

ASX Announcement: ROY

4 September 2009



ROYAL INCREASES SHARE IN URANIUM JV AND FARMS OUT TENEMENT

Royal Resources Limited ("Royal") has renegotiated the master joint venture agreement that controls its interest in uranium assets in the USA. Under the original agreement, private company Lynx2 LLC (Lynx) retained a 20% interest in the Lynx-Royal Joint Venture (LRJV), free carried to Feasibility Study. The purpose of the LRJV was to stake large areas of claims in the Colorado Plateau in south-western Colorado and eastern Utah that were prospective for uranium. In August 2007, Royal announced the LRJV had entered into a joint venture with Geomininc LLC, known as the Geolynx Joint Venture, in the Thirty Nine Mile Volcanic Field, south-central Colorado. In May 2008, Royal further announced that the LRJV had entered into the Arizona Strip Partners Joint Venture with Toronto Stock Exchange listed Energy Fuels Resources (EFR). The strategic alliance with EFR was further strengthened when in July 2008 Royal announced a second joint venture with EFR known as the Colorado Plateau Partners Joint Venture. EFR are in the process of gaining permitting for their uranium mill which is within close trucking distance to the LRJV claims.

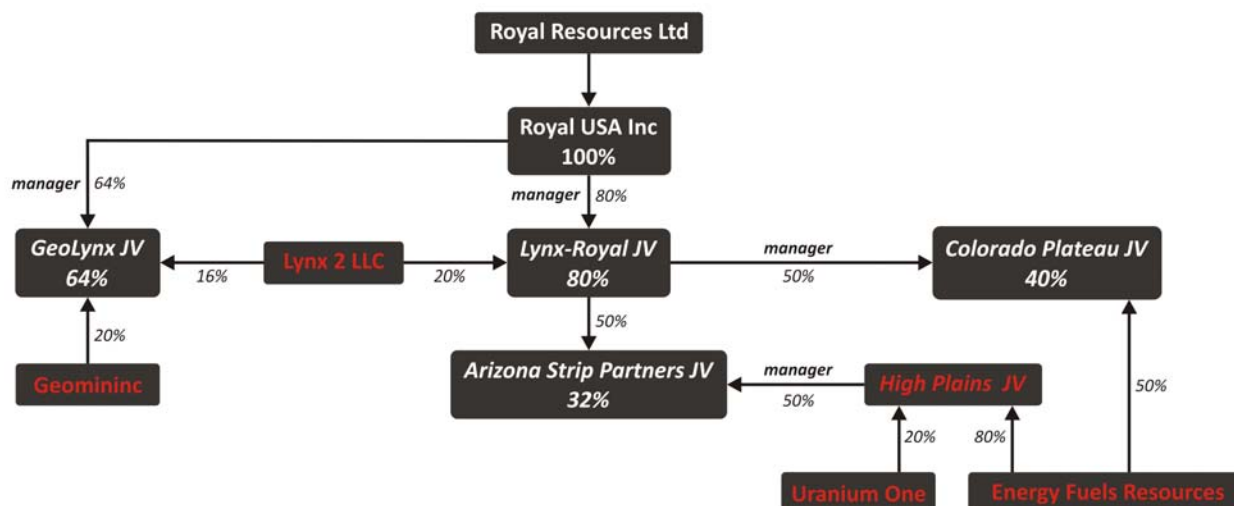
After a full review of claims held under the LRJV, Royal identified large tracts of ground that, following reconnaissance drilling and high definition aeromagnetic and radiometric surveying had low prospectivity. Under the original JV agreement, Royal was obligated to return those claims that it wished to surrender to Lynx with a full year's maintenance fee paid.

Under the renegotiated agreement, Royal will pay Lynx US\$250,000 to:

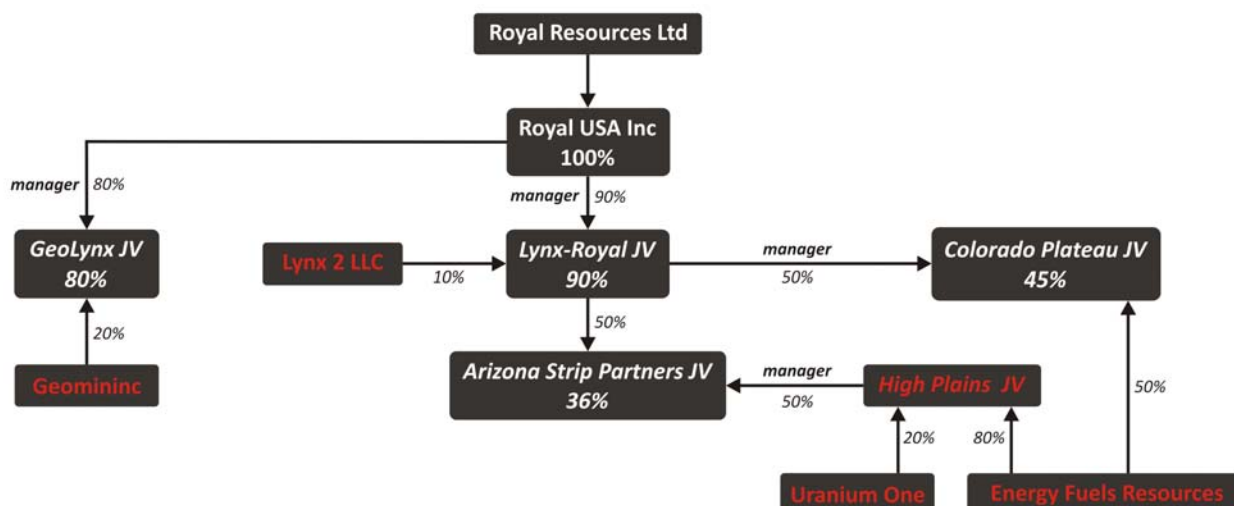
- Exit the Arizona Strip Partners Joint Venture completely,
- Exit the Geolynx Joint Venture completely, and
- Reduce their holding in the Lynx-Royal Joint Venture from 20% to 10%, thereby reducing their interest in the Colorado Plateau Partners Joint Venture also.

Importantly, the joint venture agreement was also amended to eliminate the need for unanimous decisions by the participants to surrender claims and the requirement to return surrendered claims to Lynx with a full year's maintenance fees paid.

Royal's interest in the USA joint ventures prior to the agreement having being amended was as follows:



Following the renegotiation of the joint venture agreement, Royal's interest in the USA joint ventures is as follows:



This settlement is cost neutral to Royal as without it maintenance fees for the dropped claims would still had to have been paid. The renegotiated agreement gives Royal more control, a larger ownership in the projects, and a lower cost base.

Option and Sale of Mindy Prospect (E47/1615)

Royal undertook drilling of the Hamersley Basin Mindy tenement in mid-2008. The target was detrital iron mineralisation in the Fortescue Valley and testing of a large aeromagnetic anomaly considered by the Department of Minerals and Petroleum to be caused by Brockman Formation banded iron formation, host to the Tom Price (Rio Tinto) and Mt Whaleback (BHPB) iron ore bodies. Due to the disappointing results from drilling, the Company has decided to dispose of the tenement.

An Option and Sale agreement has now been successfully concluded with Atlas Iron Limited (Atlas). Under the agreement:

- Atlas will pay Royal \$15,000 cash by way of an option fee,
- Atlas will spend a minimum of \$80,000 on the lease and keep it in good standing,
- If, on or before the first anniversary Atlas wishes to exercise its option and acquire the tenement,
 - Atlas will pay Royal \$100,000 in cash or issue fully paid shares in Atlas to the value of \$100,000, the Atlas share price set on a volume weighted basis at the date of the agreement, and
 - Royal shall retain a 1% Gross Royalty
- If Atlas does not wish to exercise its option:
 - the tenement will be returned to Royal in good standing, and
 - if the minimum expenditure has not been met, Atlas will pay Royal the difference between the actual amount spent and the minimum expenditure required under this agreement.

For further information contact:

Marcus Flis
Managing Director
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.