$

$$N + 1$$

Where:

O^n = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying securities into which one Option is exercisable;

P = the average market price of Shares (weighted by reference to volume) sold in the ordinary course of trading on ASX during the five trading days ending on the day before the ex rights date or the ex entitlements date;

S = the subscription price for new Shares issued under the pro rata issue;

D = any dividends due but not yet paid on the existing Shares (except those to be issued under the pro rata issue); and

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

10. If there is a bonus issue to ROY shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
11. Shares allotted and issued pursuant to the exercise of the Options will be allotted and issued on the above terms and conditions not more than 14 days after the receipt of a properly executed Option Exercise Form and the exercise price in respect of the Option.

ROYAL RESOURCES LIMITED
ABN 34 108 102 432

ANNEXURE B

TERMS AND CONDITIONS OF VENDOR OPTIONS

The terms and conditions of the Vendor Options are as follows:

1. Subject to these terms and conditions, each Option will entitle the holder ("**Optionee**") to subscribe for one fully paid ordinary share ("**Share**") at an issue price of A\$0.10 each ("**Exercise Price**").
2. The Options will expire on 1 November 2011 ("**Expiry Date**").
3. The Company will apply for quotation of the Shares allotted pursuant to the exercise of the Options within the time required by the Listing Rules of the Australian Securities Exchange ("**Listing Rules**") after the date of allotment.
4. Subject to clause 6, in order to exercise the Options, the Optionee must, no later than the close of business (Western Australian time) on the Expiry Date give written notice to Royal Resources Limited ("**the Company**") of his or her intention to exercise the Options in whole or in part, such notice to be accompanied by cash or certified cheque, payable to the Company in the appropriate amount. After receipt of such notice, the Company will forthwith allot and issue the required number of Shares.
5. Options not exercised on or before the Expiry Date will automatically lapse.
6. Where the Options are exercised in part, they must be exercised in multiples of 10,000 on each occasion. If the holder of Options holds less than 10,000 Options, the Options must be exercised in whole if exercised.
7. In the event of any re-organisation of the issued capital of the Company (including consolidation, subdivisions, reduction or return), the rights of the Optionee will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation.
8. In the event that the Company shall amalgamate, consolidate with, or merge into another corporation, the Optionee will thereafter receive, upon the exercise of the options, the securities or property to which a holder of the number of shares then deliverable upon the exercise of the within options would have been entitled to upon such amalgamation, consolidation, or merger and the Company will take steps in connection with such amalgamation, consolidation or merger as may be necessary to ensure that the provisions hereof shall thereafter be applicable, as near as reasonably may be, in relation to any securities or property thereafter deliverable upon the exercise of the options. A sale of all or substantially all of the assets of the Company for a consideration (apart from the assumption of obligations) a substantial portion of which consists of securities shall be deemed a consolidation, amalgamation or merger for the purposes hereof.
9. The Optionee has no right or entitlement to participate in any new issues of capital which may be made or offered by the Company to its members from time to time prior to the Expiry Date unless the options herein granted is exercised.
10. If there is a bonus share issue ("**Bonus Issue**") to the holders of shares, the number of shares over which an option is exercisable will be increased by the number of shares which the Optionee would have received if the option has been exercised before the date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of profits or

reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

11. If there is a pro rata issue (other than a Bonus Issue) to the holders of shares during the currency of, and prior to the exercise of any options, the Exercise Price of an option will be dealt with in the manner provided for in the Listing Rules of ASX.
12. The Option may not be transferred or assigned by the Optionee at any time prior to the Expiry Date.

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ABN 34 108 102 432

ANNEXURE C

TERMS AND CONDITIONS OF SIN-TANG OPTIONS

The terms and conditions of the Sin-Tang Options are as follows:

1. Subject to these terms and conditions, each Option will entitle the holder ("**Optionee**") to subscribe for one fully paid ordinary share ("**Share**") at an issue price of A\$0.10 each ("**Exercise Price**").
2. The Options will expire on 31 October 2011 ("**Expiry Date**").
3. The Company will apply for quotation of the Shares allotted pursuant to the exercise of the Options within the time required by the Listing Rules of the Australian Securities Exchange ("**Listing Rules**") after the date of allotment.
4. Subject to clause 6, in order to exercise the Options, the Optionee must, no later than the close of business (Western Australian time) on the Expiry Date give written notice to Royal Resources Limited ("**the Company**") of his or her intention to exercise the Options in whole or in part, such notice to be accompanied by cash or certified cheque, payable to the Company in the appropriate amount. After receipt of such notice, the Company will forthwith allot and issue the required number of Shares.
5. Options not exercised on or before the Expiry Date will automatically lapse.
6. Where the Options are exercised in part, they must be exercised in multiples of 10,000 on each occasion. If the holder of Options holds less than 10,000 Options, the Options must be exercised in whole if exercised.
7. In the event of any re-organisation of the issued capital of the Company (including consolidation, subdivisions, reduction or return), the rights of the Optionee will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation.
8. In the event that the Company shall amalgamate, consolidate with, or merge into another corporation, the Optionee will thereafter receive, upon the exercise of the options, the securities or property to which a holder of the number of shares then deliverable upon the exercise of the within options would have been entitled to upon such amalgamation, consolidation, or merger and the Company will take steps in connection with such amalgamation, consolidation or merger as may be necessary to ensure that the provisions hereof shall thereafter be applicable, as near as reasonably may be, in relation to any securities or property thereafter deliverable upon the exercise of the options. A sale of all or substantially all of the assets of the Company for a consideration (apart from the assumption of obligations) a substantial portion of which consists of securities shall be deemed a consolidation, amalgamation or merger for the purposes hereof.
9. The Optionee has no right or entitlement to participate in any new issues of capital which may be made or offered by the Company to its members from time to time prior to the Expiry Date unless the options herein granted is exercised.
10. If there is a bonus share issue ("**Bonus Issue**") to the holders of shares, the number of shares over which an option is exercisable will be increased by the number of shares which the Optionee would have received if the option has been exercised before the date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of profits or

reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

11. If there is a pro rata issue (other than a Bonus Issue) to the holders of shares during the currency of, and prior to the exercise of any options, the Exercise Price of an option will be dealt with in the manner provided for in the Listing Rules of ASX.
12. The Option may not be transferred or assigned by the Optionee at any time prior to the Expiry Date.

000001 000 ROY
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

 **By Mail:**
Royal Resources Limited
PO Box 7525
Cloisters Square
PERTH WA 6850

Alternatively you can fax your form to
(within Australia) (08) 9322 6577
(outside Australia) +61 3 9322 6577

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

 **For your vote to be effective it must be received by 10:00am (WST) Wednesday 25 November 2009**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.computershare.com.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View the annual report:

www.royalresources.com.au/reports.asp

Access the annual report

Update your securityholding 24 hours a day, 7 days a week:

www.investorcentre.com

Review & update your securityholding

Your secure access information is: SRN/HIN: 1999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Royal Resources Limited hereby appoint

the Chairman of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Royal Resources Limited to be held at Colonial Conference Room, The Melbourne, Corner of Hay and Milligan Streets, Perth, Western Australia on Friday, 27 November 2009 at 10:00am (WST) and at any adjournment of that meeting.

Important for Resolution 4: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Resolution 4 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Resolution 4 and your votes will not be counted in computing the required majority if a poll is called on this Resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 4 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Approval to Grant Options to a Director - Mr Marcus F Flis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Philip G Crabb as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Ratification of issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr Malcolm J Randall as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Ratification of issue of Tranche A Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to Grant Options to a Director - Mr Philip G Crabb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	Approval of issue of Tranche B Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to Grant Options to a Director - Mr Frank DeMarte	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 12	Approval of issue of Tranche C Shares and Sin-Tang Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to Grant Options to a Director - Mr Brian D Richardson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 13	Increase in Directors' Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval to Grant Options to a Director - Mr Malcolm J Randall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____/____/____

ROY

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Computershare