

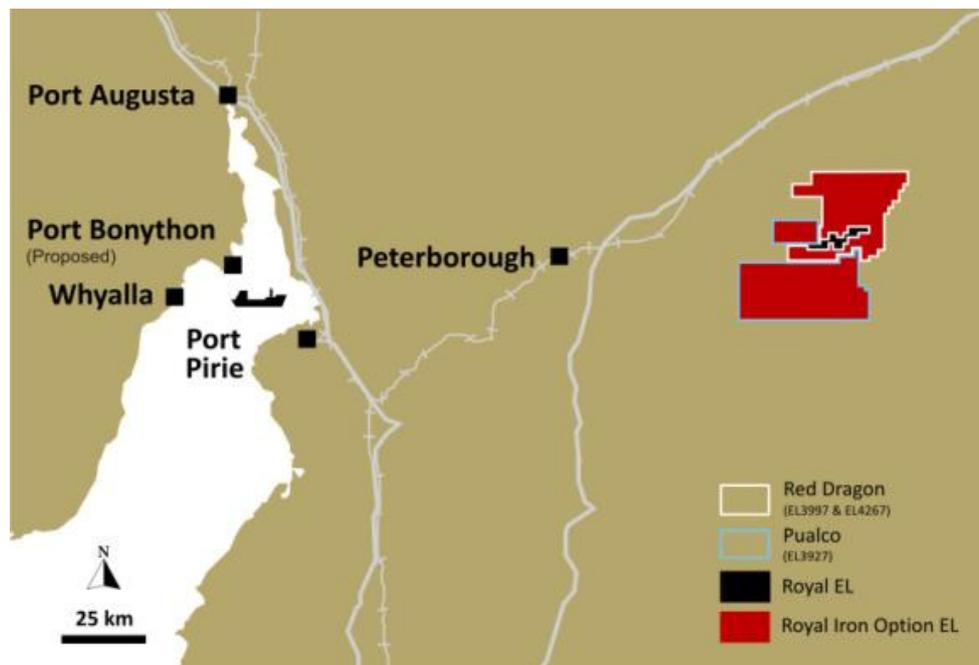
## RAZORBACK IRON PROJECT UPDATE

### Key Points:

- **Approximately 21,000 metres of RC and diamond drilling now completed at Ironback Hill and Razorback Ridge Prospects from Phase III drilling**
- **Current drilling program of both Prospects has an exploration target of a combined 1.2 to 2.0 Billion tonnes at 20% - 45% Fe<sup>1</sup>**
- **Re-interpretation of Razorback Ridge has defined a new potential ore horizon below the currently defined Resource**
- **Major upgrade to the Razorback Ridge resource will be finalised this Quarter**
- **Maiden Resource for Ironback Hill will be calculated this Quarter also**
- **Geotechnical and metallurgical drilling underway at Razorback Ridge**
- **Successful metallurgical testing has proven recoverability of haematite**

Royal Resources Limited ("Royal") wishes to advise the market of a Phase III drilling update at the potentially huge Razorback Iron Project in South Australia (Figure 1).

**Figure 1: Location of tenements owned or managed by Royal that comprise the Razorback Iron Project**

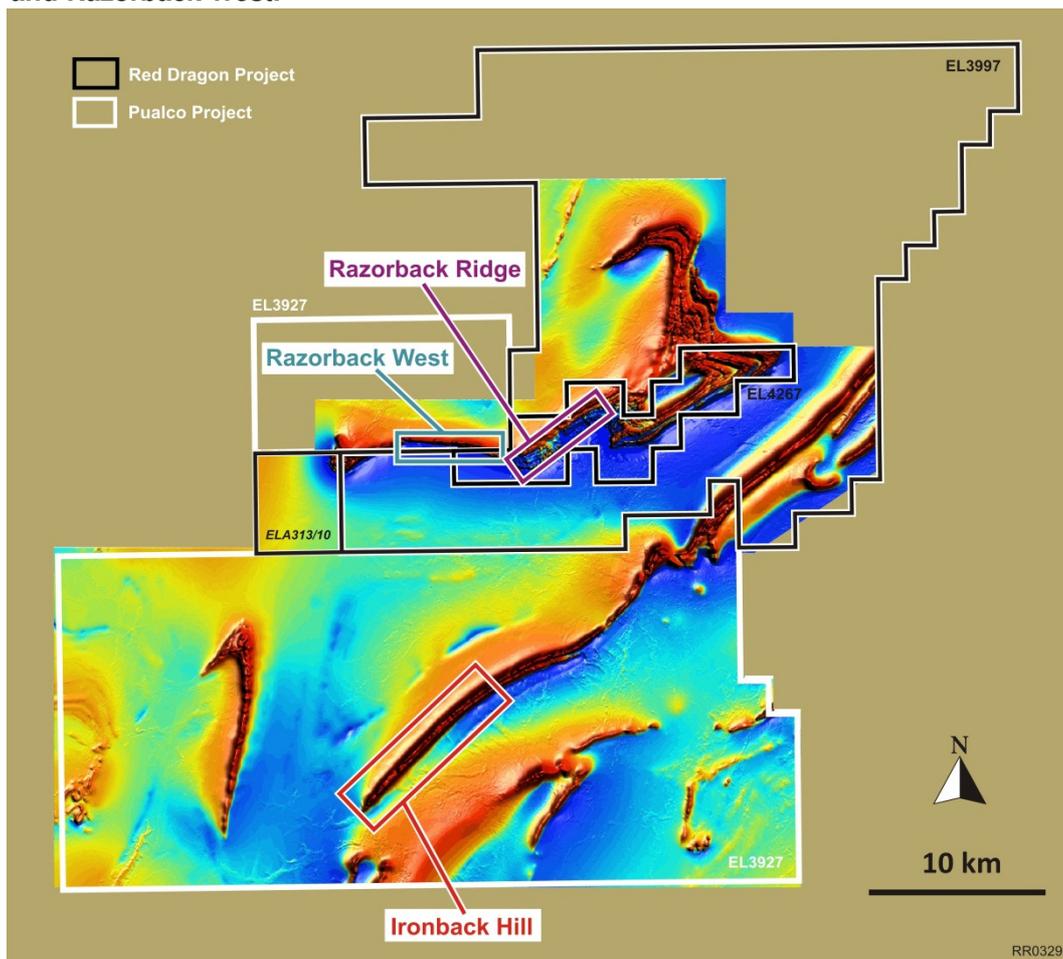


<sup>1</sup> The potential quantity and grade of the exploration target is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Resource. The estimate of an exploration target tonnage should not be construed as an estimate of Mineral Resource.

### Ironback Hill Prospect.

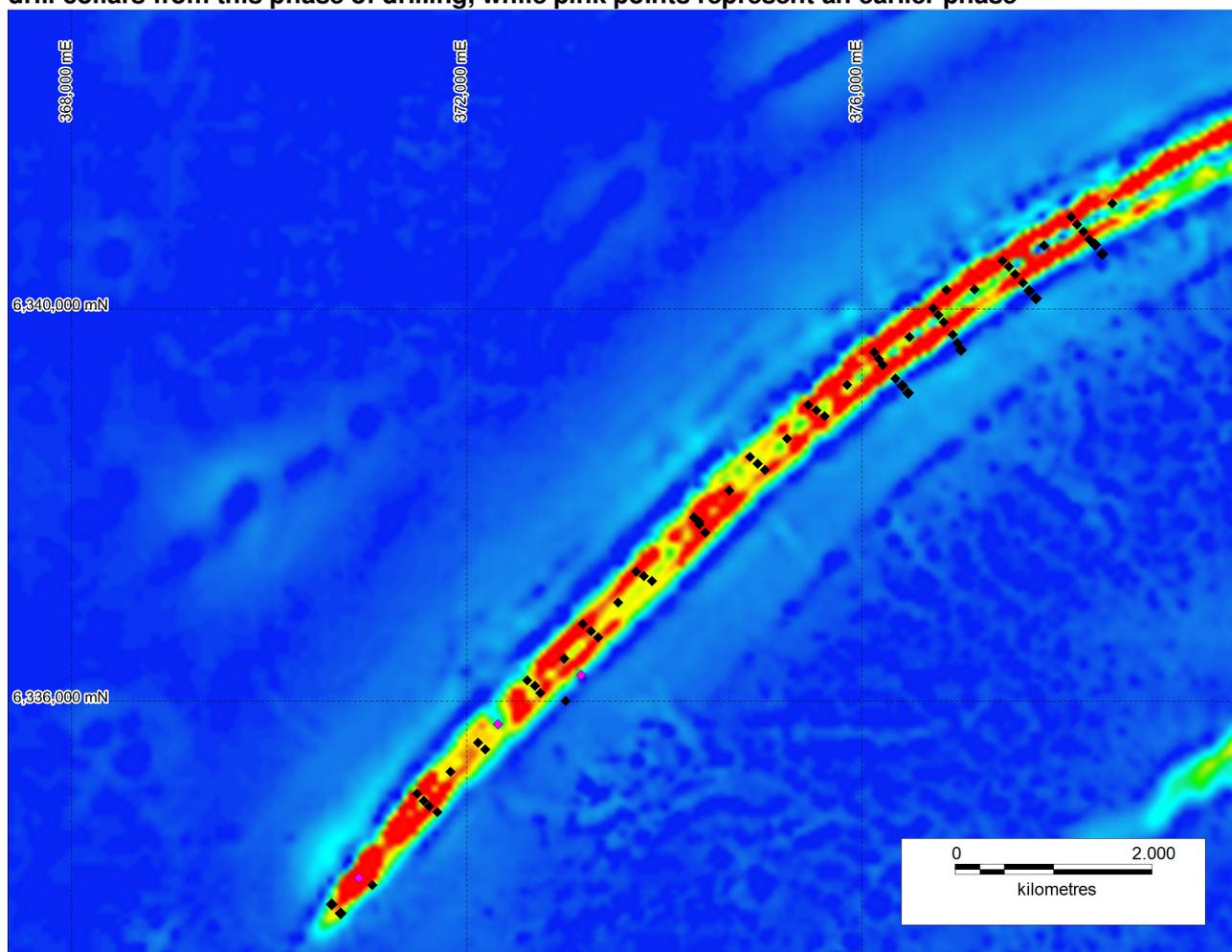
RC Drilling at the Ironback Hill Prospect, within the Pualco Project is complete (Figure 2), with 61 holes totalling ~ 11,300 metres. Diamond drilling from RC pre-collars is in progress, with 1,200 metres of a 3,800 metre program completed (Figure 3). Drilling is targeting a 10km strike length which remains open to the east of the current program. Extreme weather conditions have severely hampered the progress of this program, but it is expected that the drilling will be complete in 4 to 6 weeks' time. It is anticipated an interim maiden JORC Resource will be announced by the 2<sup>nd</sup> Quarter of 2012.

**Figure 2: TMI aeromagnetic image of the Red Dragon and Pualco Projects, with identified magnetite prospects. Polygon depicts drilling targets at Ironback Hill and Razorback West.**



Geological logging has defined a sequence of bedded, interbedded and tillitic magnetites similar to that seen at the Razorback Ridge Prospect approximately 12km to the north. At Ironback Hill, the beds dip approximately 75° to the south east. Assuming a downdip extent of 300m and a mineable thickness of 100m to 150m, the 10km strike represents an exploration target of 800 to 1,200 million tonnes at grades of 20% to 45% Fe<sup>1</sup>. This is in line with the exploration target estimates announced previously and similar to the approximately 100Mt per strike kilometre obtained at the Razorback Ridge line of prospects. It is anticipated that this programme will provide a Maiden JORC Resource for the Pualco Project and has the potential of becoming a separate development to the Razorback Ridge Prospect. Drilling is confined to ground that is not subject to Native Title.

**Figure 3: Drill collar plan of the Ironback Hill Prospect containing a modelled 3D inverted magnetic image, depth cut at 138m, with red colour showing high magnetite potential. Black points represent drill collars from this phase of drilling, while pink points represent an earlier phase\***



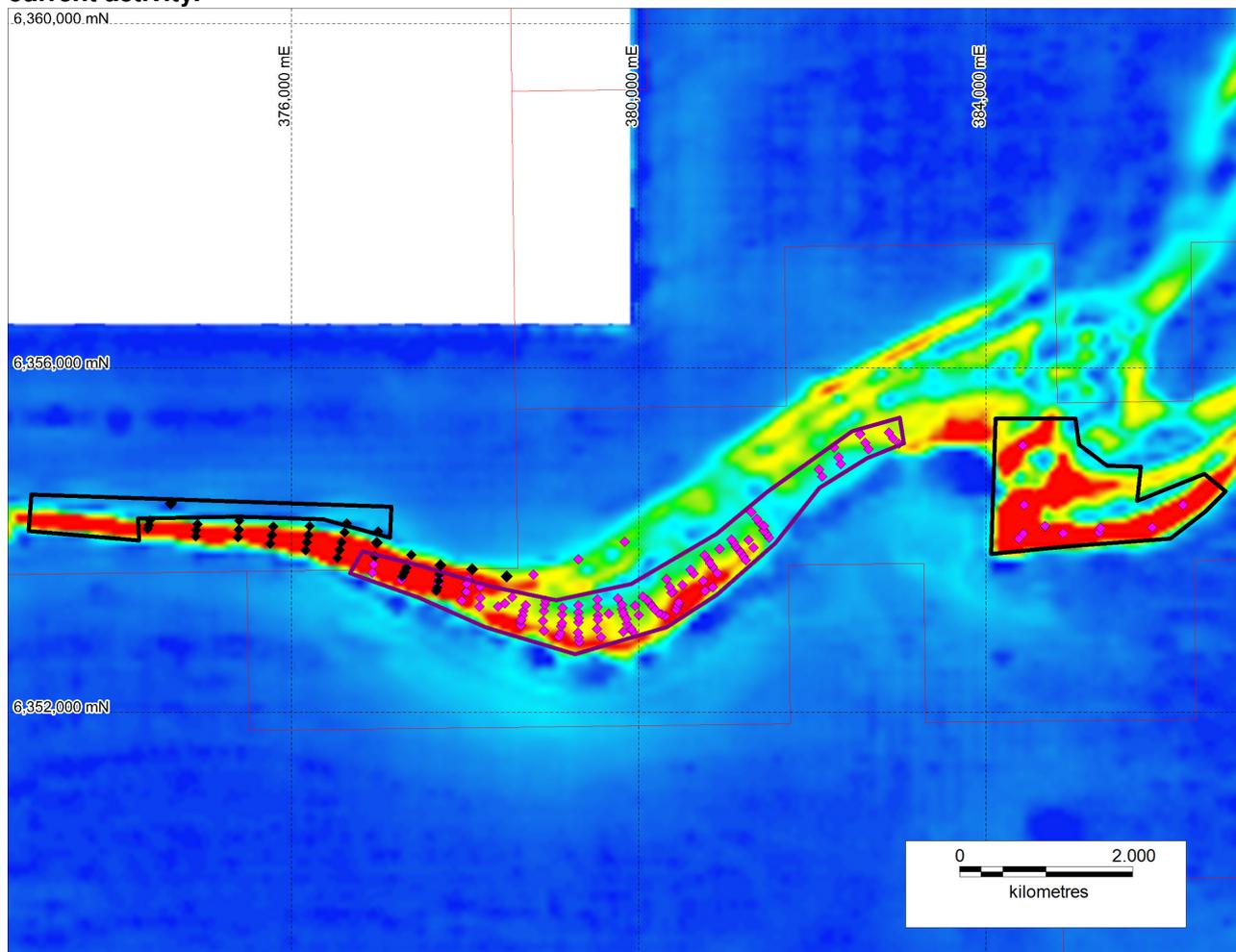
\* Co-ordinates in MGA Zone 54 (GDA94)

### Razorback Ridge Prospect

Resource drilling continues at the Red Dragon Project along the western extent of the Razorback Ridge Prospect. A total of ~5,700 metres of RC and ~2,500 metres of diamond drilling have been completed, with a further 3,000 metres of RC drilling currently being drilled in the Razorback West area. This drilling is targeting 1) a 3-4 km strike length which remains open to the west, 2) down-dip extension of earlier drilling and 3) unit G horizon; an ~100m thick Fe-rich sequence lying above the usual targeted Razorback Ridge ore horizon. The introduction of Unit G could have great economic benefit, in that it could decrease the stripping ratio further into the life of production. In addition, infill drilling was completed in an area that covers the previous Inferred Resource, with a plan to upgrade that resource to an Indicated Category. The Razorback Ridge Resource is currently 568.6 Million tonnes at 25.6% Fe, including 437.1 Million tonnes at 26% Fe in the Indicated JORC Resource category<sup>2</sup>. Once drilling is complete at the Razorback West, RC drilling will resume at the Iron Peak Prospect, to the east of Razorback Ridge, which has a 4,000 metre programme planned for the area. This current programme is targeting 500-700 million tonnes at 20% to 45% Fe<sup>1</sup> to augment the 568.6 Million tonnes in resources already defined. It is anticipated an updated interim JORC Resource will be announced in the 2<sup>nd</sup> Quarter of 2012. Geotechnical and metallurgical drilling is also in progress at the Razorback site.

<sup>2</sup> ASX release 12/08/2001

**Figure 4: Drill collar plan of the Razorback Prospect containing a modelled 3D inverted magnetic image, depth cut at 88m, with red colour showing high magnetite potential. Black points represent drill collars from this phase of drilling, while pink points represent an earlier phase. Pink outline depicts the current 568 Million Tonne JORC Resource, while the black outline depicts areas of current activity.**



\* Co-ordinates in MGA Zone 54 (GDA94)

### **New ore horizon discovered: Unit A at the Razorback Ridge Prospect**

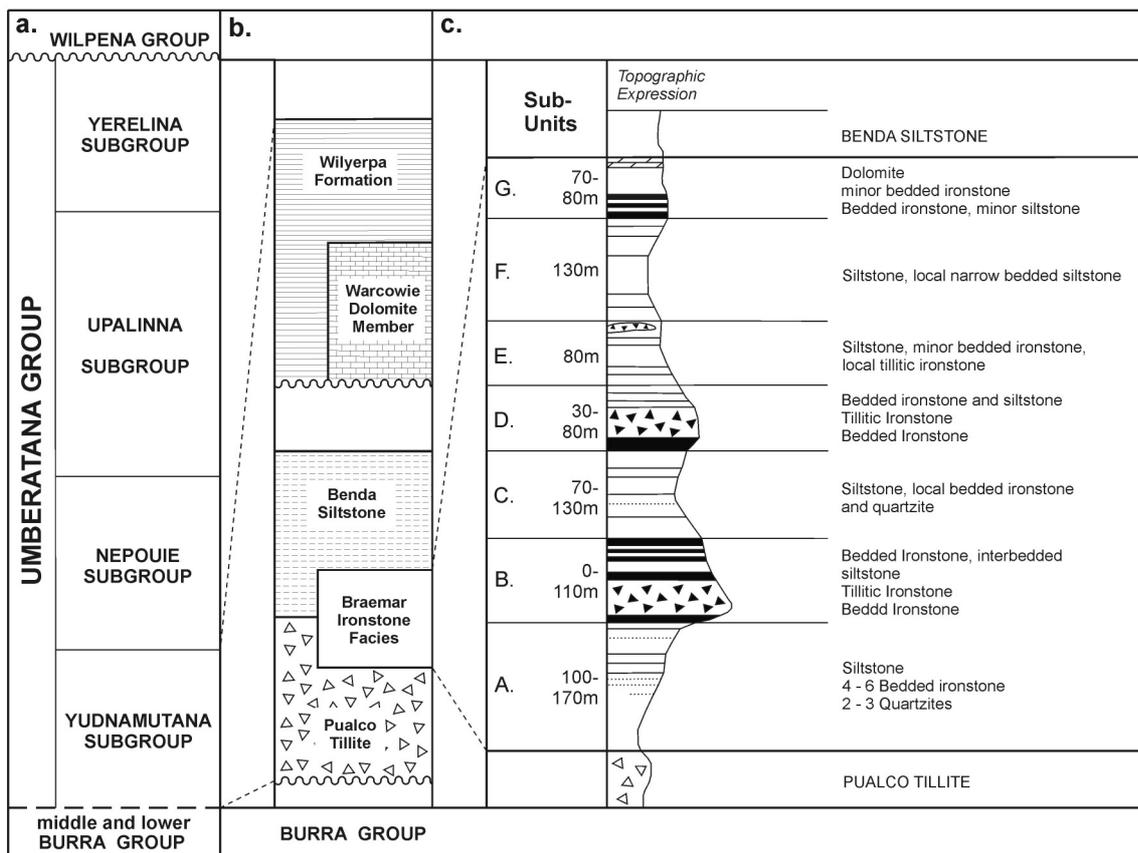
Re-examination of previous drilling data from the Razorback Ridge Prospect has defined a new potential ore horizon below the usual targeted ore horizons of units B and D (see Figure 5). Unit A consists of a zone containing thin, but rich seams of magnetite within siltstone, over a thickness of up to 44m. This discovery would add to the existing 100m combined thicknesses of Unit B and D and could substantially increase the tonnage potential in the Razorback Ridge area. The potential of Unit A horizon has been identified from earlier drilling that has penetrated the deeper footwall. While Fe grades are lower than that of Units B and D, most of the iron contained appears to be predominately in magnetite. Plans are underway to re-enter previous drilling holes to target this new horizon. Preliminary DTR results from Unit A, from two drill holes with a strike separation of ~ 1.5km as follows:

**Table 1: Razorback Ridge Prospect RC Drill DTR Results of Unit A**

Hole ID	East *(m)	North *(m)	From (m)	To (m)	Interval (m)	Description
RRRC0001	6353137	380279	98	118 <sup>#</sup>	20	20m @ 15% DTR recovery, with 65% Fe concentrate, 45µm grind size
RRRC0011	6353875	381146	92	136	44	44m @ 16.5% DTR recovery, with 68% Fe concentrate, 45µm grind size

\* Co-ordinates in MGA Zone 54 (GDA94); # Bottom of hole ended in mineralisation

**Figure 5: Stratigraphy of the Razorback Project (after Whitten, 1970)**



**Razorback Ridge Pre Feasibility Study**

Initial results of metallurgical testing to investigate the recoverability of haematite from the waste product following magnetic separation show great promise. A haematite product with grades in excess of 65% Fe has been shown to be achievable. The original Scoping Study assumed only magnetite would be recovered. The addition of a haematite recovery circuit may be highly beneficial to the increased profitability of the mining and beneficiation operation by dramatically increasing yield. This additional work will now see the PFS finalised by the end of the second quarter, 2012.

Mr Marcus Flis, Royal’s Managing Director, commented that: “This drilling campaign is likely to be the last resource definition drilling campaign in support of the Pre-Feasibility Study. Sufficient resources will have been outlined to support a development on the Red Dragon Project at Razorback. Royal is currently seeking a partner for this development. The Ironback Hill Prospect on the Pualco Project will be kept as a second, independent development. While bad weather has delayed our drilling by up to eight weeks, that additional time has been used very effectively in undertaking additional metallurgical testwork in support of the PFS.”

## About Razorback

The Razorback Iron Ore Project is a very large magnetite deposit located 240km NNE of Adelaide, South Australia. It is owned 100% by Royal. The project has an exploration target size of 4,800 to 8,000 Million tonnes at grades of 18 to 45% Fe<sup>3</sup> occurring in an infrastructure rich area that has access to nearby existing open user rail, port, power, gas, heavy engineering and dormitory towns.

The Razorback Project is divided into two sub-projects: the northern Red Dragon Project that covers the Razorback Ridge magnetite deposit, and the southern Pualco Project that had never been tested for iron mineralisation. Collectively, the two areas cover over 1,450 square kilometres of exploration tenement through either outright ownership (EL4267 and ELA313/10) or an exclusive option over the iron rights (EL3927 and EL3997). This area contains in excess of 110 strike kilometres of the host Braemar Iron Formation.

The project was acquired in November 2009 and by August 2010, a maiden, JORC compliant Inferred Resource was declared. The current resource at Razorback Ridge deposit now stands at 568.6 Million tonnes at 25.6% Fe, including 437.1 Million tonnes at 26% Fe in the Indicated Resource category. Royal is targeting a resource of 1,000 to 1,200 million tonnes of resources at similar grades<sup>4</sup> to support a Pre-feasibility Study on Razorback Ridge. This is expected to be finalised by the end of Q2, 2012.

Initial exploration drilling on the Ironback Hill prospect in the Pualco Project has indicated the presence of substantial thicknesses of magnetite at similar grades to those seen at Razorback Ridge and has validated the exploration target. A resource definition drilling campaign is now underway at Ironback Hill.

The Razorback mineralisation style is a bedded magnetite. It is significantly softer than banded iron formation ores. As a result, this outcropping resource will be low cost to mine and beneficiate which, together with the available infrastructure, means a low capital cost compared to its peers.

The ore produces a low contaminant, high iron content (>68% Fe) magnetite concentrate at grind sizes of 75µm or less and so will be readily marketable at a premium to the reference hematite fines price.

### About Royal Resources Limited

Royal Resources Limited is a mineral exploration company exploring for iron ore in South Australia and Western Australia and for uranium in the Northern Territory.

#### Directors

Philip Crabb	Chairman
Marcus Flis	Managing Director
Frank DeMarte	Executive Director
Brian Richardson	Non-executive Director
Malcolm Randall	Non-executive Director

### Share Capital

Issued Capital (ROY)	302.8M
Listed Options (ROYOA)	34.7M (12 <sup>c</sup> , Oct '13)
Unlisted Options	27.9M (8 <sup>c</sup> - 50 <sup>c</sup> )
Fully Diluted	369.5M

Share price range	\$0.135 - \$0.32
Annual turnover	50.4%
Director's Shareholdings	10%
Top 20 shareholders	52%

The details contained in this report that pertains to ore and mineralisation is based upon information compiled by Mr Marcus Flis, BSc (Hons), MSc, 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.

For further information contact:  
+61 8 9322 8542

**Jaxon Crabb**  
Investor Relations

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