

## ASX Announcement and Media Release

11 August 2015

# *Ownership of Razorback Project*

Royal Resources Limited (Company) has entered into new Variation Deeds with Mintech Resources Pty Ltd (Mintech) and Goldus Pty Ltd (Goldus) for the early resolution of outstanding tenement payments by the Company to complete the acquisition of the Red Dragon Venture tenements (Figure 1).

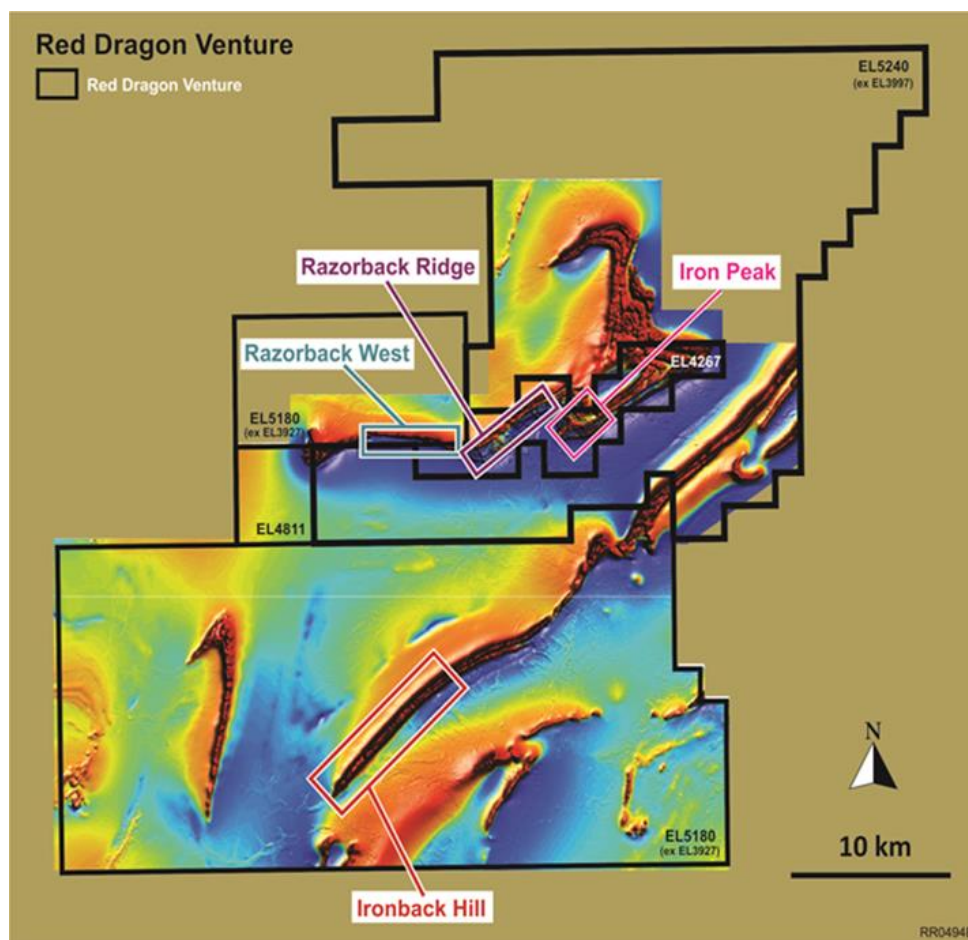


Figure 1: Red Dragon Venture showing prospect locations and area of the Razorback Premium Iron Project

### Agreement with Mintech

Pursuant to a Variation Deed dated 11 August 2015, the Company has negotiated to finalise the acquisition of a 100% interest in EL5432 (formally EL4267) covering the Razorback Ridge area.

The material terms and conditions are as follows:

- (1) the issue of Redeemable Convertible Notes with a face value of \$2.5 million on the following terms on or before 31 August 2015 (Completion Date):
  - (a) the Redeemable Convertible Notes have a 48 month term;
  - (b) interest of 7% per annum, payable 12 months in arrears on the anniversary of the Completion Date;
  - (c) at least 5 days before maturity or redemption of the Redeemable Convertible Notes the Company can elect the:
    - (i) Redeemable Convertible Notes be redeemed by cash equivalent to the face value of the Redeemable Convertible Notes;
    - (ii) Redeemable Convertible Notes convert into fully paid ordinary shares in the Company equivalent to the face value of the Redeemable Convertible Notes at a price equivalent to the Company's 90 day VWAP;
    - (iii) Redeemable Convertible Notes convert into a combination of cash and fully paid ordinary shares as defined in (i) and (ii); or
    - (iv) Company may extend the maturity date by a single further period of 12 months on a cash payment of \$250,000 extension fee to Mintech;
- (2) Resource payments to Mintech calculated at \$0.01 per DTR tonne of measured resources (resource payment = tonne of measured resource x \$0.01 x DTR%). DTR means potentially recoverable tonnes of magnetite as determined by the Davis Tube Recovery technique;
- (3) A Production Payment of \$3,000,000 to Mintech within 20 Business Days of the Company receiving payment of at least 95% of the purchase price for the first commercial shipment of Product from the tenement; and
- (4) A 1% Royalty on the Value of the Product produced from the tenement measured at the "mine gate".

#### **Agreement with Goldus**

Pursuant to a Variation Deed dated 11 August 2015, the Company has negotiated to finalise the acquisition of a 100% interest in EL5180 and EL5240 which surround the Razorback Ridge area. The material terms and conditions are as follows:

- (1) a payment of \$350,000, paid to Goldus on the date the deed was executed (Effective Date);
- (2) a second payment of \$420,000 to Goldus on or before 31 August 2015;
- (3) Resource payments to Goldus calculated at \$0.01 per DTR tonne of measured resources;
- (4) A Production Payment of \$3,000,000 to Goldus within 20 Business Days of the Company receiving payment of at least 95% of the purchase price for the first commercial shipment of Product from the tenements;
- (5) an acknowledgement that payments previously made to Goldus by the Company form part of the purchase price; and
- (6) A 1% Royalty on the Value of the Product produced from the tenement measured at the "mine gate".

The Company has also agreed to provide geological and other technical and commercial services for the evaluation of other EL's held by Goldus and Mintech.

The previous Variations Deeds to the Tenement Sale Agreement with Mintech and the Option Deed with Goldus announced on 24 December 2013 have been terminated on the Effective Date.

Mr Gordon Toll, the Company's Chairman and CEO, said "This is a very positive development for all three companies and clears the path for development of the resources into a very significant supplier of magnetite to global steel making markets"

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