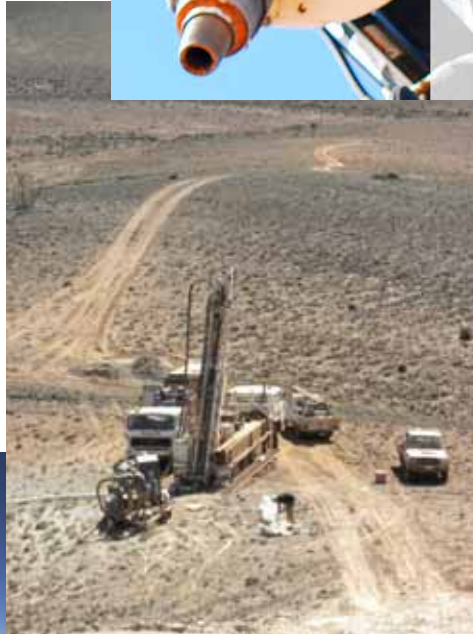




8th SA Exploration and Mining Conference

Friday 2 December 2011



THE RAZORBACK
IRON PROJECT,
BRINGING HOME THE
BACON!

Dr Gavin England



DISCLAIMER AND COMPETENT PERSON'S STATEMENT



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The details contained in this report that pertain to ore and mineralisation is based upon information compiled by Mr Marcus Flis, a full-time employee of the Company. Mr Flis is a Fellow of the Australasian Institute of Mining and Metallurgy (AUSIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Flis consents to the inclusion in this report of the matters based upon his information in the form and context in which it appears.

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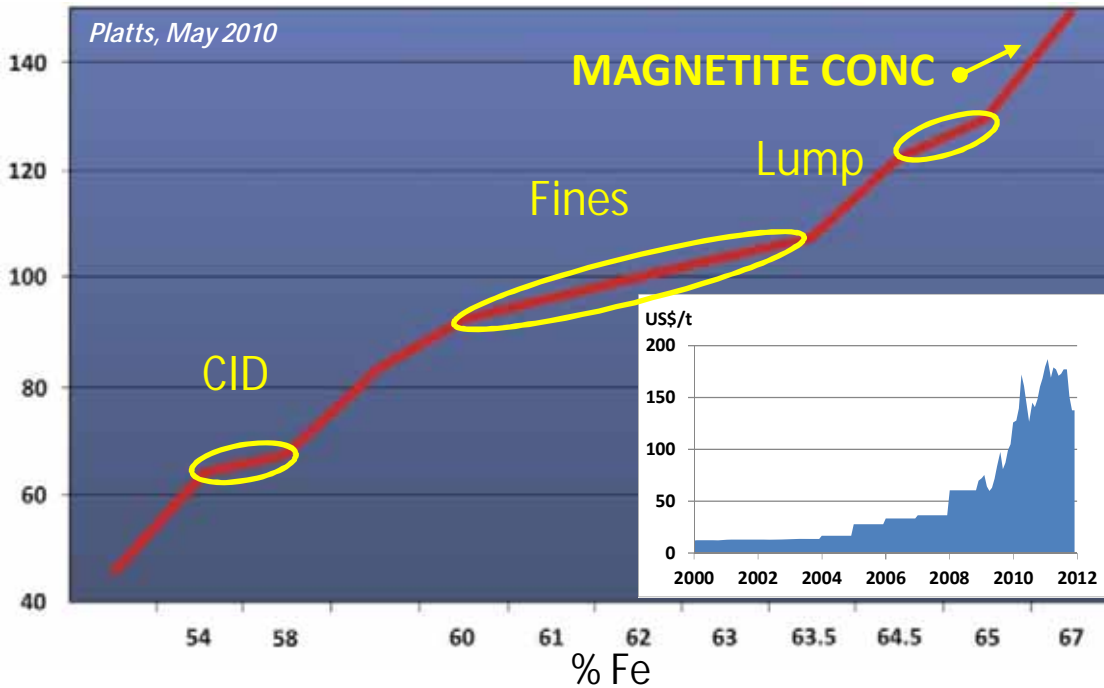
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ROYAL

WHY MAGNETITE AND WHY NOW?

% Price differential



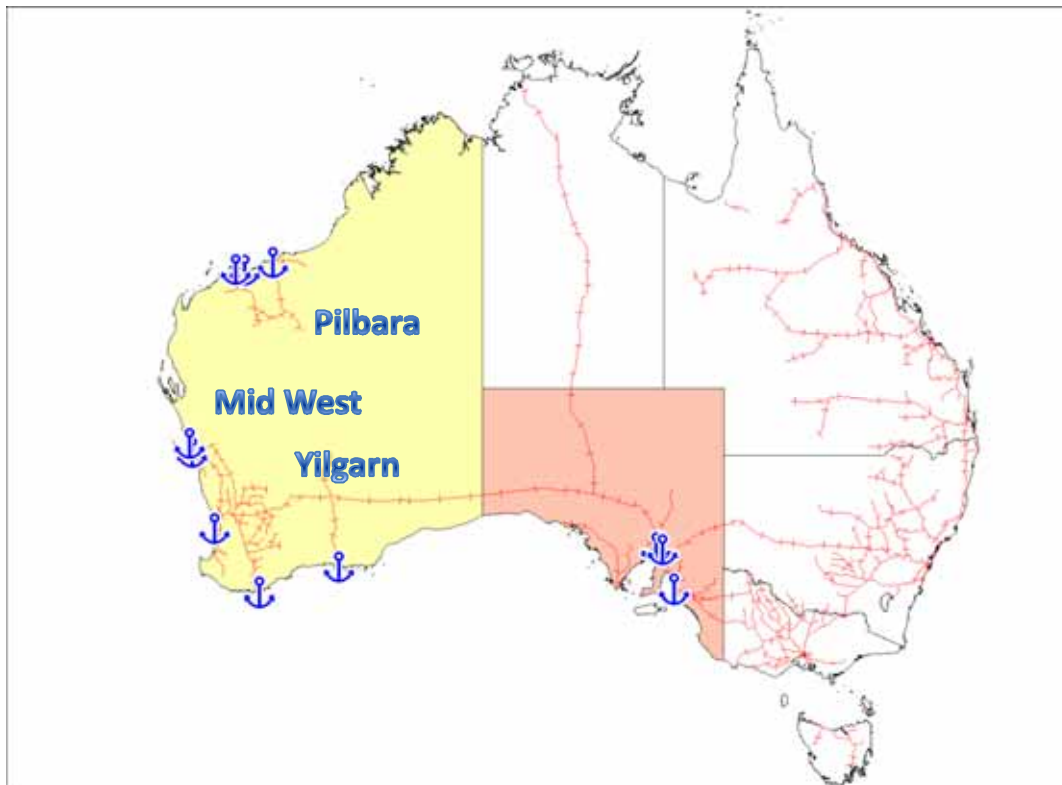
- ✦ Magnetite currently attracts a \$5/%Fe/t premium over reference fines
- ✦ Increasingly “dirty” haematite ores require sweetening
- ✦ Long run average analyst’s pricing is increasing to US\$100/t¹
- ✦ China’s iron ore is profitable if prices exceed US\$141/t²



¹ HSBC ²Merrill Lynch, Iron Ore: Prices up, volume down, 7/6/11

WHY SOUTH AUSTRALIA?

♣ The key to success in Bulk Commodities is access to infrastructure

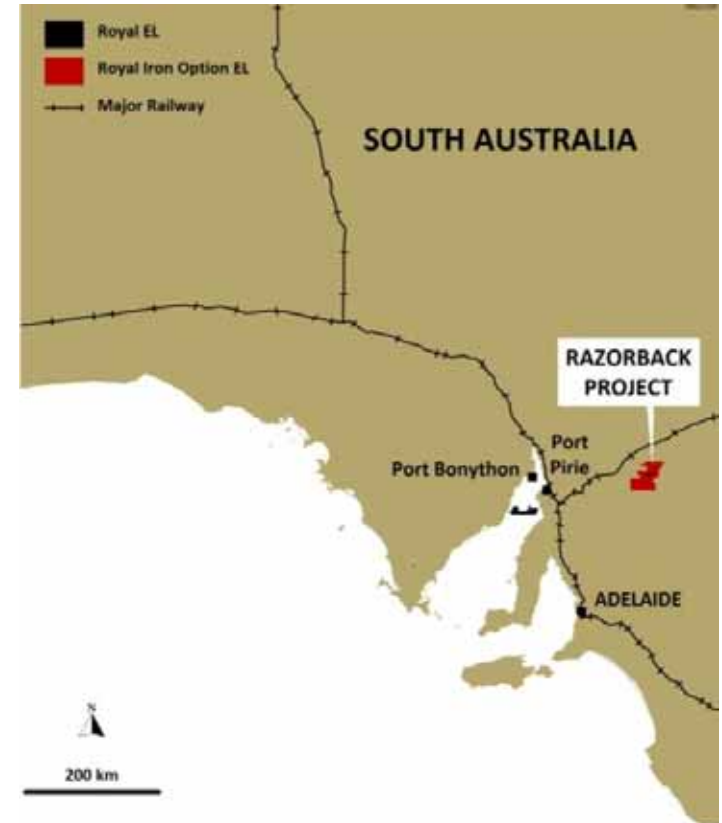


Iron in WA is becoming too hard

- **Pilbara** – port and rail mostly held by the big players
- **Mid West** – still waiting for their infrastructure
- **Yilgarn** – long way to port and limited port capacity

100% OWNERSHIP OF A VERY LARGE IRON ORE POTENTIAL WITH HIGH INFRASTRUCTURE OPTIONALITY

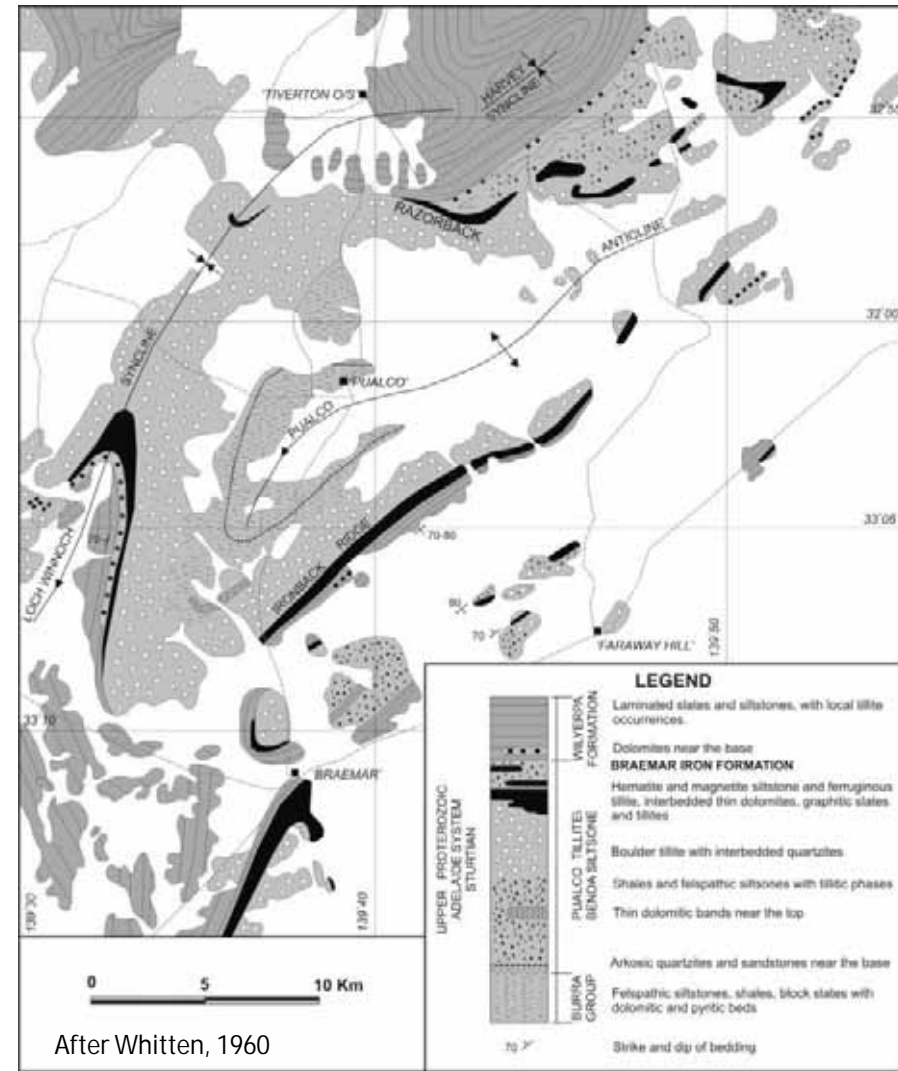
- ✦ An exploration target of 4.8 to 8 Billion tonnes grading 18 to 45% Fe¹
- ✦ Access to existing open-user ports and rail
- ✦ In an infrastructure rich area
- ✦ Over 1,400 km² land holding
- ✦ Soft ore from surface
- ✦ Defining an emerging iron ore district in a very low sovereign risk jurisdiction



¹ 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.

BRAEMAR IRON FORMATION

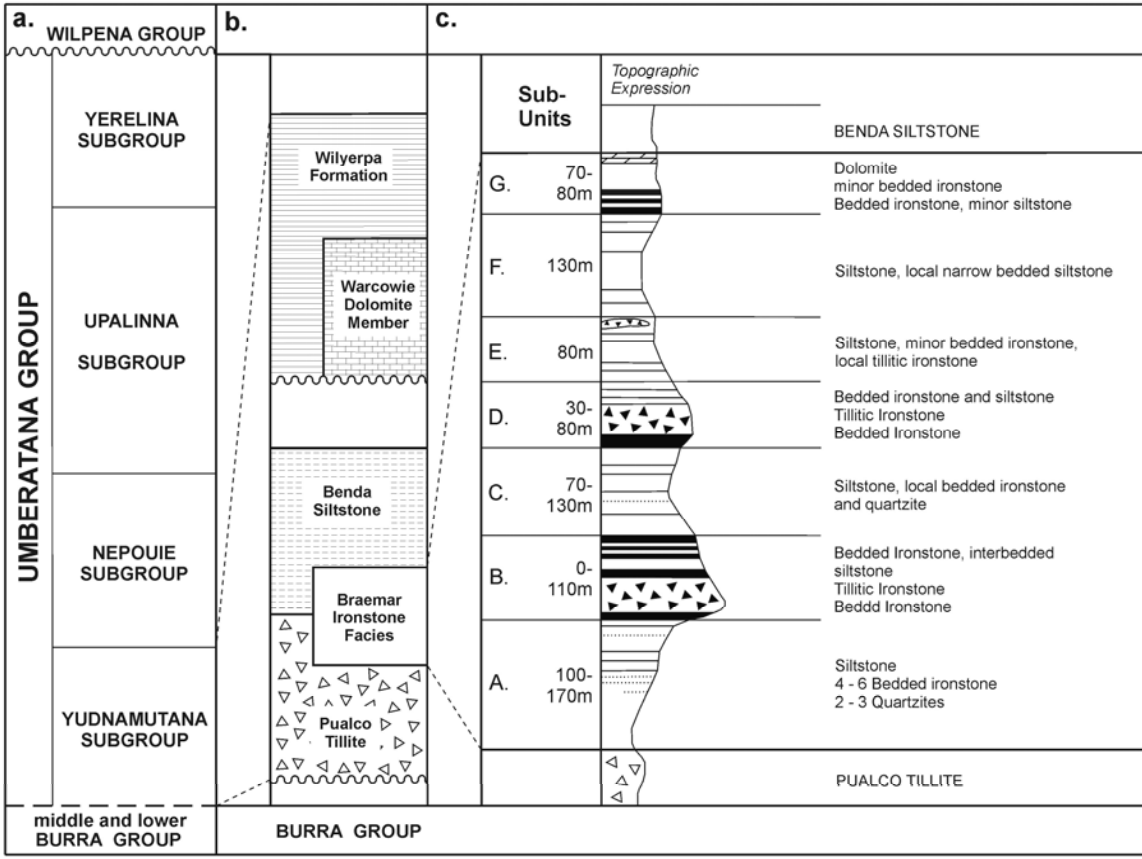
- ✿ Near the base of the Umberatana Group, Neo-Proterozoic Adelaide Geosyncline
- ✿ Sturtian Glaciation (Snowball Earth)
- ✿ Glacial Sediment – not BIF
- ✿ Braemar Iron Formation was the result of chemical precipitation during interglacial / postglacial periods and formed in coastal fringes, where terrestrial influence was strong.
- ✿ Similar deposits globally, due to periods of -
 - ✿ Oceanic Anoxia
 - ✿ Magmatic Activity
 - ✿ Restricted Basins



BRAEMAR IRON FORMATION AT RAZORBACK RIDGE



- ✿ Braemar Iron Formation is the iron-rich facies within the Benda Siltstone and Pualco Tillite
- ✿ 7 sub units recognised by Whitten's studies in 1960's
- ✿ Observed across the tenement area
- ✿ Units B, D and G generally have the greatest magnetite content and are the target horizons
- ✿ Unit A has new exploration target



After Lottermoser and Ashley, 2000



ROYAL

UNIT B SUB-FACIES



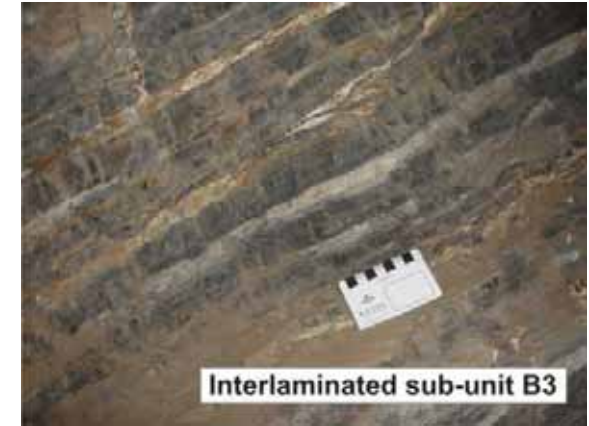
30 to 65 % Fe

B1 is characterised by a bedded, magnetite-rich siltstone, with minor thin beds of dolomitic siltstone and fine sandstone



18 to 25 % Fe

B2 is tillitic / diamictitic ferruginous siltstone with varying dropstone content



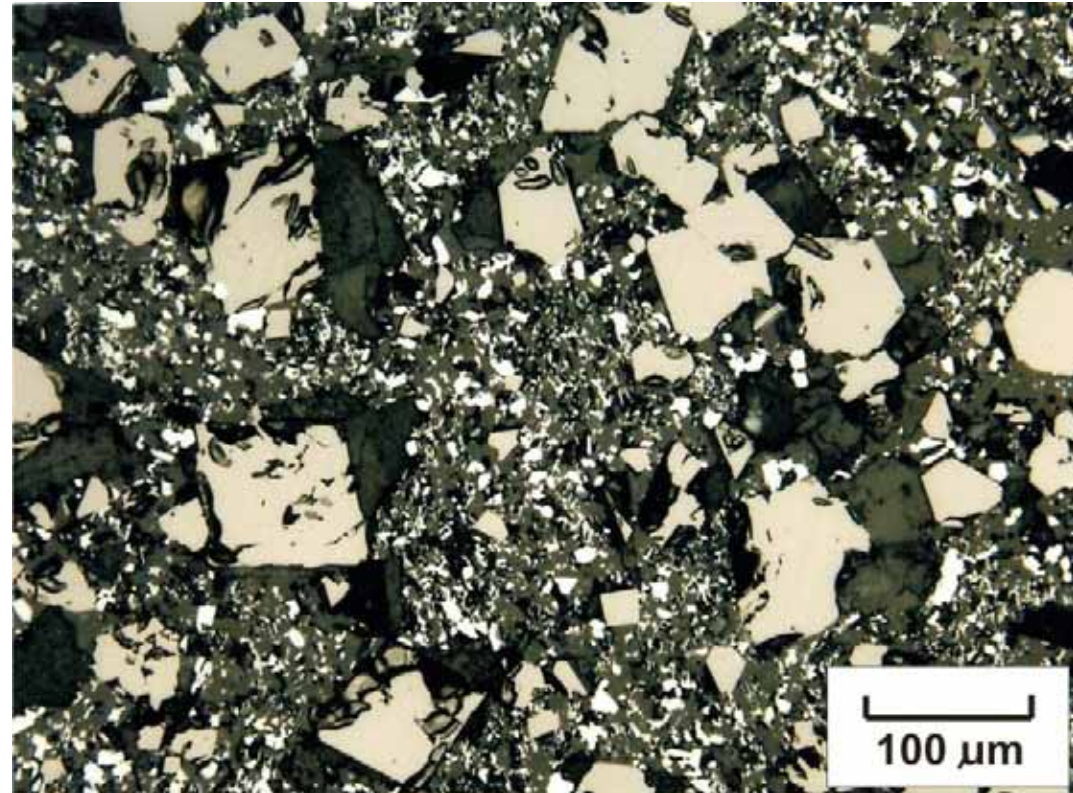
20 to 35 % Fe

B3 is an interlaminated iron-rich siltstone much like Unit B1 but with increased siltstone / sandstone interlaminations

MINERALOGY @ RAZORBACK RIDGE

– PURE MAGNETITE GRAINS

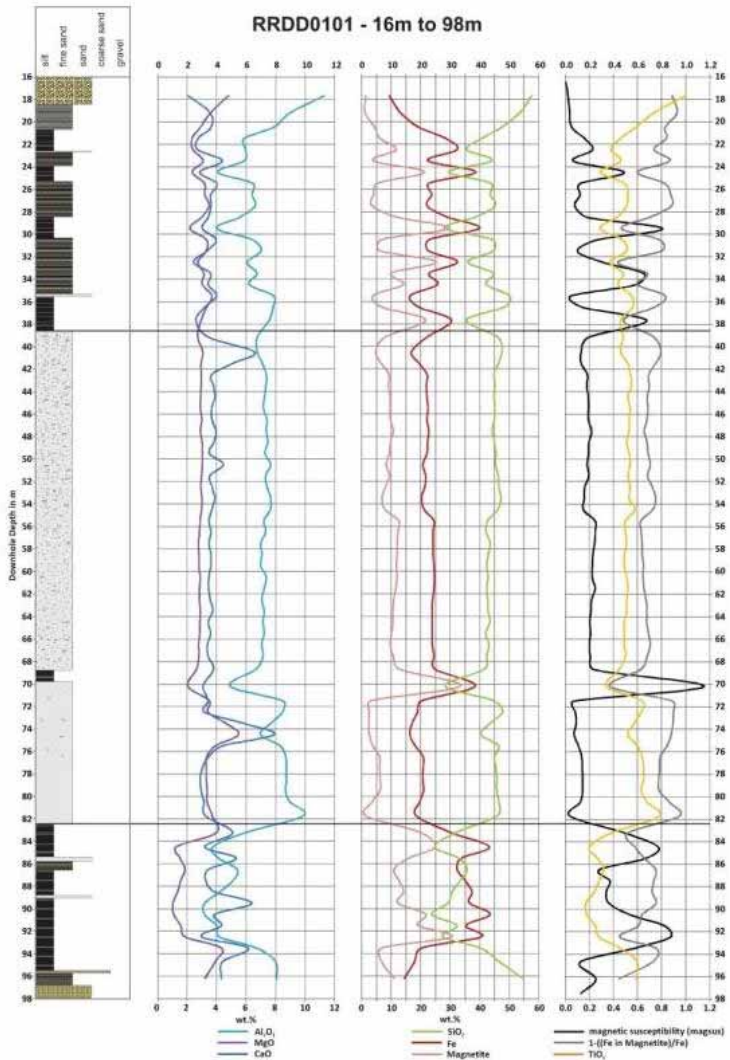
- ✦ Magnetite - individual subhedral to euhedral grains in the size range 30 – 120 μm in diameter
- ✦ LA- ICP-MS suggest Magnetite is very pure (< 50 ppm impurity)
- ✦ Hematite - platy crystals ranging from 1 - 20 μm in diameter
- ✦ Further work on paragenesis of Fe speices and distribution



MINERALOGY

- ✿ Magnetite and hematite have strong sedimentary / local stratigraphic control
- ✿ Finer grained units may have higher magnetite content
- ✿ Dictated by O₂ fugacity in the sedimentary pile
- ✿ Martitisation of some magnetite grains in samples near surface or in paragenetically-late fracture zones

Royal acknowledges the collaborative work of Martin Griessmann and Andreas Schmidt-Mumm, Adelaide University



B3

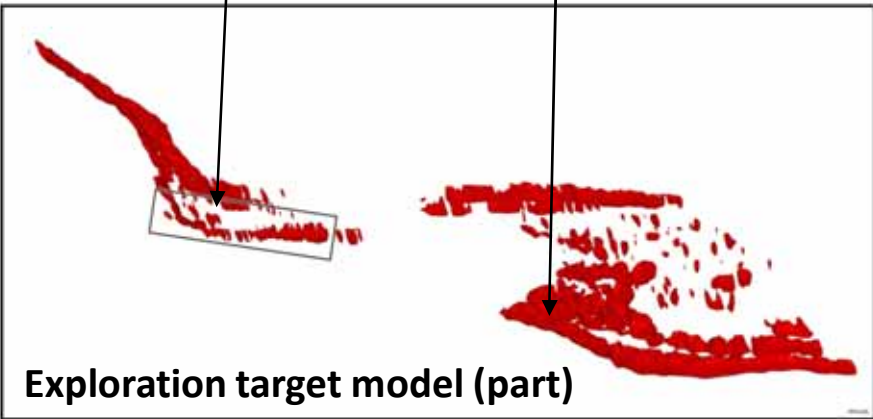
B2

B1

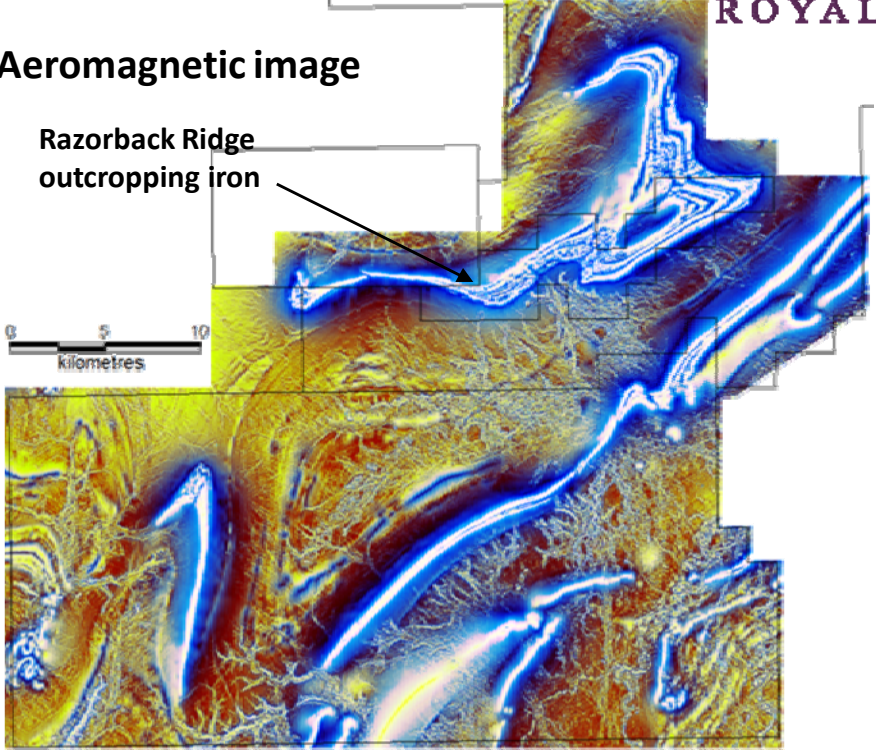
4.8 TO 8.0 BILLION TONNES OF EXPLORATION POTENTIAL DEFINED



ROYAL

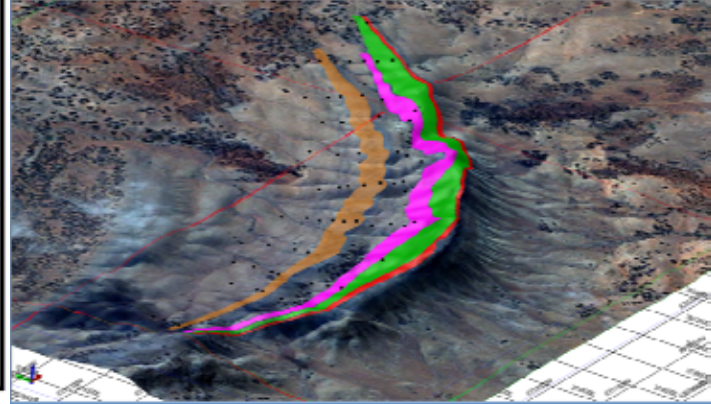
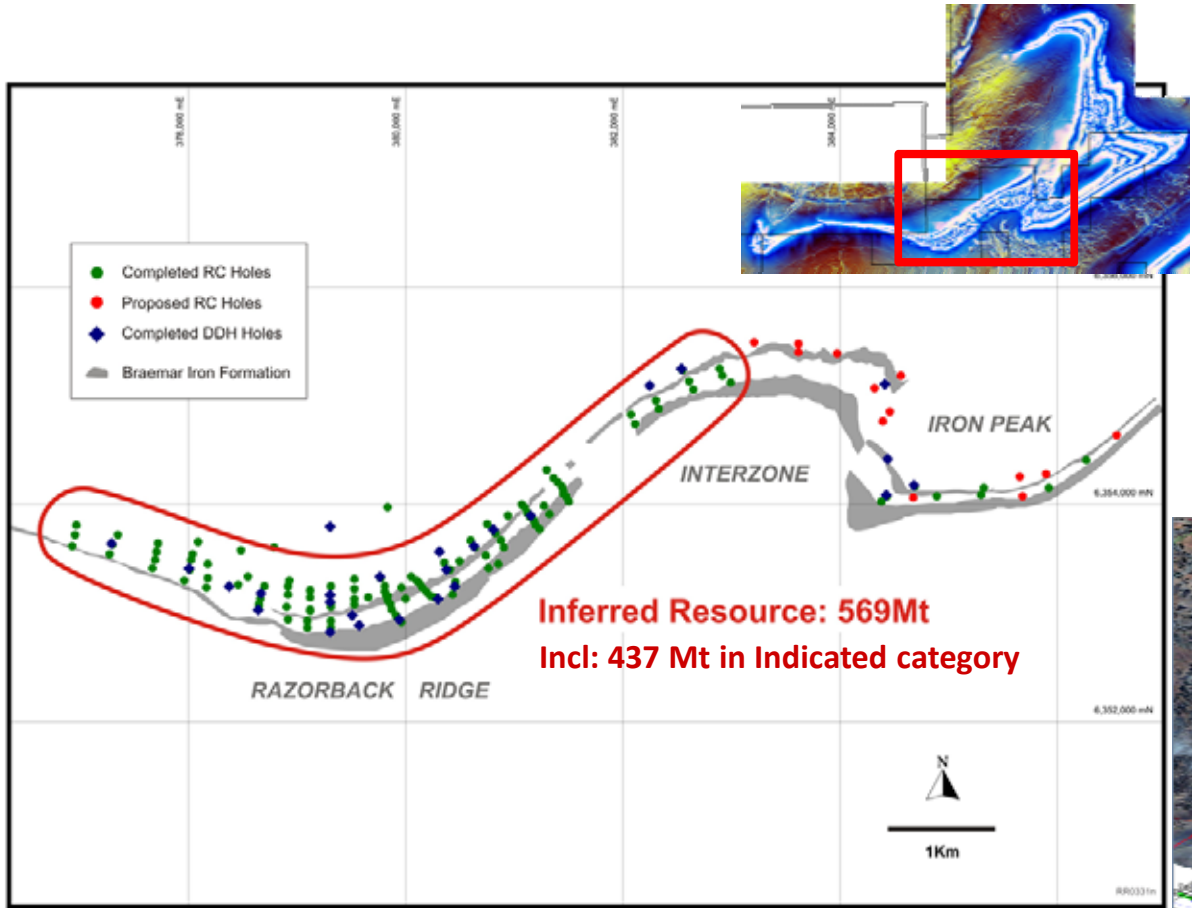


Aeromagnetic image



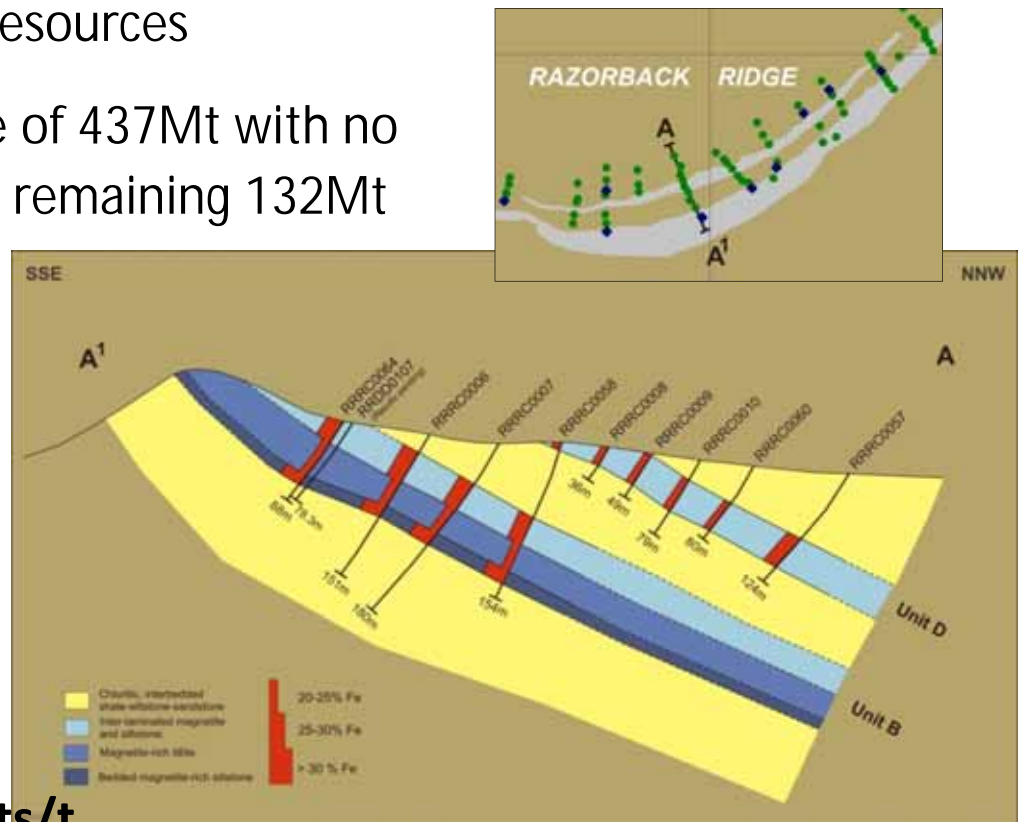
- ✦ 110 strike kilometres of prospective horizon indicating an exploration target of 4.8 to **8.0Bt of iron** at grades of 18 to 45% Fe¹

ONLY 5% STRIKE DRILLED TO DEFINE RESOURCE OF 569MT



INFERRED RESOURCE DEFINED WITHIN 9 MONTHS AND INDICATED RESOURCE WITHIN 18 MONTHS OF PROJECT ACQUISITION

- ✦ 569Mt in JORC-compliant Inferred Resources
- ✦ Conversion to an Indicated Resource of 437Mt with no additional drilling; conversion of the remaining 132Mt is expected
- ✦ Simple regular outcropping geology
- ✦ Very consistent mineralisation
- ✦ Every drill hole defined **4.3Mt** of resources - **30,750 t** with every metre drilled
- ✦ Resource definition cost of **~0.4 cents/t**



RAZORBACK WILL PRODUCE A CLEAN, HIGH VALUE CONCENTRATE

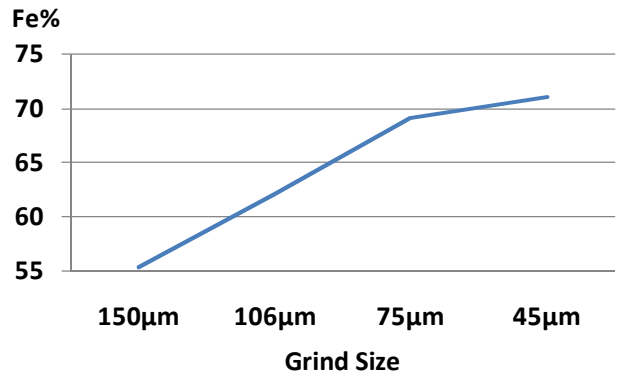


Concentrate size	Fe%	SiO ₂ %	P%	Al ₂ O ₃ %	MgO%	Na ₂ O%	TiO ₂ %	S%
Head grade	28.15	39.20	0.22	6.14	2.56	1.01	0.41	0.012
150µm	59.22	13.47	0.04	1.26	0.52	0.26	0.13	0.006
106µm	62.98	9.72	0.03	0.81	0.35	0.18	0.07	0.005
75µm	68.10	4.28	0.01	0.29	0.16	0.11	0.03	0.003
45µm	70.48	1.73	0.005	0.08	0.07	0.05	0.02	0.004

A premium product (very low alumina, phosphorous and sulphur) is readily achievable.

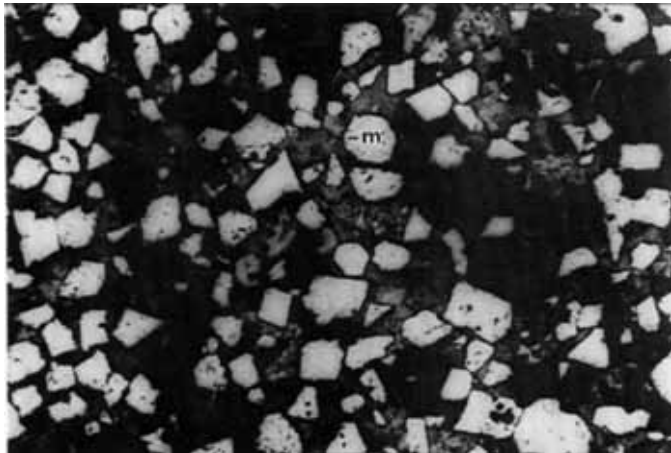
Higher haematite content in parts of the deposit is recoverable at the smaller grind size

Mass Wt recoveries 15 – 20%



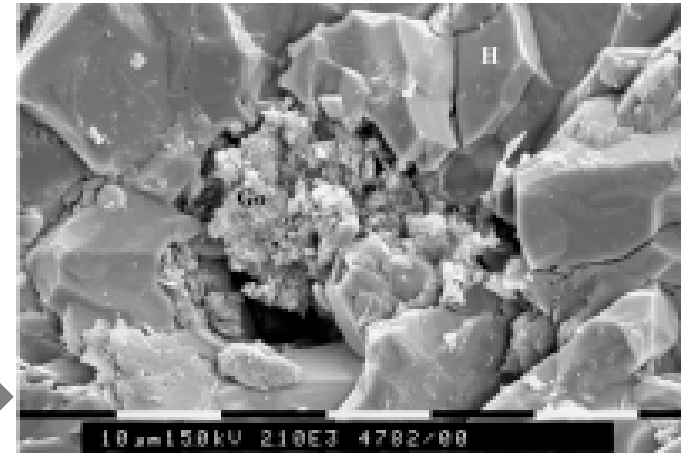
ORE HAS EASY LIBERATION – LOW COST GRINDING

- ✦ Razorback ore is soft - ore breaks along grain boundaries, not across crystal faces
- ✦ Less than half the power needed to crush and grind compared to bif :
<10kWH/t cf >20kWH/t
- ✦ Power costs typically account for around 60% of beneficiation costs, so soft ore is a strong lever for low OPEX



Bedded magnetite

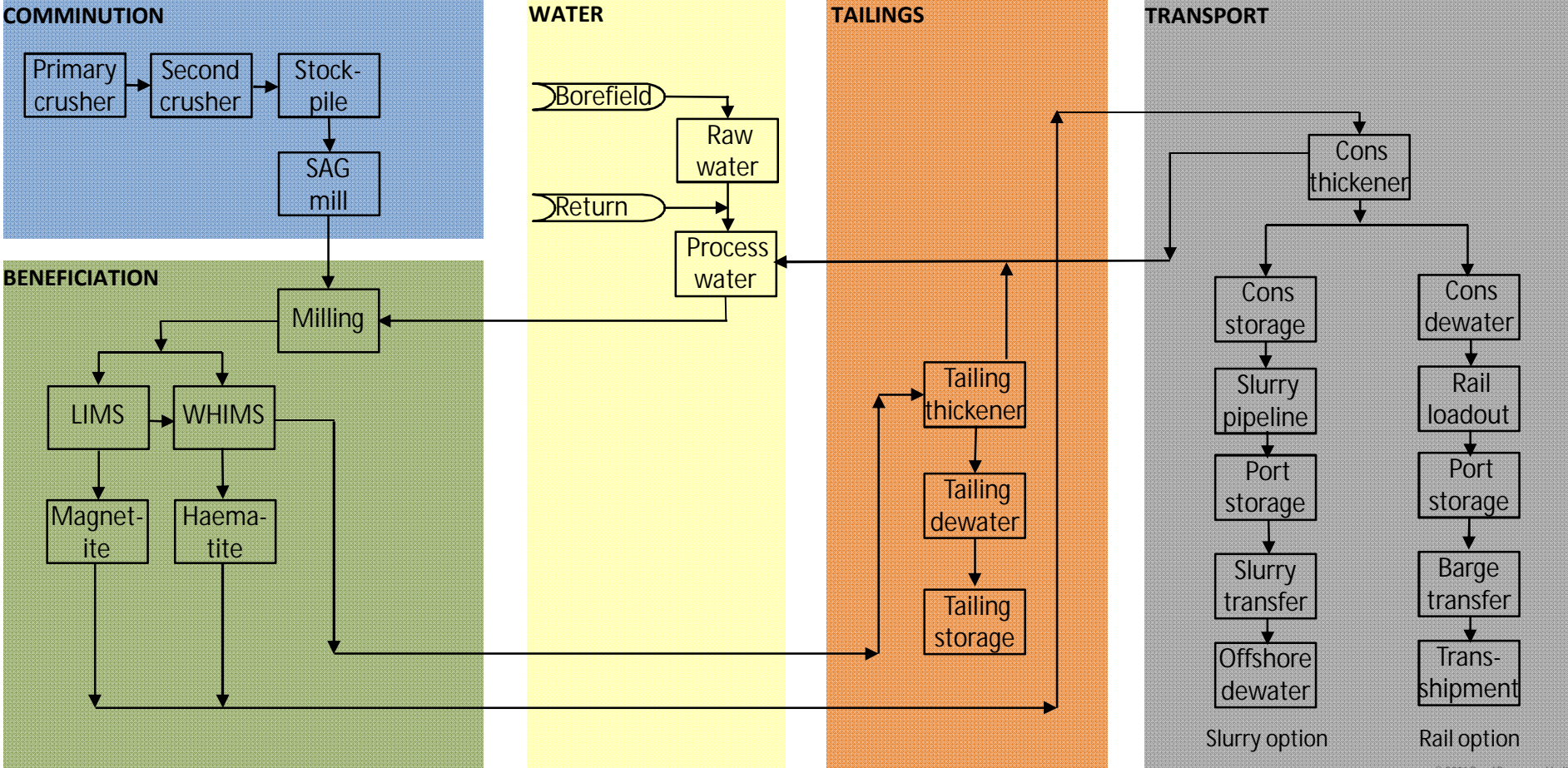
BIF



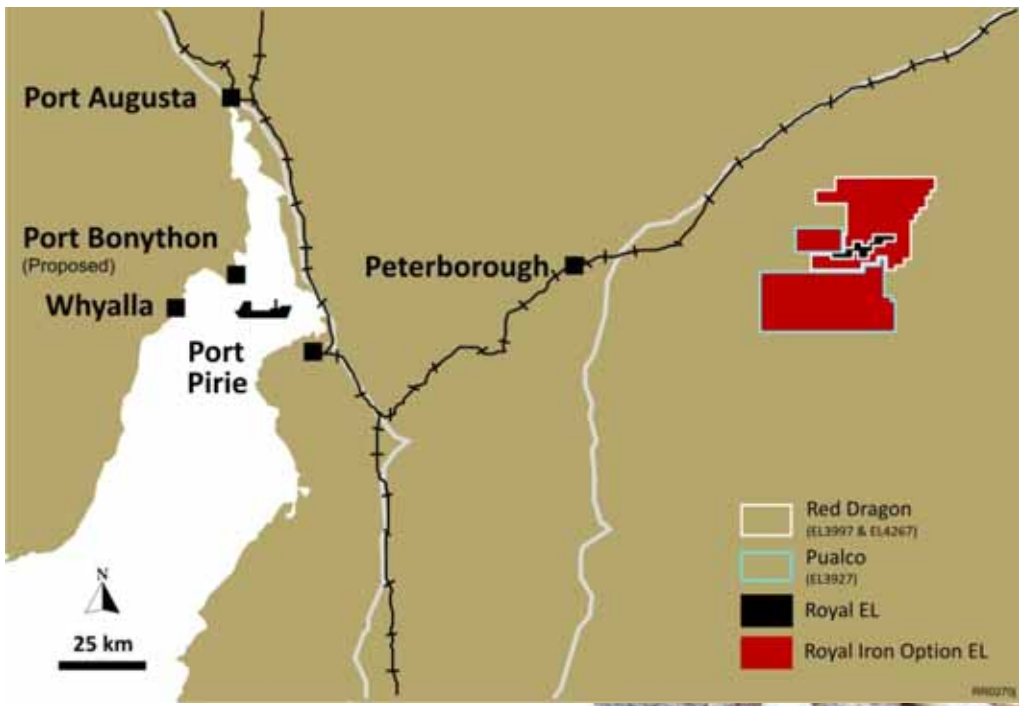


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COMMINUTION & BENEFICATION ARE STANDARD



MULTIPLE OPTIONS FOR TRANSPORT TO THE COAST



✦ Near open-user government-owned railway that:

- is available
- is heavy gauge
- has spare capacity
- has low cartage costs

✦ Slurry pipeline option:

- lower OPEX cost than rail
- lower ancillary CAPEX costs
- opens access to extended coastline



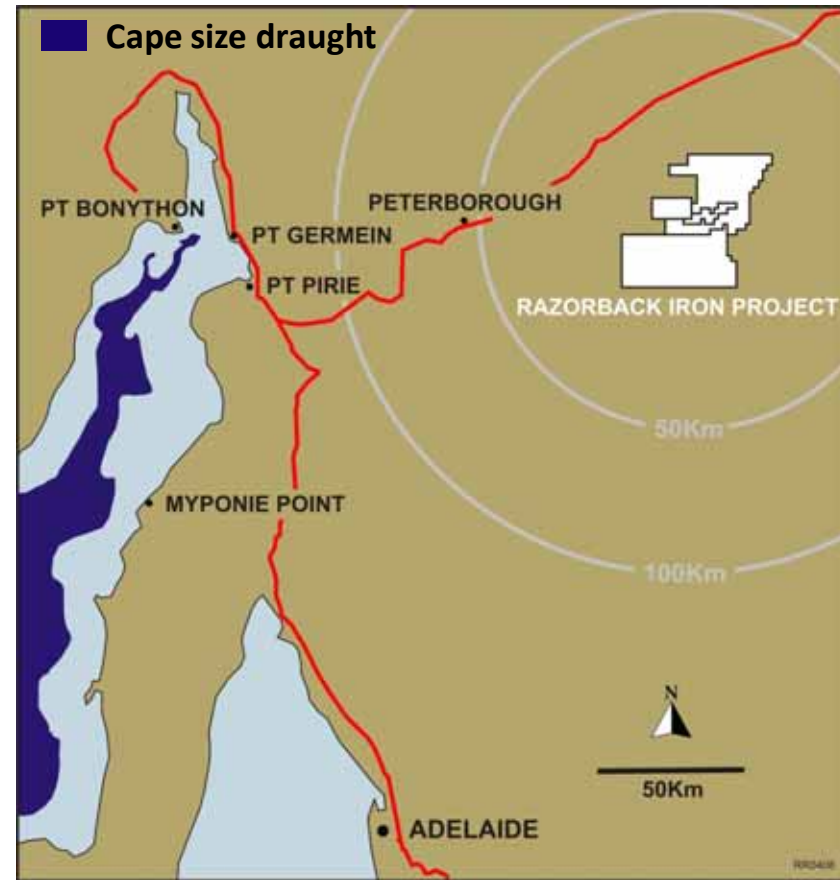
MULTIPLE OPTIONS FOR EXPORT FACILITIES

✦ **MOU with Flinders Ports**, giving access to a choice of two existing, open user ports, and one proposed port:

- Pt Pirie: transshipment (180km)
- Pt Adelaide: in sea containers (390km)
- Proposed Pt Bonython: Cape size (350km)

✦ Low cost, direct slurry loading onto a floating stockpile

- ~20km north of Pt Pirie
- ~80km south of Pt Pirie



SLURRY LOADING ONTO A FLOATING STOCKPILE



- ✦ Low cost alternative to port development
 - Train unloader not required
 - Negative pressure shed not required
 - Conveyor system to wharf not required
 - Circumvents port usage and the attendant charges



- ✦ Cheaper than barge transshipping
- ✦ Lower environmental risk
- ✦ Low bad weather risk
- ✦ Used around the world for coal and oil



MULTIPLE OPTIONS FOR POWER, WATER & ACCOMMODATION

⚡ Power:

- state grid
- gas turbine

⚡ Water:

- Murray Basin groundwater
- coastal desalination plant

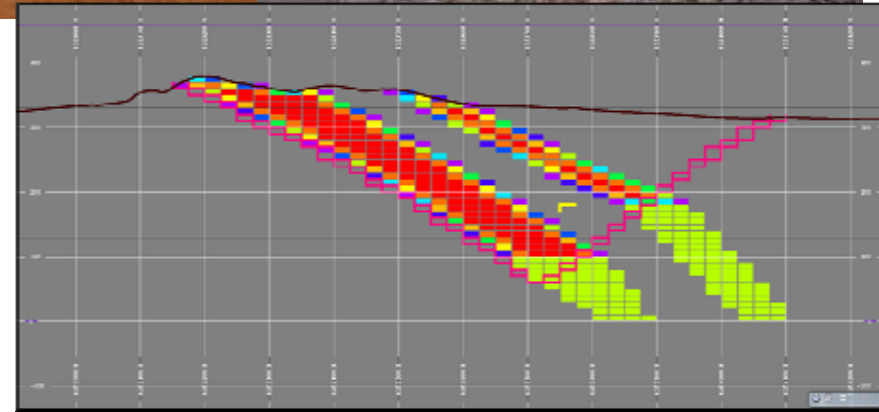
⚡ Accommodation:

- 4 dormitory towns nearby
- mining towns
- Heavy industry towns nearby
- Within 3 ½ hours drive of Adelaide



A LOW COST PRODUCER

- ✦ Low stripping ratio – zero initially
- ✦ Geologically and mineralogically simple and consistent
- ✦ Soft ore suggests it may be amenable to continuous surface mining techniques avoiding the need for drill and blast
- ✦ Soft ore and dry coarse magnetic cobbing will reduce OPEX



ITS NOT ALL JUST ABOUT HEAD GRADE!



		Razorback Iron Project	Typical Australian BIF	Cost benefit to Razorback
Grade	Head Grade, Fe	26%	35%	
	Weight Recovery	20%	40%	
Mining	Strip Ratio	0:1	2:1	
	Rock mined to produce 1t of product	5t	7.5t	\$12.50
Grinding	Ore hardness (kWh/t)	10kWh/t	20kWh/t	
	Ore to crush & grind (t)	3.3	2.5	
	Power cost/t	\$4.36	\$11.20	\$6.84
Infrastructure	Railing cost/t	\$10.00	\$22.00	\$12.00
Razorback Advantage/t				\$31.34

Razorback is capable of delivering low OPEX costs compared to similar sized bif-based resources

- Assumptions
- Razorback grade: JORC Inferred Resource
 - BIF grade: Assumed global average
 - Mining costs: \$5/t assumed
 - Ore hardness: Initial testing, Razorback Fe Tech 2010 for WA bifs
 - Grinding: Assumed 34% nonmagnetic material removed by dry cobbing
 - Power costs: 22.54c/kWh (WA) 13.2c/kWh (SA)
 - Rail costs: Mid West average (WA) Quote (SA)

Verification of parameters through the completion of a PFS are required to verify the conclusions of this table

LOW ENVIRONMENTAL RISK

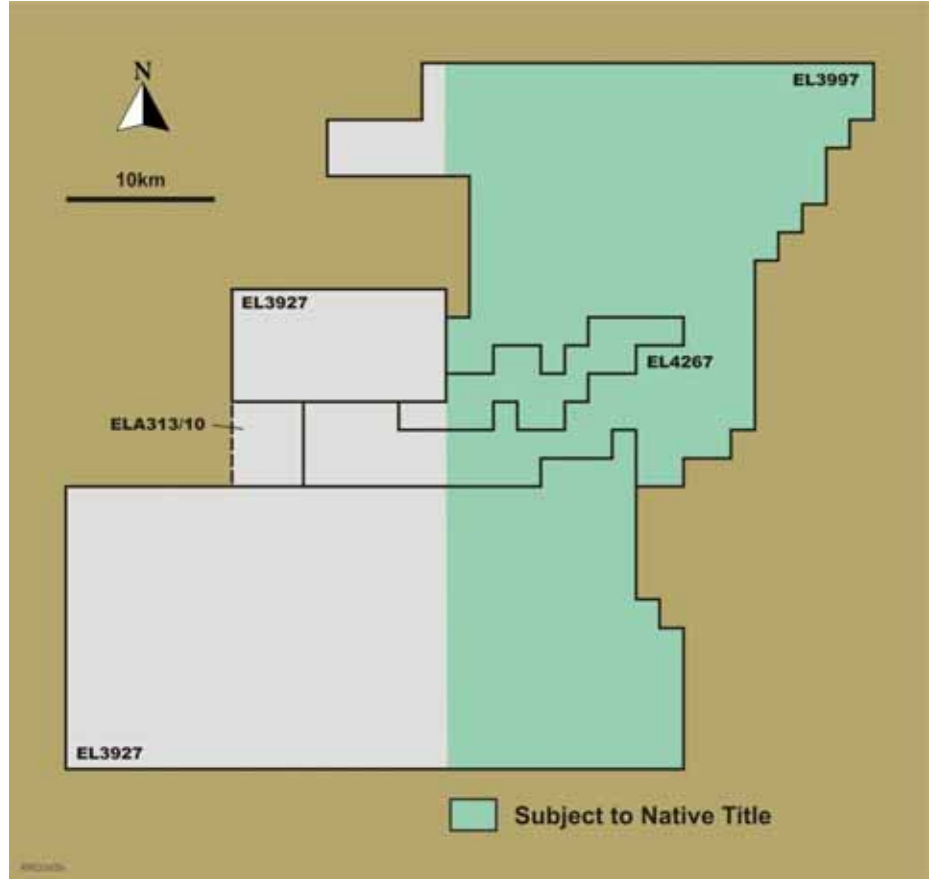


"...no areas that need to be avoided for mining activities because of the presence of significant vegetation, fauna or habitat" Rural Solutions SA, July 2010

AGREEMENT WITH NATIVE TITLE CLAIMANTS IN PLACE



- ✦ Agreement with Ngadjuri on preserving their culture through heritage clearances
- ✦ About half of Royal's holdings have had NT extinguished



SCOPING STUDY FINANCIALS SHOW HIGH VALUE

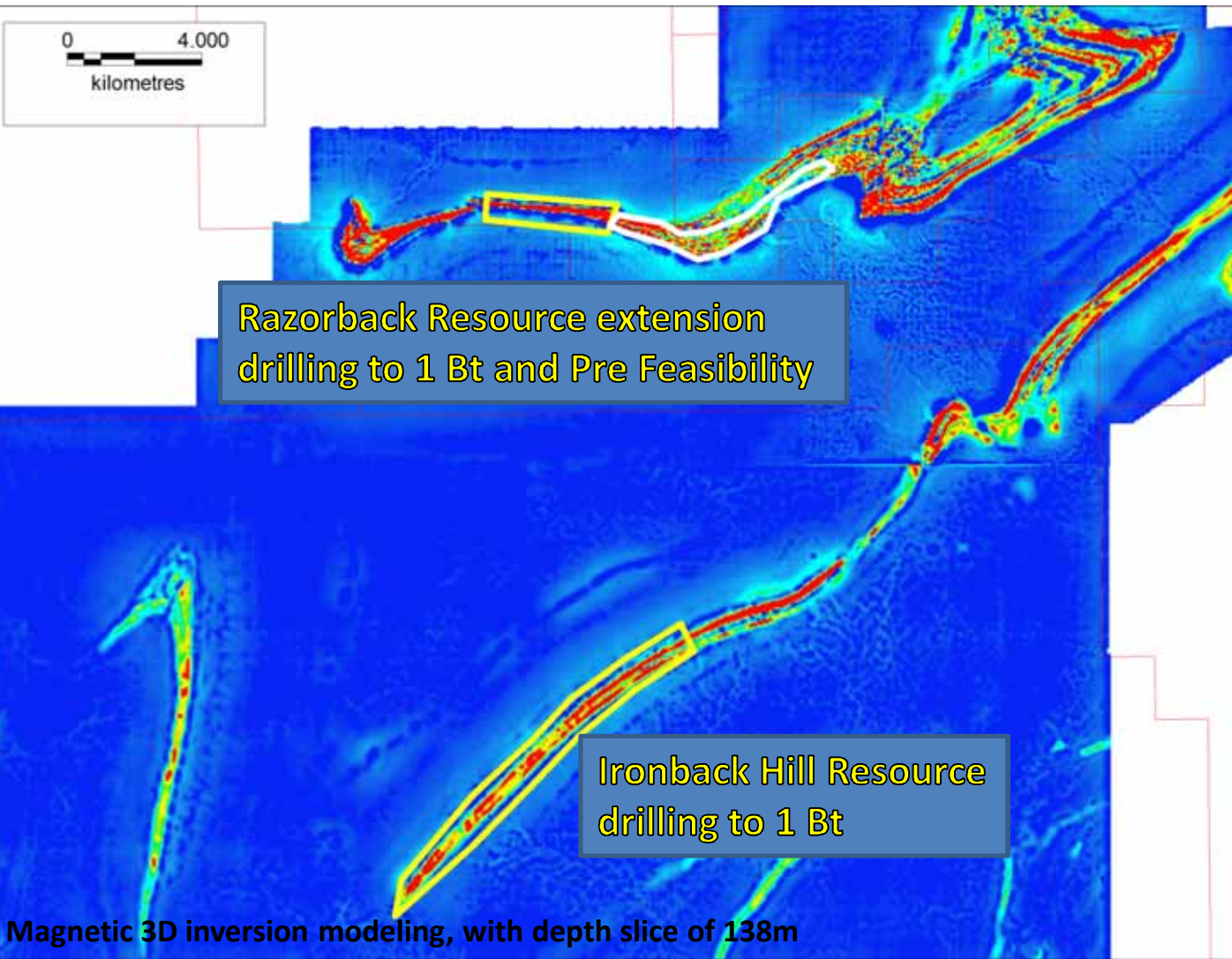


	2.5Mtpa	10Mtpa (4x2.5 units)
CAPEX	\$501 M	\$1,759 M
OPEX	\$67/t	\$59/t
Gearing	70%	70%
Product Price	A\$116/t	A\$116/t
NPV_{10%}	\$406 M	\$2,446 M
IRR	27.3%	38.0%
Mine Life	>100 yrs	>25 yrs



Financial model undertaken by Promet Engineers. 10Mtpa case assumes four 2.5Mtpa modules with only minor site works commonality. Product price includes a US\$5/%Fe/t premium. The Scoping Study model is accurate to within ±50% and should be taken as indicative only. Royal is not responsible for the accuracy of the financial model or the conclusions drawn by the reader.

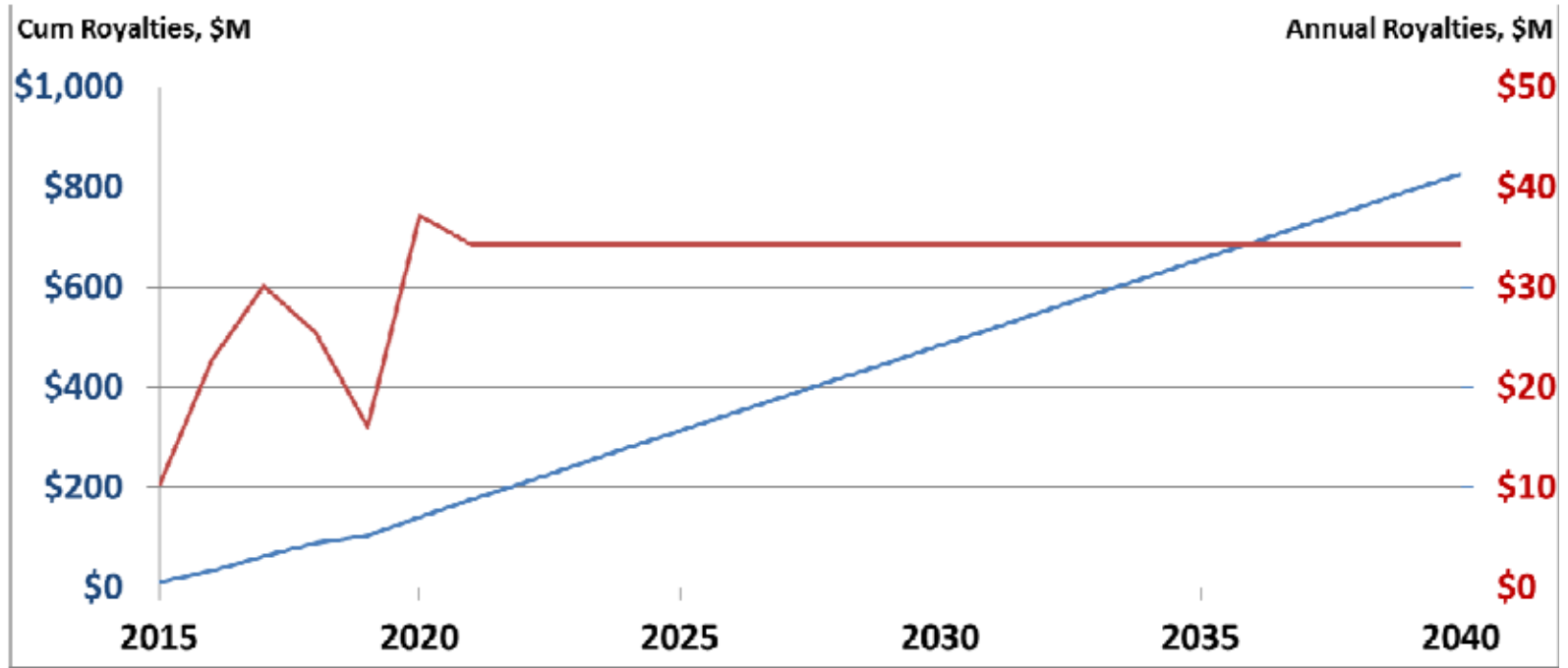
Razorback Project Snapshot of Current Work



ROYALTIES – THE ELEPHANT IN THE ROOM?



- Total SA Mining Royalty for 2009/2010 was \$75 million
- Magnetite Projects will be the most significant contributor in the future



ROYAL SNAPSHOT



Issued Securities

- 305.8 M Fully Paid Shares (ROY)
- 34.7 M Listed Options (Oct '13) (ROYOA)
- 28.0 M Unlisted Options

Share Price at 14/11/11 \$0.15

Market Cap \$46M

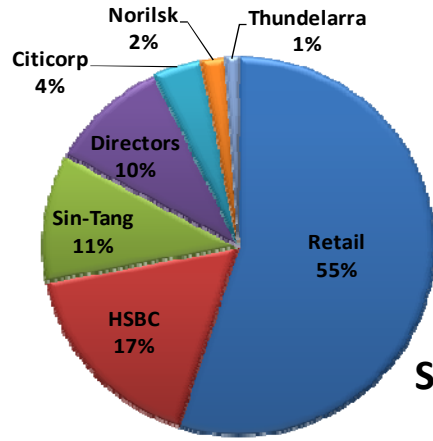
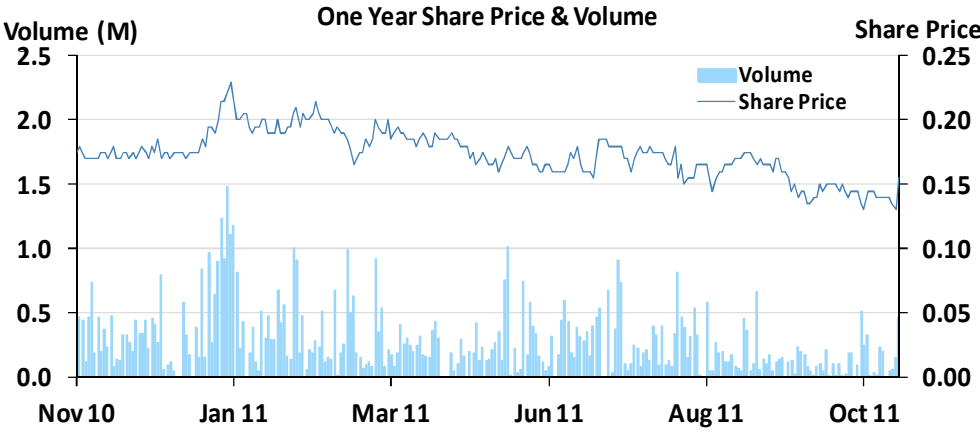
Cash \$8M

Experienced management team:

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

Directors Shareholdings 10%

Top 20 shareholders 52%



Share Structure

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ROY

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