ROYAL

RESOURCES LIMITED

Annual Report

2012

Contents

Dear Shareholders,

Royal Resources Limited (Royal) experienced a very busy 2011 – 2012 financial year and the detail of that activity appears later in this Annual Report, but I would like to remind shareholders of some of our most outstanding achievements during the period.

Our main asset the Razorback Magnetite Iron Project - JORC resources both in the Inferred and Indicated category have now been drilled at the Razorback Ridge Deposit and confirmed an impressive resource in excess of 1.52 Billion tonnes with average grades of 23.3% Fe content.

Other significant events that occurred during the year are as follows:

- The company was able to exit our Pilbara tenements, most of which were stranded, too small and scattered. We were able to put together deals with several companies on favourable terms for cash payment and trailing royalties, giving us a more time to concentrate on our main Razorback project in South Australia.
- In the mid-west region of Western Australia we were able to exit our Warriedar JV tenements, both the iron ore and attached gold rights, for a total of $8 Million in cash. This alleviated the need for us to return to shareholders for extra funding at a critical stage of the drilling program at Razorback.
- The protracted legal case with John Hillam, where Royal was joined in an action with the previous holder of the Razorback Iron Project tenements, was concluded in our favour. This relieved the Company of further executive time in having to defend a matter in which we had no direct involvement or control.
- We successfully finalised the sale of the bulk of our uranium assets in United States (Utah, Colorado and Arizona) to Toronto Venture Exchange (TSXV) listed Aldershot Resources Ltd (ALZ).
- Efforts are being made to sell or find a JV partner for the remainder of our uranium tenements, which are in the Northern Territory of Australia; negotiations continue.
- Work on the PFS study for the Razorback Iron Ore Project has continued during the period and we were able to gain the employment of Mr Andrew Mounas as General Manager - Projects to further the detailed work and studies required with this important study. Andrew brings with him a considerable amount of iron ore experience as he has recently been employed by a number of prominent companies including BHP on a consulting basis for some of their major projects. He is a very welcome addition to our team.

I would like to particularly thank Mr Marcus Flis and his team here in the Perth office for their diligent and accurate work in the management and office administration.

I would also like to acknowledge Dr Gavin England and his team in South Australia who put in a great effort this year at the Razorback project where we have now drilled in excess of 45,000 metres of reverse circulation and diamond drilling since commencement in early 2010.

I would also like to thank my other fellow directors, Mr Frank DeMarte, Mr Mal Randall and Mr Brian Richardson. Until recently Frank was also Royal's Company Secretary, our CFO, Mr Tony Heslop, has since been promoted to that position. Fortunately for us Frank has remained with Royal as a very important non-executive Director and his input is greatly respected. Mal has been of great value to me as a fellow director and his long standing experience in iron ore matters has been of great benefit to the company. During the year Brian resigned from the Company as a Director and I would like to thank him for his input both with myself and with companies associated with me over the past 18 years. He had been a director of Royal Resources since inception in 2004.

Might I conclude by saying that this Razorback project is a very significant discovery and it will impact greatly on the continued financial destiny of South Australia for many years to come.

It is now becoming evident that magnetite of the style that we have which is considerably softer than the banded iron formations that are found in Western Australia and therefore have a much lower power requirement for production - in some cases as low as 50%. This is going to have a big impact on the beneficiation cost of our magnetite ores. A final product grade of around 68% plus will ensure our production will form a sound business in South Australia.

It is with some considerable pride that I'd like to think that our small but very dedicated team is and will make a considerable contribution to the future of the common wealth of Australia. Thank you for your support and we look forward to further, very important developments this coming year.

Yours sincerely,

Phil Crabb

REVIEW OF OPERATIONS

Summary of Highlights

Corporate

- Lodestone Equities Limited bought out the Sin Tang Development Pte Ltd block of shares to become a significant shareholder in Royal
- A capital raising of approximately $3.7 Million was undertaken using Royal's 15% share placement capability. The placement was completed at a 14% premium to the share price at the time. It was made to Lodestone Equities Limited and brings up their ownership in Royal to 19.2%
- Mr Tony Heslop was appointed Company Secretary, replacing Mr Frank DeMarte who remains on Royal's Board as a Non-executive Director
- Brian Richardson resigned as Non-executive Director to pursue other interests
- A strategic decision was made to exit the Pilbara

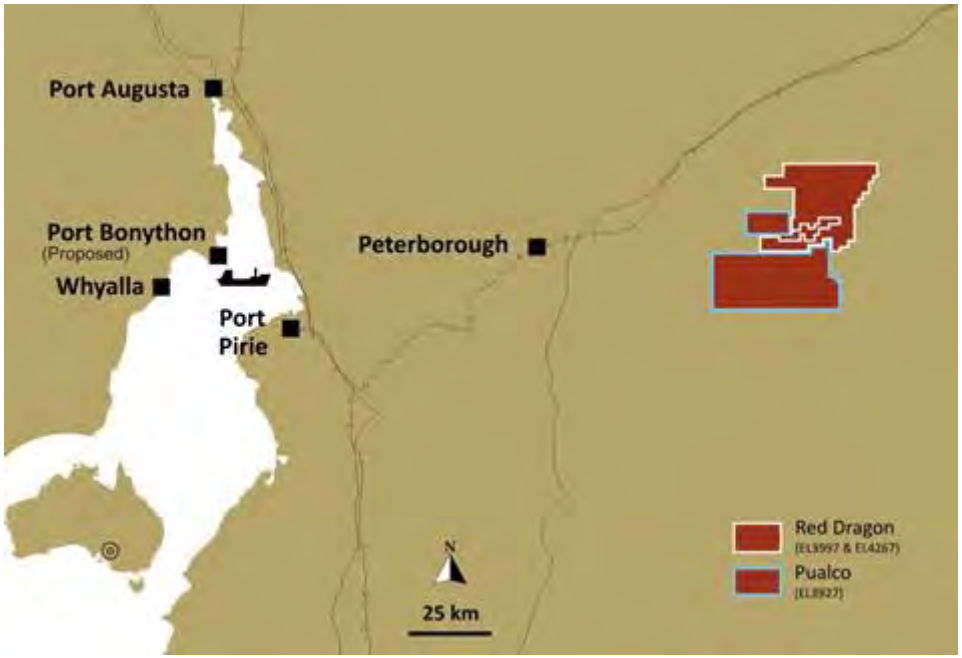
Iron Ore

- The global Mineral Resource for the Razorback Iron Project now stands at 2.18 Billion Tonnes at 21.7% Fe
- Over 30,000 metres of drilling completed at the Razorback Project during the year
- Razorback Ridge Deposit total resource increased to 1500 Million tonnes at 20.9% Fe, including an Indicated Resource of 980 Million tonnes at 21.6% and an Inferred Resource of 520 Million tonnes at 19.6% Fe
- 677Mt at 23.6% Fe maiden Inferred Resource announced for Ironback Hill Prospect, Pualco Project
- Further resource upgrades anticipated for Razorback Ridge and Ironback Hill
- Court action initiated by Mr John Hillam was settled out of court on terms favourable to Royal Resources

Uranium

- 2204 ppm U_3O_8 was intersected in the initial drilling campaign at the Bowerbird Prospect

Figure 1 – Razorback, Project Locations



Exploration Activities

Royal Resources Limited is a mineral exploration company. Our flagship project is the huge South Australian Razorback Iron Ore Project. During the past year, work on this project has morphed from resource definition activities to a Pre-feasibility Study. During that time, Royal has undertaken a controlled exit from the Pilbara, where land holdings and access to infrastructure limit success, and from the Mid West where production time lines were considered to be excessive. Residual holdings in the Yilgarn will continue to be sold off as Razorback crystallises into a proven project. As announced in last year's annual report, Royal's USA uranium holdings were vended into the Toronto Venture Exchange listed company Aldershot Resources Ltd (TSXV:ALZ). Readers are referred to Aldershot's annual report for a summary of activities associated with those properties.

South Australia Iron Ore

Razorback Iron Ore Project

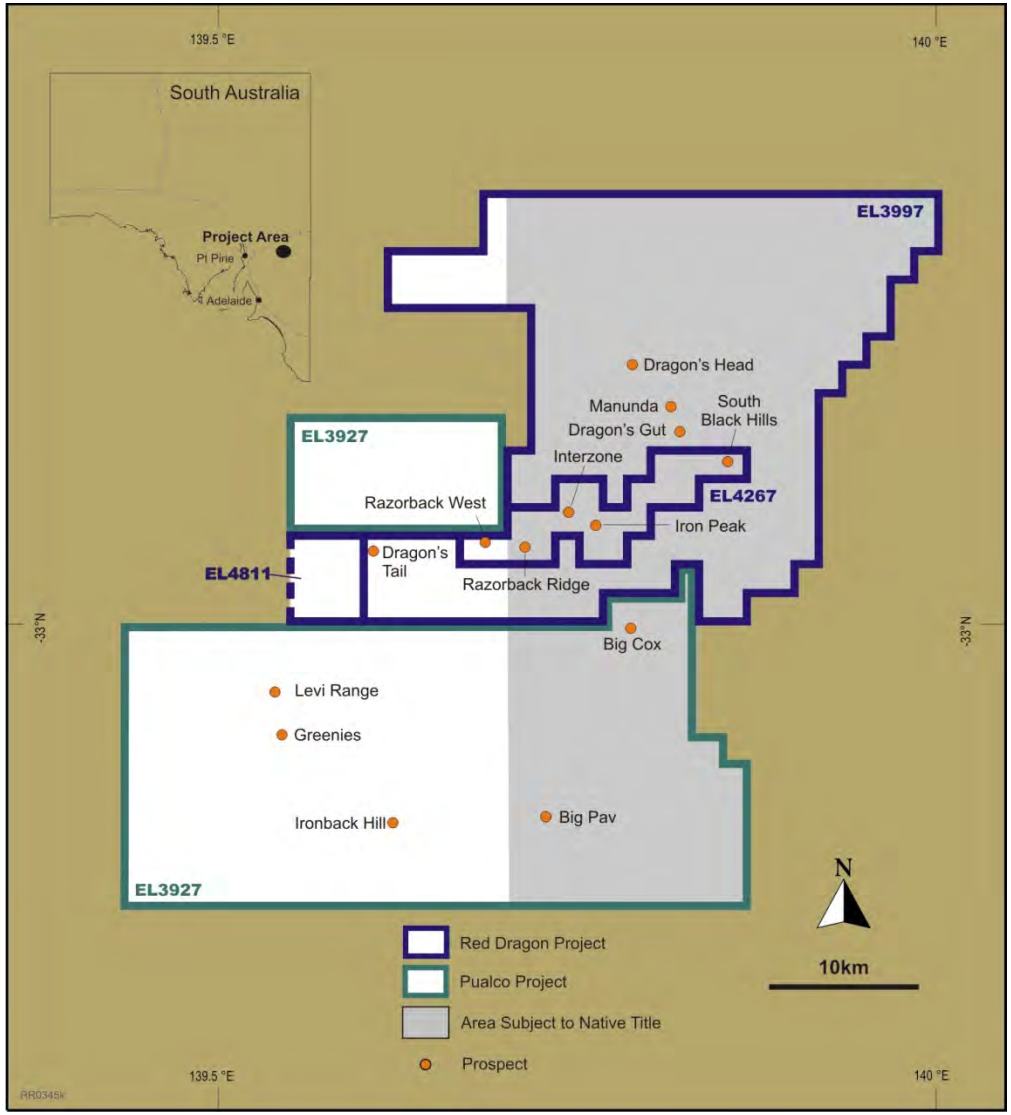
- Red Dragon Project
- Pualco Project

Activities on the Razorback Iron Ore Project over the past year have confirmed substantial resources and the huge potential of Royal's 100% owned emerging iron ore district 240km NNE of Adelaide, South Australia (Figure 1). Drilling to date has shown that the 1,450 square kilometres of exploration tenement under Royal's control can readily deliver the announced exploration target size of 4,800 to 8,000 Million tonnes at grades of 18 to 45% Fe[1]. Surrounded by an infrastructure rich area that has access to nearby existing open user rail, port, power, gas, heavy engineering and dormitory towns, the project is likely to deliver a lower capital intensity project than similar resources in both South Australia or Western Australia.

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 contains the Ironback Hill Prospect (Figure 2). This area contains in excess of 110 strike kilometres of the host Braemar Iron Formation.

Note 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.

Figure 2 – Red Dragon and Pualco Project Locations



REVIEW OF OPERATIONS

Red Dragon Project

Resource definition drilling has rapidly grown the total resources on Red Dragon from an initial Inferred Resource of 277Mt at 26% Fe by August 2010 to the current 1500 Million tonnes at 20.9% Fe of Resources, including 980 Million tonnes at 21.6% Fe in the Indicated Resource category[2] (Table 1). Over 15,000 metres of drilling was completed in Razorback Ridge area between November 2011 and May 2012. This included the drilling of a 2km strike length of the Braemar Iron Formation at the Iron Peak Prospect (Figure 3), for which final assay results are awaited. It is anticipated that once received, the data will add to the current resource. Royal is targeting a resource of 1,000 to 1,200 million tonnes of resources at similar grades[1] to support the Pre-feasibility Study on Razorback Ridge Area which is currently underway.

Figure 3 - Area of Total Resource in the Red Dragon Project

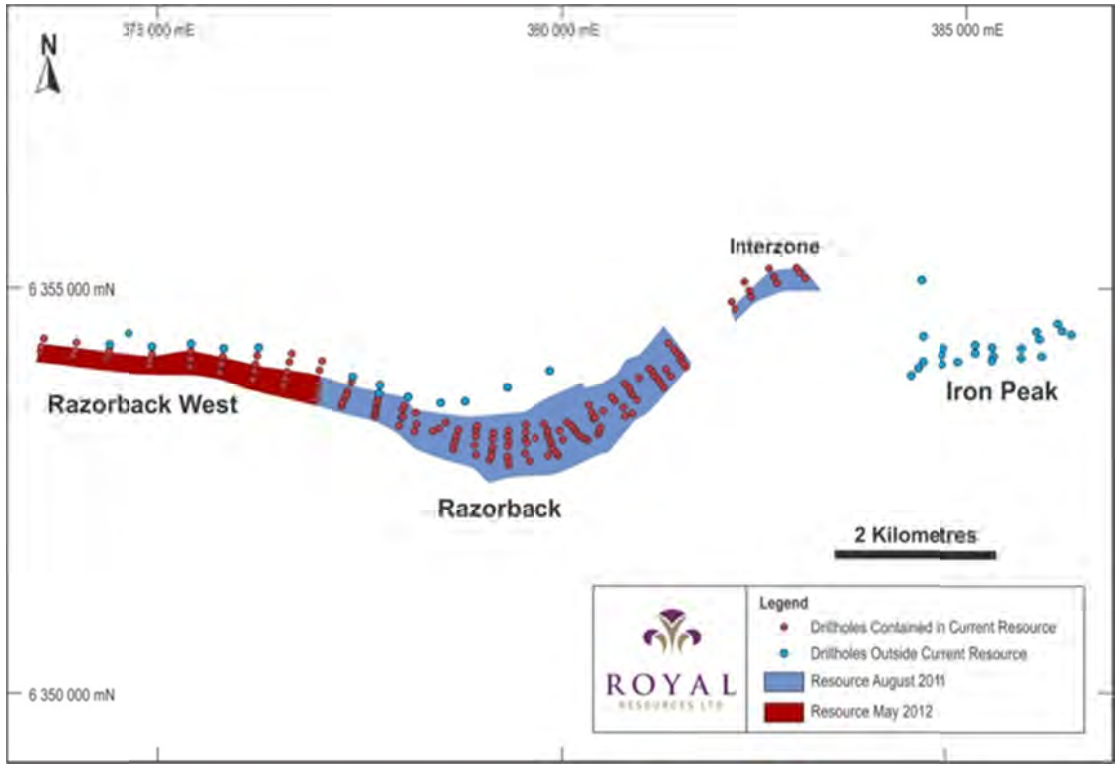


Table 1 - Total JORC compliant Mineral Resource from Razorback Ridge, Razorback West and Interzone

Project	JORC Resource Classification	Million Tonnes	Fe%	SiO_2%	Al_2O_3%	P%
Razorback Ridge	Inferred	591.8	19.6	45.8	7.4	0.25
Razorback Ridge	Indicated	980.3	21.6	42.9	7.0	0.21
	Total*	1,500.0	21.0	44.0	7.1	0.22

*Rounded to second significant number

Other activities completed on Red Dragon in support of resource definition, the PFS, and exploration includes:

- Heritage surveys over the Razorback Ridge, Razorback West and Iron Peak Prospects;
- High resolution geological mapping of Razorback Ridge areas; and
- Exploration drilling with over 1000 metres completed in June 2012, at the Dragon's Head Prospect (Figure 2). Final assays still pending.

A Pre-Feasibility Study initiated early last year is due for completion by the end of 2012. The scope of the PFS has been expanded considerably to include novel transport options that will bring down operating costs substantially. This additional work has extended the time for the PFS to be completed.

Note 2:
ASX Release 22nd August 2012, after financial reporting statement

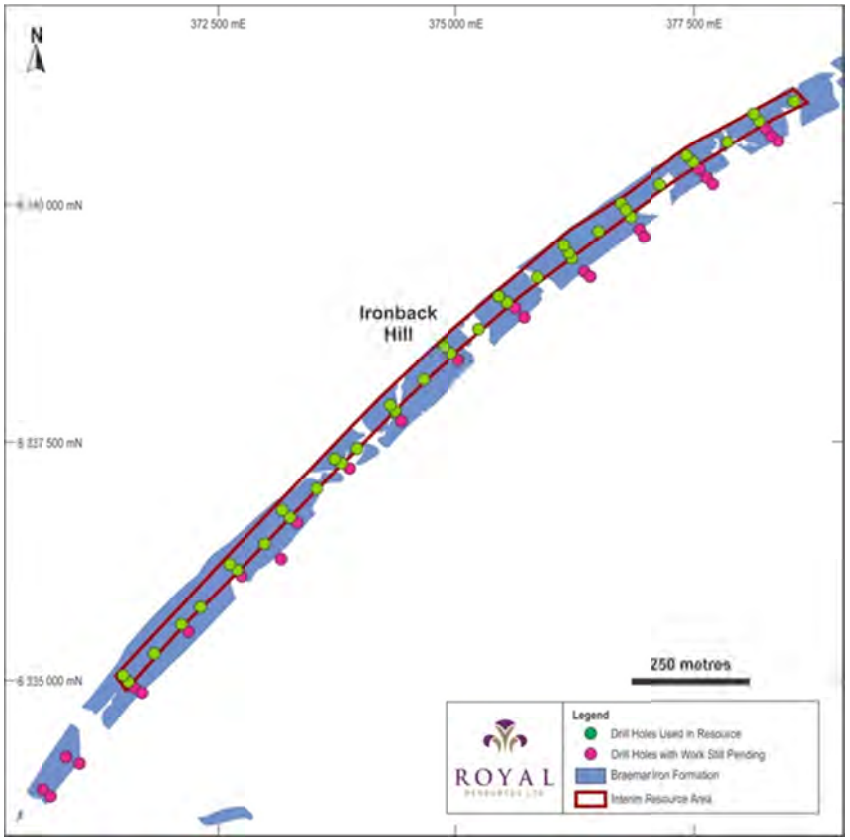
During the year:

- Design and costing work has been undertaken for a slurry pipeline option to transport the magnetite product to the coast at approximately 30% of the cost of using the existing railway line;
- A direct loading of a floating stockpile by slurry pipeline option has been formulated, designed, and costed.

The adoption of this option will dramatically lower operating costs, particularly those associated with the port, and bypass the bottleneck due to the absence of a deep water port in the region;

- Investigations and design work were undertaken into recovering the low grade haematite component of the Razorback ore, potentially increasing mass yields from the ore;
- Investigations into outsourcing power supply were advanced with at least two commercially attractive options being identified; and
- Royal has undertaken investigations into the use of continuous surface miners to further reduce both operating cost and capital cost requirements.

Figure 4 - Area of Total Resource in the Ironback Hill Prospect, Pualco Project



Pualco Project

Ironback Hill Prospect occurs on EL3927, in the Pualco Project (Figure 1). A maiden Inferred Resource of 677 Mt at 23.6 % Fe was announced in May 2012, and represents approximately 9km strike length of the Braemar Iron Formation. This maiden Resource is derived from 37 drill holes drilled to an average depth of 207 metres, with a total of approximately 7,950 metres (Figure 4). Resource modelling confirmed the excellent continuity of the resource.

Table 2 - Razorback Iron Project– JORC Mineral Resources for the Ironback Hill Prospect, Pualco Project

Resource Classification	Million Tonnes	Fe%	SiO_2%	Al_2O_3%	P%
Inferred	677.2	23.6	43.5	7.1	0.20

Over 15,000 metres of drilling was completed during the Reporting Period at Ironback Hill, with work ongoing to finalise the resource definition at Ironback Hill. Completed deeper diamond drilling still has to be added into the resource estimate. It is anticipated that this will provide substantially more tonnage and a final, updated resource estimate will be announced in the near future.

REVIEW OF OPERATIONS

Western Australia Iron Ore

Mid West

- Warriedar Iron Ore Joint Venture
- Fields Find Iron Ore Project
- Tallering Iron Ore Project

Pilbara

- Yarrintree Iron Ore Project
- Marillana Bridge Iron Ore Project
- Perishing Iron Ore Project

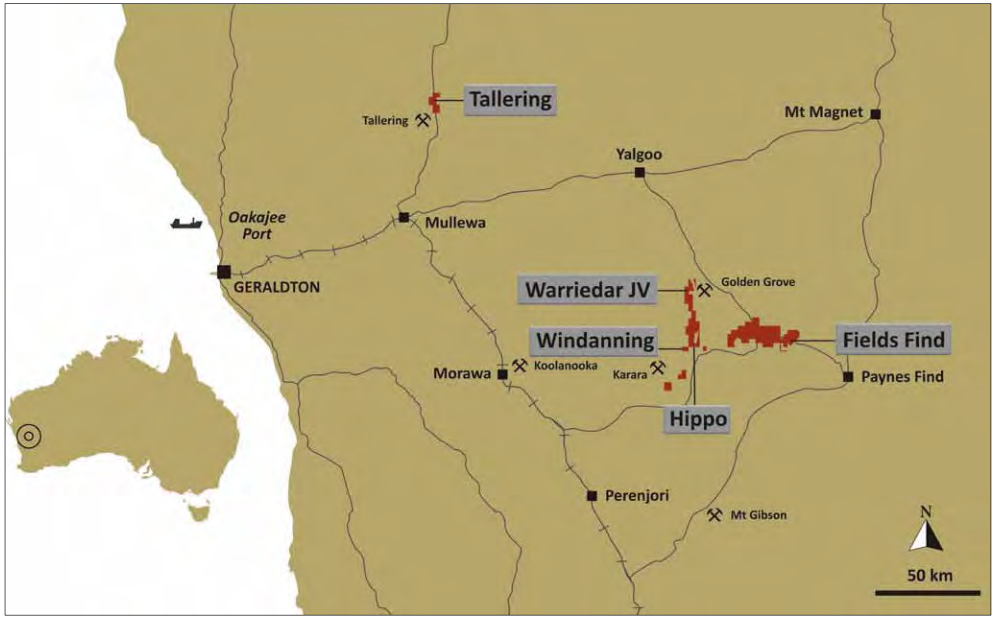
Mid West

Currently Royal holds 8 tenements (100%) covering 218 km^2 in the Mid West plus applications covering 3 Ha (Figure 5). During 2011-12 Royal finalised the sale of its remaining interest in the Warriedar Joint Venture and relinquished the Tallering Project. Royal retains the Fields Find area, a multicommodity project with potential for DSO haematite iron ore and low grade magnetite, with gold and base metals as secondary targets.

Warriedar Iron Ore Joint Venture

At the end of 2011 Royal concluded the sale of the Warriedar Iron Joint Venture to Gindalbie Metals Limited. Gindalbie paid a cash consideration of $7 million for Royal's 40% interest in the iron portion of the JV. In the fourth quarter Royal concluded the sale of its 40% interest in the Warriedar Gold JV to Minjar Gold Pty Ltd for a cash consideration of $1,000,000, excluding GST. This brings the total consideration Royal has received on its exit from the Warriedar JV to $8,000,000.
The sale to Gindalbie Metals Limited included the Windanning and Hippo Projects.

Figure 5 – Midwest Project Locations



Fields Find Iron Ore Project

The project is centred on the surface ironstones and magnetite Banded Iron Formations (BIF) in the area. The Plateau Ironstone Prospect is a DSO haematite/goethite residual deposit developed on top of the mafics and ultramafics of the Fields Find layered intrusion. While of low iron grade, it represents a cheap mining opportunity and may be used to blend with high phosphorous deposits. No work was undertaken on the project during the year and a joint venture partner or outright buyer is being sought.

Tallering Project

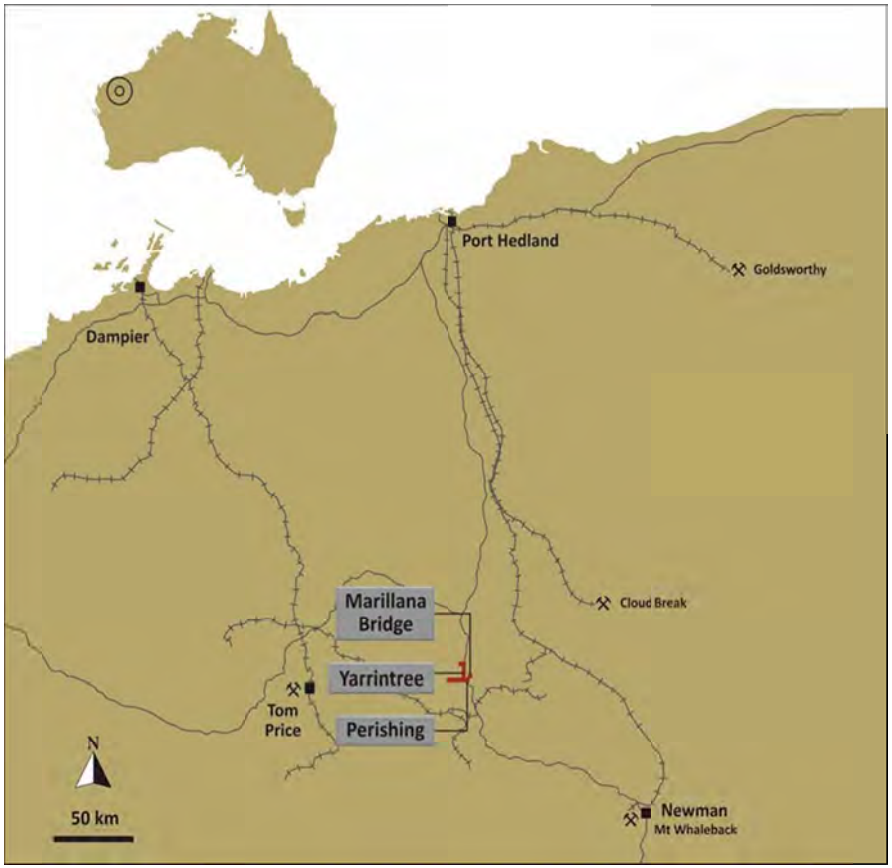
The Tallering Project (E59/1117) was relinquished at the end of 2011 due to a lack of exploration success.

Pilbara

Enterprise Project (Yarrintree-Marillana Bridge-Perishing)

The Enterprise Project (E47/1613, E47/1614, and E47/1927), (Figure 6) was sold to FMG Pilbara Pty Ltd for a cash consideration of $350,000 plus a trailing royalty that starts at 1.5% of the FOB price and diminishes to 0.1% for tonnages over 20 Million tonnes. The sale of these tenements has concluded Royal's exit from the Hamersley Basin. A lack of infrastructure access opportunities, together with insufficient acreage in the Hamersley Basin has seen Royal retreat from the area.

Figure 6 – Pilbara Project Locations



Northern Territory Uranium

Royal retains a portfolio of uranium properties in highly mineralised terrains in the Northern Territory. These properties are held either by Royal or within a joint venture with Toronto Venture Exchange listed Aldershot Resources Ltd (TSXV:ALZ). During the year, Royal has earned a 60% interest in George (EL24550), Waterhouse West (EL24563), ABC (EL24555), and Ngalia EL24571 by solely funding exploration.

The Amangal (EL27354) and Ngalia East (EL29067) tenements will be incorporated into the Aldershot Agreement being within an agreed buffer zone for new acquisitions. The remaining tenements are owned 100% by Royal.

The focussing of work onto Royal's flagship iron ore project in the Razorback Iron Ore Project, exacerbated by the collapse in both the price and interest in uranium, attributable to Japan's Fukashima nuclear power plant incident, has resulted in work on Royal's uranium tenements being substantially curtailed.

Pine Creek Region

- George EL24550 – Pine Creek Orogen*
- Waterhouse West EL24563 – Pine Creek Orogen*
- Amangal EL27354 – Pine Creek Orogen*
- ABC ELA24555 – Southern McArthur Basin*

Ngalia Basin Region

- Ngalia EL24571 – Ngalia Basin*
- Yatjalu EL27633 – Ngalia Basin
- Gum Creek EL27634 – Ngalia Basin
- Yatjalu West EL28700 – Ngalia Basin
- Djambdimba EL28701 – Ngalia Basin
- Ngalia East EL29067 – Ngalia Basin*
- Naburula East EL28986 – Ngalia Basin

*Aldershot JV

REVIEW OF OPERATIONS

Pine Creek

Currently Royal has four tenements in the Top End of the Northern Territory. All are part of the Aldershot Agreement and three are granted.

George and Amangal

George is located 95 km south of Darwin in the Northern Territory immediately southwest of Adelaide River. It covers 84 km^2 and lies within the Pine Creek Orogen, host to the Rum Jungle, South Alligator and East Alligator uranium fields with the historical Rum Jungle Uranium Field 30 km to the north. The tenement contains the historical Adelaide River and George Creek Mines, both developed on vein-style uranium deposits with average mined grades of 0.5% U_3O_8 and 0.26% U_3O_8 respectively. Both have historically defined mineralisation remaining. Previous drilling at Adelaide River returned a best intersection of 7.1m at 0.35% U_3O_8, (7.7 lb/t) including 4m at 0.72% U_3O_8 (15.8 lb/t) and at George Creek a best intersection of 1m at 0.48% U_3O_8 (10.6 lb/t) was obtained.

Drilling during the 2011-2012 period focused on the northern extensions of the George Creek Mine and the Bowerbird Prospect. Drill testing of a surface radiometric anomaly at Bowerbird intersected three thin radioactive zones in hole BBRC002 in siltstone with assays returning 2205 ppm U_3O_8 (22-23m), 777 ppm U_3O_8 (27-28m) and 152 ppm U_3O_8 (32-33m) with elevated base metals. No significant mineralisation was intersected north of the George Creek Mine.

Surface mapping and electrical surveys have identified further drill targets. In particular, the deep-seated Adelaide River Fault is currently being targeted to assess the area for a Ranger Deeps style of mineralisation.

Amangal is a 4 km^2 block on the northern edge of the George Project and covers the anticipated extension of the structure hosting the Adelaide River mine and several strong electrical conductors. Mapping, radiometric, and electrical surveys have been completed and drill targets generated. Drilling to test an EM anomaly intersected minor sulphides and black shales which may explain the anomaly. Wet weather prevented the programme being completed and the interpreted northern extension of the structure hosting the Adelaide River Mine, defined by an electrical survey, has still to be drill tested.

Waterhouse West

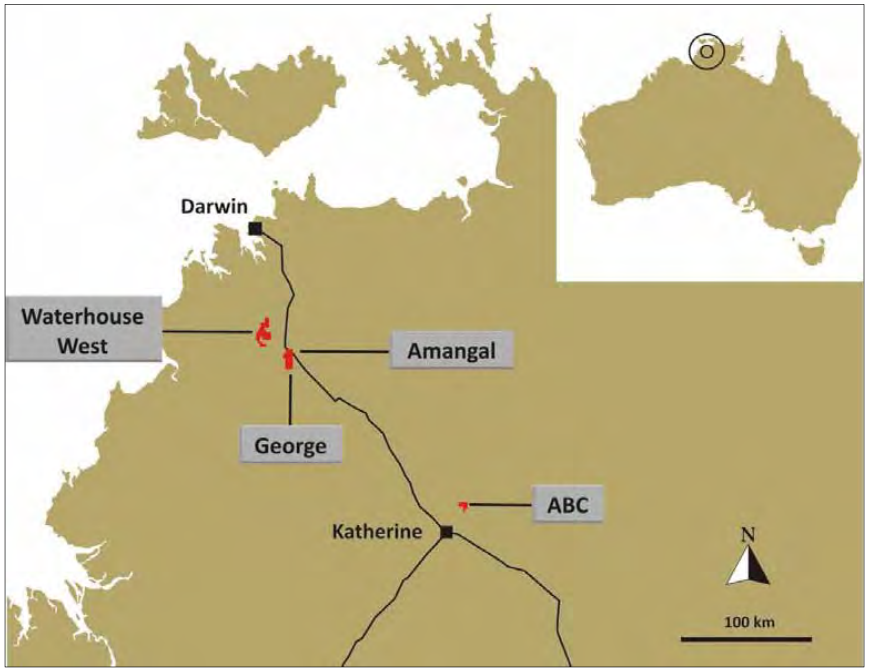
Waterhouse West is in the Rum Jungle Uranium Field and less than 2 km south-west of Rum Jungle Creek South Mine, the largest of the Rum Jungle mines. The tenement covers a 10 km strike length of the highly prospective Coomalie contact and 6 km of the Riverside Anomalous Zone (RAZ) defined by UAL in 1981. The target is unconformity-style uranium.

A small aircore drilling program was commenced during 2011. 33 holes of a planned 50 hole programme were completed before wet weather caused its abandonment. The programme was designed to follow-up anomalous soil assays from 2010. Assays returned up to 90 ppm U_3O_8 with 448 V_2O_5 (WWAC017, 3-4m). The assay results also returned elevated Cu, Pb, As and Zn values.

ABC

ABC is a 37 km^2 application located 16 km to the north-east of the town of Katherine. The target is a vein/unconformity style in the McAddens Creek Volcanic Member of the Kombolgie Sandstone. The prospect was drilled in 1954 by the BMR with intercepts of up to 4.29% e U_3O_8 (95.6 lb/t). Protracted negotiation with the free-hold owners has delayed the assessment of this ground.

Figure 7 – Pine Creek, Northern Territory, Project Locations



Ngalia Basin

Royal has seven tenements covering 611 km^2 in the Ngalia Basin (Figure 8). The Ngalia and Ngalia East tenements are within the Aldershot Heads of Agreement.

The Ngalia Basin is host to the sandstone hosted Bigrlyi uranium deposit. This deposit, owned by Energy Metals Ltd, Paladin Energy Ltd, and Southern Cross Exploration NL, has an Inferred and Indicated Resource of around 9,300t at 0.14% U_3O_8. Royal is targeting repetitions of the Bigrlyi style mineralisation, structure related mineralisation and palaeochannel hosted mineralisation.

Ngalia, Ngalia East

The Ngalia tenement (210 km^2) lies 45 km along strike to the southwest of Bigrlyi, covering a 28 km strike of the concealed but prospective Mt Eclipse Sandstone (Figure 8). The Ngalia East tenement (38 km^2) covers a small interpreted palaeochannel.

At Ngalia, rehabilitation of areas of previous drilling was completed and follow up of the remaining airborne anomalies was undertaken. No significant anomalism was detected and a soil survey was initiated over sand covered areas. Assays returned up to 182 ppb U over an average of 41 ppb U. A gravity survey is planned for the Ngalia East tenement to better define the palaeochannel in preparation for drill testing.

Yatjalu, Yatjalu West, Djambdimba and Gum Creek

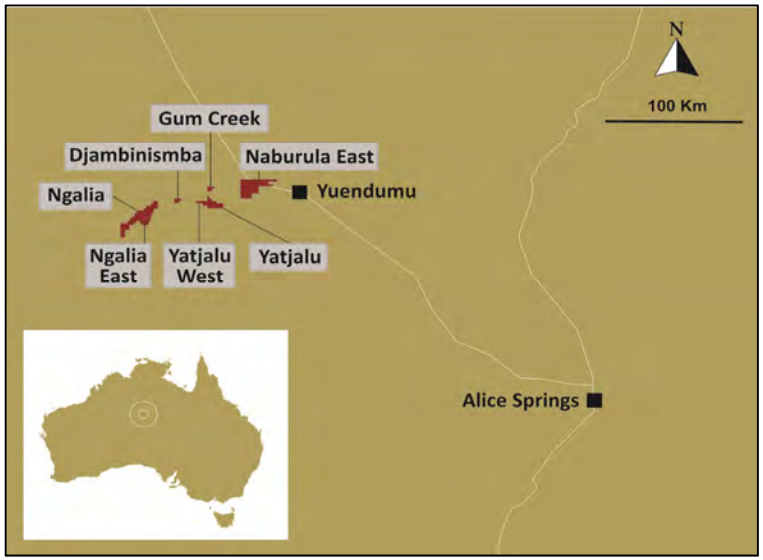
The Yatjalu (67 km^2) and Gum Creek (16 km^2) tenements were acquired by Royal during 2010 and the Yatjalu West (22 km^2) and Djambdimba (16 km^2) tenements during 2011. These areas occur in the Ngalia Basin to the south of the Bigrlyi Deposit. All the tenements cover the prospective Mt Eclipse Sandstone or buried palaeochannels.
A gravity survey over the Yatjalu tenement during 2011 outlined a potential Tertiary channel (Figure 9).

Two drilling campaigns were completed on the Yatjalu project in 2011. The first tested the interpreted palaeochannel near the southern margin of the tenement.

Drilling confirmed the presence of the channel but no significant uranium mineralisation was intersected. The second campaign tested the Yuendumu Thrust within the Mt Eclipse Sandstone. Although the structure was intersected by the drilling, there was no associated uranium mineralisation.

During 2012 a soil survey was conducted over selected sections of the palaeochannel in the Yatjalu and Yatjalu West tenements to target areas for future drilling. No significant uranium anomalies were detected. Further drill testing is planned along the channel to identify mineralised areas.

Figure 8 – Ngalia Basin, Northern Territory, Project Locations



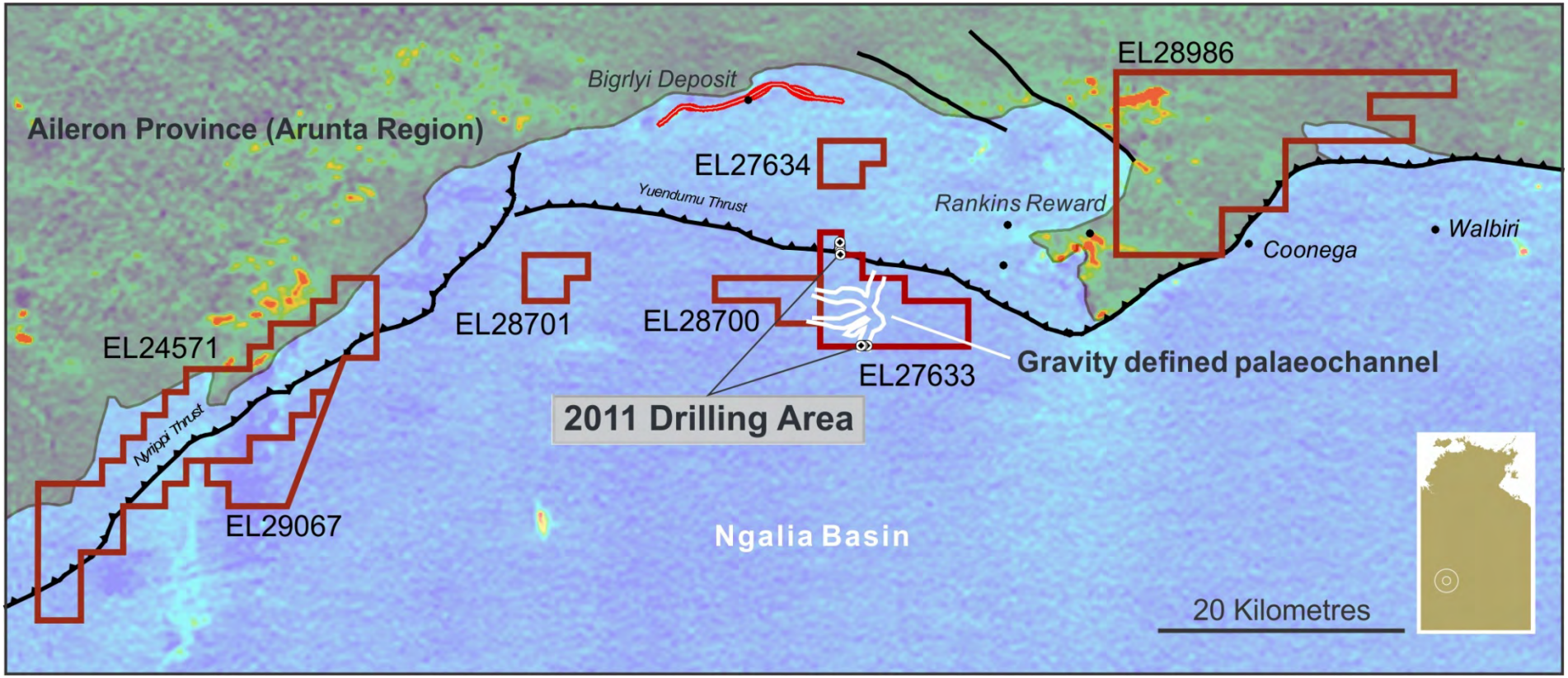
Yatjalu, Yatjalu West, Djambdimba and Gum Creek *continued*

Once access agreements are finalised more significant programs can be undertaken. Currently reconnaissance and radiometric surveys are programmed for the Gum Creek and Djambdimba projects with gravity surveys are programmed for the Yatjalu West and Ngalia East projects to define the palaeochannels prior to drill testing.

Naburula East

The Naburula East tenement (242 km^2) is about 40 km west of Yuendumu, but unlike the preceding projects, is on the southern boundary of the Arunta Complex where it abuts the Ngalia Basin.
Well defined uranium airborne anomalies are evident on the airborne radiometric data. These anomalies are also associated with structures that extend into Ngalia Basin sediments which have coincidental uranium occurrences, namely Coonega and Rankin's Reward (Figure 9). Future field work will concentrate on ground checking these anomalies and developing programmes to test them. As with the other projects Royal holds within the Ngalia Basin, field work will commence once access agreements are finalised.

Figure 9 – Geology over radiometrics (U^2/Th)



Western Australia Gold

Royal's holdings in WA include two areas, the Fields Find area which is a multi-commodity project area where Royal has previously been focusing on iron ore and the Watertank Project in the Eastern Goldfields which is a gold project.

Mid West

Fields Find Project

The project area, consisting of eight tenements (218 km^2) plus 3 applications (2.2 km^2), including 2 mining lease applications for dimensions stone which are covered by an Agreement with Australian Gemstone Resources ("AGR"), is located ~360 km northeast of Perth. The area contains the historic Fields Find goldfield and the Baron Rothschild gold deposit with an Inferred Resource of 825,962 tonnes at 2.43g gold for 64,590 ounces. The resource is considered too small to sustain a standalone operation.

An ongoing review of historic data identified areas where anomalism was untested or incompletely tested and warranted further work. Reconnaissance mapping, soil sampling and ground geophysical (EM) surveys were carried out over identified targets. Three areas, including the historic Warriedar-Cu mine where the EM survey identified a conductor, have been selected for drill testing and approvals have been obtained. Royal is currently waiting for heritage clearances to be undertaken. A buyer is being sought.

Eastern Goldfields

Water Tank Gold Project

Royal holds 3 Prospecting Licences (100%) covering 3.5 km^2 in an area less than 10 km from the Norseman gold mine. Previous drilling returned results of 1m at 12.4 g/t Au at the Empire Rose Prospect, an extensive zone of 1 to 3 m of 2.05 to 2.46 g/t Au. A buyer is being sought.

CORPORATE GOVERNANCE STATEMENT

Royal Resources Limited ("the Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement.
Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("principles & recommendations"), the company has followed each recommendation where the board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the company's corporate governance practices follow a recommendation, the board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the company's corporate governance practices depart from a recommendation, the board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Disclosure of Corporate Governance Practices

Summary Statement

	ASX P & R[1]	If not, why not[2]
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 1.3[3]	n/a	n/a
Recommendation 2.1		✓
Recommendation 2.2		✓
Recommendation 2.3	✓	
Recommendation 2.4		✓
Recommendation 2.5	✓	
Recommendation 2.6[3]	n/a	n/a
Recommendation 3.1	✓	
Recommendation 3.2		✓
Recommendation 3.3	n/a	n/a
Recommendation 3.4	✓	
Recommendation 3.5[3]	n/a	n/a
Recommendation 4.1	✓	
Recommendation 4.2		✓
Recommendation 4.3	✓	
Recommendation 4.4[3]	n/a	n/a
Recommendation 5.1	✓	
Recommendation 5.2[3]	n/a	n/a
Recommendation 6.1	✓	
Recommendation 6.2[3]	n/a	n/a
Recommendation 7.1	✓	
Recommendation 7.2	✓	
Recommendation 7.3	✓	
Recommendation 7.4[3]	n/a	n/a
Recommendation 8.1	✓	
Recommendation 8.2	✓	
Recommendation 8.3	✓	
Recommendation 8.4[3]	n/a	n/a

Note 1 Indicates where the company has followed the principles & recommendations.
Note 2 Indicates where the company has provided "if not, why not" disclosure.
Note 3 Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

Website Disclosures

Further information about the company's charters, policies and procedures may be found at the company's website at www.royalresources.com.au, under the section marked corporate governance. A list of the charters, policies and procedures which are referred to in this corporate governance statement, together with the recommendations to which they relate, are set out below.

Charters	Recommendation(s)
Board	1.3
Audit committee	4.4
Nomination committee	2.6
Remuneration committee	8.4

Policies and procedures	
Policy and procedure for selection and (re)appointment of directors	2.6
Process for performance evaluation	1.2, 2.5
Policy on assessing the independence of directors	2.6
Policy for trading in company securities (summary)	
Code of conduct (summary)	3.1
Policy on ASX listing rule compliance (summary)	5.1, 5.2
Compliance procedures (summary)	
Procedure for selection, appointment and rotation of external auditor	4.4
Shareholder communication policy	6.1, 6.2
Risk management policy (summary)	7.1, 7.4

Disclosure – Principles & Recommendations

The company reports below on how it has followed (or otherwise departed from) each of the principles & recommendations during the 2011/2012 financial year ("Reporting period").

Principle 1 – Lay Solid Foundations for Management and Oversight

Recommendation 1.1:
Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

Disclosure:
The company has established the functions reserved to the board and has set out these functions in its board charter. The board is collectively responsible for promoting the success of the company through its key functions of overseeing the management of the company, providing overall corporate governance of the company, monitoring the financial performance of the company, engaging appropriate management commensurate with the company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The company has established the functions delegated to senior executives and has set out these functions in its board charter. Senior executives are responsible for supporting the managing director and assisting the managing director in implementing the running of the general operations and financial business of the company, in accordance with the delegated authority of the board.

Senior executives are responsible for reporting all matters which fall within the company's materiality thresholds at first instance to the managing director or, if the matter concerns the managing director, then directly to the chair or the lead independent director, as appropriate.

Recommendation 1.2:
Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:
The Managing Director is responsible for evaluating the senior executives. The Managing Director undertakes an annual performance evaluation of senior executives. This evaluation is conducted at the time of a senior executive's annual remuneration review, and involves an interview with the Managing Director to discuss key performance indicators. The Managing Director also evaluates the performance of the senior executives on an ongoing basis via informal discussions with senior executives about performance. The performance evaluations of senior executives are undertaken by the managing director on an annual basis.

Recommendation 1.3:
Companies should provide the information indicated in the *guide to reporting on principle 1*.

Disclosure:
Evaluation of the senior executives took place in the Reporting Period as part of their annual performance review.

Please refer to the previous section marked website disclosures.

Principle 2 – Structure The Board to Add Value

Recommendation 2.1:
A majority of the board should be independent directors.

Notification of departure:
During the Reporting Period the board of five had two independent directors, Malcolm Randall and Brian Richardson.

Mr Richardson resigned on 29 June 2012.

The executive directors of the board were Marcus Flis and Frank DeMarte.

Mr DeMarte resigned as company secretary on 16 April 2012. Mr DeMarte remains a director but is not independent because he has been an executive of the company within the last three years. The other non executive director is Philip Crabb, who due to his share holding in the company is not considered to be independent.

Explanation for departure:
The board considers that its composition is appropriate given the current size and operations of the company. The board believes that each of the directors possesses the appropriate mix of skills and expertise relevant to the company's business.

DISCLOSURE – PRINCIPLES & RECOMMENDATIONS *CONTINUED*

Recommendation 2.2:
The chair should be an independent director.

Notification of departure:
During the Reporting Period, the chair was Philip Crabb who is not an independent director.

Explanation for departure:
The board believes that Philip Crabb is the most appropriate person for the position of chair because of his industry experience and knowledge. Philip Crabb and his associate's substantial shareholding is the only factor that precludes him from being considered independent. The board believes that Philip Crabb makes decisions that are in the best interests of the company.

Recommendation 2.3:
The roles of the chair and chief executive officer should not be exercised by the same individual.

Disclosure:
The managing director is Marcus Flis who is not chair of the board.

Recommendation 2.4:
The board should establish a nomination committee.

Notification of departure:
The company has not established a separate nomination committee.

Explanation for departure:
The role of the nomination committee is carried out by the full board. The board considers that given the current composition of the board, at this stage no efficiencies or other benefits would be gained by establishing a separate nomination committee. Items that are usually required to be discussed by a nomination committee are marked as separate agenda items at board meetings when required. When the board convenes as the nomination committee it carries out those functions which are delegated in the company's nomination committee charter. The board deals with any conflicts of interest that may occur when convening in the capacity of nomination committee by ensuring the director with conflicting interests is not party to the relevant discussions.

Recommendation 2.5:
Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

Disclosure:
The Chair is responsible for evaluating the Board and, when appropriate, Board committees and individual directors. The Nomination Committee is responsible for evaluating the Managing Director. The process for the performance evaluations includes questionnaires and interviews with each Director to discuss this assessment.

Recommendation 2.6:
Companies should provide the information indicated in the *guide to reporting on principle 2*.

Disclosure:
Skills, experience, expertise and term of office of each director
A profile of each director containing their skills, experience, expertise and term of office is set out in the directors' report.

Identification of independent directors
During the Reporting Period, the independent directors of the Company were Malcolm Randall and Brian Richardson. These directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Independence is measured having regard to the relationships listed in box 2.1 of the principles & recommendations and the company's materiality thresholds. The materiality thresholds are set out below.

Company's materiality thresholds
The board has agreed on the following guidelines for assessing the materiality of matters, as set out in the company's board charter:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net assets.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.

Disclosure – Principles & Recommendations *continued*

- Items are also material if they impact on the reputation of the company, involve a breach of legislation, are outside the ordinary course of business, they could affect the company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Statement concerning availability of independent professional advice

To assist directors with independent judgement, it is the board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the chair, the company will pay the reasonable expenses associated with obtaining such advice.

Nomination matters

No meetings were held by the full board in its capacity as the nomination committee during the Reporting Period.
The explanation for departure set out under recommendation 2.4 above explains how the functions of the nomination committee are performed.

Performance evaluation

During the Reporting Period the board completed a comprehensive questionnaire to evaluate the board's performance as the governing body of the company. The evaluation of the managing director took place in accordance with the process disclosed at recommendation 2.5.

Selection and (re)appointment of directors

In determining candidates for the board, the nomination committee (or equivalent) follows a prescribed procedure whereby it considers the balance of independent directors on the board as well as the skills and qualifications of potential candidates that will best enhance the board's effectiveness.

The board recognises that board renewal is critical to performance and the impact of board tenure on succession planning. Each director other than the managing director, must not hold office (without re-election) past the third annual general meeting of the company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the company. At each annual general meeting a minimum of one director or a third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

Principle 3 – Promote Ethical and Responsible Decision - Making

Recommendation 3.1:

Companies should establish a code of conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating of unethical practises.

Disclosure:

The company has established a code of conduct as to the practices necessary to maintain confidence in the company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 3.2:

Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

Notification of departure:

During the Reporting Period, the company did not establish a policy concerning diversity. The board intends to establish a policy concerning diversity in the 2012/2013 financial year.

Disclosure – Principles & Recommendations *continued*

Explanation for departure:
The Company has not established a diversity policy but is actively managing diversity by recognising and utilising the contribution of diverse skills and talent from its directors, officers and employees. The Company encourages diversity in employment, and in the composition of its Board, as a means of ensuring the Company has an appropriate mix of skills, experience and expertise. Specifically, the Company provides equal opportunities in respect to employment and employment conditions and does not discriminate on the basis of a candidate gender, age, ethical and cultural background.

Recommendation 3.3:
Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

Notification of departure:
During the Reporting Period no measurable objectives were set for a diversity policy as no policy had been formulated.

Explanation for departure:
It would be inefficient to establish measurable objectives for gender diversity given the current size and operation of the company and the industry in which it operates.

Recommendation 3.4:
Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

Disclosure:
The proportion of women employees in the whole organisation are as follows:

- Total women employed by the group 33%;
- Women in senior executive positions Nil;
- Women on the board Nil.

Recommendation 3.5:
Companies should provide the information indicated in the guide to reporting on principle 3.

Disclosure:
The company is committed to providing a positive work environment and has an established Code Of Conduct which employees are expected to adhere. The company also has an Equal Employment Opportunity And Anti-Discrimination Policy. Given the size of the company and the industry in which it operates it is difficult to establish measurable objectives for gender diversity. However, every effort is made to find the most suitably qualified person for any role in the company, irrespective of age, sex, religion or any other personal characteristic or attribute, in accordance with the company's policies.

Principle 4 – Safeguard Integrity in Financial Reporting

Recommendation 4.1:
The board should establish an audit committee.

Disclosure:
The board has established an audit committee.

Recommendation 4.2:
The audit committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent chair, who is not chair of the board; and
- has at least three members.

Notification of departure:
The audit committee comprised of two directors for most of the Reporting Period. Mr Richardson resigned as a Director on 29 June 2012. Accordingly, it is not structured in accordance with Recommendation 4.2.

Explanation for departure:
Malcolm Randall and Brian Richardson were the only independent non-executive directors. Frank DeMarte was appointed to the audit committee by the board on 12 April 2012. Mr DeMarte is not an independent director because he was previously employed in an executive capacity by the company, and there has not been a period of at least three years between ceasing such employment and serving on the board. The company considers that the members of the audit

Disclosure – Principles & Recommendations *continued*

committee are the most appropriate for the company's current needs, given their experience and their qualifications.

Malcolm Randall, who is not chair of the board, chairs the audit committee.

Recommendation 4.3:
The audit committee should have a formal charter.

Disclosure:
The company has adopted an audit committee charter.

Recommendation 4.4:
Companies should provide the information indicated in the g*uide to reporting on principle 4.*

Disclosure:
The audit committee held one meeting during the Reporting Period. Brian Richardson and Frank DeMarte attended the meeting.

Details of each of the director's qualifications are set out in the directors' report.

Both members of the audit committee consider themselves to be financially literate and have experience in the industry in which the company operates.

Malcolm Randall has extensive experience in management and marketing in the resources sector.

Frank DeMarte holds a Bachelor of Business and has been the Company Secretary and Chief Financial Officer of numerous listed companies, and is therefore financially qualified.

The company has established procedures for the selection, appointment and rotation of its external auditor, which is available on the company's website. The board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the audit committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the company through the engagement period. The board may otherwise select an external auditor based on criteria relevant to the company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the audit committee (or its equivalent) and any recommendations are made to the board.

Principle 5 – Make Timely and Balanced Disclosure

Recommendation 5.1:
Companies should establish written policies designed to ensure compliance with ASX listing rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:
The company has established written policies designed to ensure compliance with ASX listing rule disclosure and accountability at a senior executive level for that compliance.

Recommendation 5.2:
Companies should provide the information indicated in the g*uide to reporting on principle 5.*

Disclosure:
Please refer to the section above marked website disclosures.

Principle 6 – Respect the Rights of Shareholders

Recommendation 6.1:
Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:
The company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

Recommendation 6.2:
Companies should provide the information indicated in the *guide to reporting on principle 6.*

Disclosure:
Please refer to the section above marked website disclosures.

Disclosure – Principles & Recommendations *continued*

Principle 7 – Recognise and Manage Risk

Recommendation 7.1:
Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:
The board has adopted a risk management policy, which sets out the company's risk profile. Under the policy, the board is responsible for approving the company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the board delegates day-to-day management of risk to the managing director, who is responsible for identifying, assessing, monitoring and managing risks. The managing director is also responsible for updating the company's material business risks to reflect any material changes, with the approval of the board.

In fulfilling the duties of risk management, the managing director may have unrestricted access to company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the board.

The board has established a separate audit committee to monitor and review the integrity of financial reporting and the company's internal financial control systems and risk management systems.

In addition, the following risk management measures have been adopted by the board to manage the company's material business risks:

- the board has established authority limits for management which, if exceeded, will require prior board approval;
- the board has adopted a compliance procedure for the purpose of ensuring compliance with the company's continuous disclosure obligations; and
- the board has adopted a corporate governance manual which contains other policies to assist the company to establish and maintain its governance practices.

The company has implemented a risk management system which includes a register which management has identified the company's material business risks and risk management strategies for these risks. The risk register will be reviewed quarterly and updated, as required. During the Reporting Period, management identified material business risks and risk management strategies for these risks, which were then reported to the board. Management reported to the board on material business risks as required and the board made further enquiries of management as necessary. The process of managing of material business risks has been allocated to members of senior management.

The categories of risk reported on as part of the company's systems and processes for managing material business risk include: liquidity risk, foreign currency exchange risks, operational risk, environmental risk, compliance risk, strategic risk, human capital, financial reporting and market-related risks.

Recommendation 7.2:
The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

Disclosure:
The company has implemented risk management and internal control systems to manage the company's material business risks. The board has received a report from the managing director as to the effectiveness of the company's management of its material business risks. The risk management and internal controls systems will require ongoing review and updating on a regular basis.

Recommendation 7.3:
The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:
The managing director and the chief financial officer have provided a declaration to the board in accordance with section 295A of the Corporations Act and have assured the board that such

Disclosure – Principles & Recommendations *continued*

declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 7.4:
Companies should provide the information indicated in the guide to reporting on principle 7.

Disclosure:
The board has received the report from management under recommendation 7.2.

The board has received the assurance from the managing director and the chief financial officer under recommendation 7.3.

Principle 8 – Remunerate Fairly and Responsibly

Recommendation 8.1:
The board should establish a remuneration committee.

Disclosure:
During the Reporting Period the board established a separate remuneration committee.

Recommendation 8.2:
The remuneration committee should be structured so that it:

- consists of a majority of independent directors;
- is chaired by an independent chair; and
- has at least three members.

Disclosure:
The remuneration committee comprised of three directors – Malcolm Randall, Brian Richardson and Frank DeMarte, of which two were considered to be independent directors.

Mr DeMarte is not considered an independent director because he was previously employed in an executive capacity by the Company, and there has not been a period of at least three years between ceasing such employment and serving on the board.

Malcolm Randall, who is not chair of the board, chairs the remuneration committee.

Mr Richardson resigned as a Director on 29 June 2012.

Recommendation 8.3:
Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:
Non-executive directors are remunerated at market rates (for comparable companies) for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the company. An additional fee is also paid for each board committee on which a director sits, in recognition of the additional time commitment required by directors who serve on one or more of these committees. The company may grant options to non-executive directors, in order to attract, motivate and retain highly skilled directors. This policy is subject to annual review.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the board and subject to obtaining the relevant approvals.

Recommendation 8.4:
Companies should provide the information indicated in the g*uide to reporting on principle 8*.

Disclosure:
Details of remuneration, including the company's policy on remuneration, are contained in the "remuneration report" which forms of part of the directors' report.

During the Reporting Period, the remuneration committee adopted a remuneration committee charter and held one meeting. There are no termination or retirement benefits for non-executive directors (other than for superannuation).

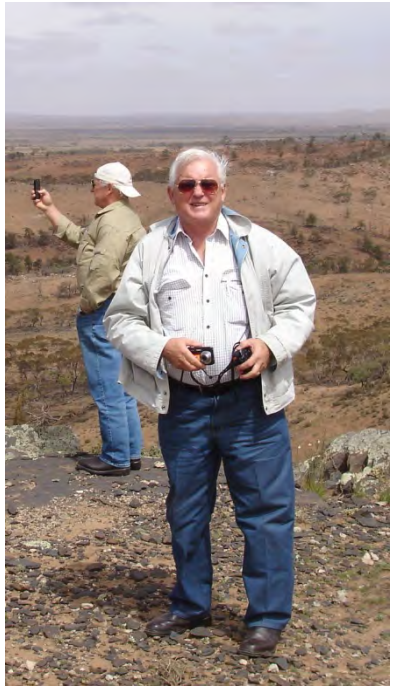
The company's remuneration committee charter includes a statement of the company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

DIRECTORS' REPORT

Your directors submit their report on the consolidated entity consisting of the company and the entities it controlled at the end of, or during, the year ended 30 June 2012.

Information on Directors

The following persons were directors of the company during the financial year and until the date of this report. Directors were in office since the start of the financial year to the date of this report unless otherwise stated.



Philip G Crabb

FAusIMM, MAICD
Non-Executive director Age 72

Experience and expertise
Mr Crabb is a fellow of the Australasian Institute of Mining and Metallurgy and a member of the Institute of Company Directors. Mr Crabb has been actively engaged in mineral exploration and mining activities for the past 42 years in both publicly listed and private exploration companies. He has considerable experience in field activities, having been a drilling contractor, quarry manager and mining contractor. Mr Crabb also has extensive knowledge of the Australian mining industry and has many years of experience with management of Australian publicly listed companies.

Mr Crabb was first appointed to the board on 28 November 2005

Directorships of listed companies in last 3 years
Director of Thundelarra Exploration Ltd *(from March 2012)* re-appointed
Director of Thundelarra Exploration Ltd *(from November 1998 to September 2011)*
Director of Canadian publicly listed Aldershot Resources Ltd *(from 2009)*

Special responsibilities
Chairman of the board (*from March 2007)*
Member of the nomination committee *(from November 2005)*
Member of the remuneration committee *(from July 2012).*

Marcus F Flis

BSc (Hons), M Sc, FAusIMM
Managing director Age 55

Experience and expertise
Mr Flis holds degree in both geology and geophysics and is highly qualified in the resources industry, having over 31 years experience covering all aspects of exploration, resource definition and project assessment. He has recently held the position of project director with Rio Tinto Iron Ore's business development group. Previously Mr Flis held positions as exploration manager with Hamersley Iron and Iron Ore company of Canada and managed geophysics for Newcrest Mining Ltd. Mr Flis comes with extensive experience as an explorationist for a wide range of mineral commodities in varied mineral terrains and geographies.

Mr Flis was first appointed to the board 11 August 2009.

Directorships of listed companies in last 3 years
Director of Canadian publicly listed Aldershot Resources Ltd *(from 2012)*

Special responsibilities
Member of the nomination committee *(from August 2009)*
Member of the remuneration committee *(from 2012 to March 2012)*

Frank DeMarte

BBus, FCIS, FAICD
Non-Executive director Age 50

Experience and expertise
Mr DeMarte has over 28 years of experience in the mining and exploration industry in Western Australia. Mr DeMarte has held executive positions with a number of listed mining and exploration companies and is currently a Non-Executive Director of the company.

Mr DeMarte is experienced in areas of company secretarial practice, management accounting and corporate and financial management. Mr DeMarte holds a bachelor of business majoring in accounting and is a fellow of the Chartered Secretaries of Australia and a Fellow of the Australian Institute of Company Directors.

Mr DeMarte was first appointed to the board on 23 February 2004.

Directorships of listed companies in last 3 years
Director of Thundelarra Exploration Ltd *(from March 2001)*

Special responsibilities
Member of the nomination committee *(from February 2004)*
Member of the remuneration committee *(from February 2004)*
Member of the audit committee *(from April 2012)*

Information on Directors

CONTINUED

Brian D Richardson

BSc (Hons), MAusIMM
Non-Executive director Age 59
(Resigned as non-executive director on 29 June 2012)

Experience and expertise
Mr Richardson is a geologist who has been involved in the Australian exploration and mining industry for over 30 years. He has many years experience in planning, conducting and evaluating gold, base metal, uranium and diamond projects. He has also held senior management positions with a number of listed junior exploration companies.

Mr Richardson was first appointed to the board 23 February 2004.

Directorships of listed companies in last 3 years
Director of Thundelarra Exploration Ltd *(from 2003 to June 2012)*

Special responsibilities
Member of the audit committee *(from February 2004 to June 2012)*
Member of the nomination committee *(from February 2004 to June 2012)*
Member of the remuneration committee *(from 2004 to June 2012)*

Malcolm J Randall

B.Applied Chem, MAICD
Non-Executive director Age 67

Experience and expertise
Mr Randall holds a Bachelor of Applied Chemistry and is a member of the Australian Institute of Company Directors. Mr Randall has had extensive experience in corporate management and marketing in the resources sector including over 25 years with the Rio Tinto group of companies. His iron ore experience has included senior technical and commercial management roles in Hamersley Iron Pty Ltd and a commercial advisor to the Hope Downs Iron Ore project. Mr Randall is also a Non-Executive Director of four other ASX listed resource companies as noted below.

Mr Randall was first appointed to the board on 4 October 2006.

Former directorships in last 3 years
Director of Iron Ore Holdings Ltd *(from 2003)*
Director of Matilda Zircon Limited *(from 2009)*
Director of Summit Resources Limited *(from 2007)*
Director of Thundelarra Exploration Ltd *(from 2003)*

Special responsibilities
Chairman of the audit committee *(from August 2009)*
Member of the nomination committee (from October 2006)
Chairman of the remuneration committee *(from October 2011)*
Member of the remuneration committee *(from October 2006)*

Company Secretary

Tony Heslop

B.Com, CA, ACIS, ACSA Age 45

The Company Secretary is Tony Heslop. He has been involved in mining and engineering for approximately 23 years spanning two careers. For the last 13 years Mr Heslop has been employed in finance roles at Hancock Prospecting Pty Ltd, Woodside Energy Ltd and PricewaterhouseCoopers. Previously Mr Heslop was employed in various engineering capacities at Alinta Gas, WMC Resources Limited and Alcoa Australia.

Mr Heslop has experience in the areas of company secretarial practise, treasury, accounting and corporate administration, with the following qualifications;

Graduate Diploma – Applied Corporate Governance,
Graduate Diploma – Chartered Accounting,
Bachelor of Commerce – Accounting,
Associate Diploma – Mechanical Engineering,

Mr Heslop was appointed as Company Secretary on 16 April 2012 and is also the Chief Financial Officer of the company.

DIRECTORS' REPORT

Interest in the Shares and Options of the Company

As at the date of this report, the interests of the directors and key management personnel in shares and options of Royal Resources Limited were:

Director and Key Management Personnel	Number of ordinary shares	Number of options over ordinary shares
Philip G Crabb	24,650,954	5,816,135
Marcus F Flis	1,833,366	8,154,766
Frank DeMarte	3,688,135	5,769,733
Brian D Richardson	1,867,551	2,600,000
Malcolm R J Randall	1,887,383	2,948,197
Tony Heslop	220,000	650,000

Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for the payment of dividends has been made.

Principal Activities

The principal activity of the consolidated entity during the year was mineral exploration in Australia and the USA. There were no significant changes in the nature of those activities during the year.

Significant Changes in the State of Affairs

During the year the consolidated entity sold its interests in Royal USA Inc. and Royal Uranium Inc. to Aldershot Resources Ltd, a TSX listed entity. No other significant change in the state of affairs of the consolidated entity during the financial year not otherwise dealt with in this report.

Significant Events After the Balance Date

Since the end of the financial year, the directors are not aware of any other matter or circumstance not otherwise dealt with in this report or the financial statements that has significantly or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years with the exception of the following, the financial effects of which have not been provided for in the 30 June 2012 financial statements.

Private placement of Royal Resources Limited shares

On 3 July 2012 the Company issued 29,700,000 fully paid ordinary shares to Lodestone Equities Limited (Lodestone). The shares were allotted to Lodestone on 29 June 2012 and payment of $3,712,500 was received prior to 30 June 2012; and

Issue of employee share options

On 17 July 2012 the Company granted 2,545,000 options to eligible employees under the employee share option plan. The options have an exercise price of 22.5 cents each and have an expiry date of 9 July 2015. The options were granted at no cost and carry no dividend or voting rights. The options are not quoted on the Australian Securities Exchange Ltd.

Performance in Relation to Environmental Obligations

The consolidated entity has assessed whether there are any particular or significant environmental regulations which apply. It has been determined that the risk of non-compliance is low, and has not identified any compliance breaches during the financial year. The directors are not aware of any environmental regulations not being complied with.

Review of Operations

The consolidated entity explores for iron ore and uranium in the low sovereign risk countries of Australia. Over the past year, the consolidated entity has continued to advance our flagship Iron Ore Project (Red Dragon) in South Australia, while advancing its uranium assets in the Northern Territory.

Share Options

Shares under option

As at the date of this report, there were 63,542,988 unissued ordinary shares of the Company under options.

Date options granted	Expiry date	Exercise price of options	Number of options
Unquoted options			
17 Apr 2008	6 Apr 2013	0.50	1,500,000
27 Nov 2008	30 Nov 2013	0.30	3,000,000
1 May 2009	30 Apr 2013	0.08	1,700,000
27 Nov 2009	26 Nov 2014	0.55	4,500,000
14 May 2010	13 May 2013	0.30	1,125,000
21 Jul 2010	19 Jul 2013	0.30	150,000
30 Nov 2010	29 Nov 2015	0.28	5,750,000
10 Jun 2011	9 Jun 2014	0.24	1,780,000
28 Nov 2011	27 Nov 2016	0.21	6,750,000
17 Jul 2012	9 Jul 2015	0.225	2,545,000
Quoted options			
8 Jun 2010	31 Oct 2013	0.12	34,742,988

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or in the interest issue of any other registered scheme.

DIRECTORS' REPORT

Shares Issued as a Result of the Exercise of Options and Options Expired

During the financial year;

Options exercised

(i) 3,036,859 quoted 10 cent and 12 cent options were exercised to acquire ordinary fully paid shares in the Company; and
(ii) 20,000 unquoted 8 cent options were exercised to acquire ordinary fully paid shares in the Company.

Options expired

(i) 969,778 quoted options with an exercise price of 10 cents each expired 31 October 2011;
(ii) 1,500,000 unquoted options with an exercise price of 30 cents each expired on 6 April 2012; and
(iii) 6,750,000 unquoted options with an exercise price of 50 cents each expired on 30 June 2012.

Options lapsed

(i) 55,000 unquoted options with an exercise price of 30 cents each expiring on 13 May 2013 lapsed; and
(ii) 80,000 unquoted options with an exercise price of 24 cents each expired on 09 June 2014 lapsed.

Shares Issued as a Result of Placement

During the financial year;
(i) 38,500,000 shares were issued at 18 cents; and
(ii) 962,500 shares were issued at 16.5 cents; and

29,700,000 shares were issued at 12.5 cents to Lodestone on 3 July 2012.

Operating Results

During the year the consolidated entity made a consolidated profit after tax $1,648,698 (2011: loss $196,470).

Corporate Information

Royal Resources Limited	Parent entity
Royal USA Inc.	Disposed during the year
Royal Uranium Inc.	Disposed during the year
Razorback Iron Pty Ltd	100% owned controlled entity
Razorback Operations Pty Ltd	100% owned controlled entity
Red Dragon Mining Pty Ltd	100% owned controlled entity

Remuneration Report (audited)

This report outlines the remuneration arrangements in place for directors and executives of the consolidated entity.

(a) Details of key management personnel

Directors

P G Crabb	Chairman (Non-Executive)
M F Flis	Managing director (Executive)
F DeMarte[1]	Director (Non-Executive)
B D Richardson[2]	Director (Non-Executive)
M J Randall	Director (Non-Executive)

Executive

T J Heslop[3]	Company Secretary & Chief Financial Officer

Note:
1 F DeMarte resigned as an Executive Director on 16 April 2012.
2 B D Richardson resigned as a Non-Executive Director on 29 June 2012.
3 T J Heslop appointed as Company Secretary on 16 April 2012.

(b) Compensation of key management personnel

Remuneration policy
The performance of the consolidated entity depends upon the quality of its directors and executives. To prosper, the consolidated entity must attract, motivate and retain highly skilled directors and executives.

To this end, the consolidated entity embodies the following principles in its compensation framework:

- Provide competitive rewards to attract high calibre executives; and
- Link executive rewards to shareholder value.

Remuneration committee
The remuneration committee comprises majority of independent directors of the consolidated entity and is responsible for determining and reviewing compensation arrangements for the directors and all other key management personnel.
The remuneration committee assesses the appropriateness of the nature and amount of compensation of key management personnel on an annual basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration structure
In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

Non-executive director compensation
Objective
The board seeks to set aggregate compensation at a level that provides the consolidated entity with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Remuneration Report (audited) *continued*

Structure
The constitution and the ASX listing rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the annual general meeting held on 26 November 2009 when shareholders approved an aggregate compensation of $400,000 per year.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the consolidated entity. An additional fee may also be paid for each board committee on which a director sits. The payment of additional fees for serving on a committee recognises the additional time commitments required by directors who serve on one or more sub committees.

Each non-executive director receives $53,000 per annum effective from 1 July 2011, plus superannuation obligations for being a director of the Company. The exception to this fee structure is the chairman of the board who receives $68,900 per annum plus superannuation.

Non-executive directors have long been encouraged by the board to hold shares in the Company (purchased by the director on market). It is considered good governance for directors to have a stake in the Company on whose board they sit.

The compensation of non-executive directors for the year ended 30 June 2012 is detailed as per the disclosures on page 26.

Executive compensation

Objective
The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for Company, business unit and individual performance against targets set by to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the Company; and
- ensure total compensation is competitive by market standards

Structure
In determining the level and make-up of executive remuneration, the remuneration committee will review individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

The Company has entered into a detailed contract of employment with the managing director, details of this contract are provided on page 27.

Fixed compensation

Objective
Fixed compensation is reviewed annually by the remuneration committee. The process consists of a review of Companywide, business unit and individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

Structure
Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Other compensation

Notwithstanding guideline 8.2 of the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations which provides that non-executive directors should not receive options, the directors consider that the grant of the options is designed to encourage the 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 granting of options is an incentive to each of the directors, which is a cost effective and efficient reward for the Company, as opposed to alternative forms of incentive, such as the payment of additional cash compensation to the directors.

REMUNERATION REPORT (AUDITED) *CONTINUED*

Remuneration of each director and key management personnel of the company

Remuneration for the year ended 30 June 2012

Directors	Year	Salary and fees $	Annual leave accrual $	Superannuation $	Options $	Long service leave $	Total remuneration $	Consisting of options for the year %
Managing director								
M F Flis	2012	365,944	33,115	50,000	86,000	-	535,059	16%
	2011	346,800	16,042	51,415	141,750	-	556,007	25%
Non executive directors								
F DeMarte[2]	2012	119,106	8,318	19,525	75,250	18,540	240,739	31%
	2011	140,679	332	12,661	121,500	-	275,172	44%
P G Crabb	2012	68,900	-	6,201	53,750	-	128,851	42%
	2011	65,000	-	5,850	81,000	-	151,850	53%
B D Richardson[3]	2012	28,000	-	29,770	32,250	-	90,020	36%
	2011	33,333	-	21,167	60,750	-	115,250	53%
M J Randall	2012	53,000	-	4,770	43,000	-	100,770	43%
	2011	50,000	-	4,500	60,750	-	115,250	53%
Executive								
T J Heslop[1]	2012	220,000	15,543	19,800	-	-	255,343	-
	2011	165,234	7,662	14,934	40,632	-	228,462	18%
Total	2012	854,950	56,976	130,066	290,250	18,540	1,350,782	21%
	2011	801,046	24,036	110,527	506,382	-	1,441,991	35%

Note:

1 T J Heslop appointed as Company Secretary on 16 April 2012. A bonus entitlement of $20,000 is included in salary and fees for T J Heslop

2 F DeMarte resigned as an Executive Director on 16 April 2012. His leave entitlements were paid out in April 2012 as he became a Non-Executive Director on 16 April 2012.

3 B D Richardson resigned as a Non-Executive Director on 29 June 2012.

Remuneration Report (audited) *continued*

Employment agreements for Directors

Mr Marcus Flis, Managing Director

- Term of Agreement – no fixed term
- Base salary, inclusive of superannuation, of $415,944 effective 1 July 2011, to be reviewed annually by the remuneration committee
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to the base salary for 12 months

Share-based compensation options

Compensation options: Granted and vested during the year ended 30 June 2012.

	Vested & granted		Terms & conditions for each grant					
30 June 2012	Number of options	Grant date	Fair Value per option at grant date $	Exercise price per option $	Expiry date	First exercise date/vesting date	Last exercise date	% vested and exercisable at 30 June 2012
Directors								
P G Crabb	1,250,000	28/11/2011	0.043	0.21	27/11/2016	28/11/2011	27/11/2016	100%
M F Flis	2,000,000	28/11/2011	0.043	0.21	27/11/2016	28/11/2011	27/11/2016	100%
F DeMarte	1,750,000	28/11/2011	0.043	0.21	27/11/2016	28/11/2011	27/11/2016	100%
B D Richardson[1]	750,000	28/11/2011	0.043	0.21	27/11/2016	28/11/2011	27/11/2016	100%
M J Randall	1,000,000	28/11/2011	0.043	0.21	27/11/2016	28/11/2011	27/11/2016	100%
Executive								
T J Heslop	-	-	-	-	-	-	-	-
Total	6,750,000							

Note 1: Brian Richardson resigned as Non-Executive Director on 29 June 2012

Options granted as part of remuneration

Details of options over ordinary shares in the Company provided as remuneration to each director of the Company and each of the key management personnel are set out below. Each option when exercised is convertible into one ordinary share in the Company.

Vesting conditions

Options issued to directors and employees during the current financial year vest on grant date.

For details on the valuation of the options, including models and assumptions used, please refer to note 27. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

Remuneration Report (audited) *continued*

Equity instruments – audited

Analysis of options and rights over equity instruments granted as compensation.

Details of vesting profiles of the options granted as remuneration to each director and key management person of the group are detailed below.

	Number of options granted	Grant date of options	Exercise Price of Options $	Fair value of options on grant date $	Expiry date
Executive directors					
M F Flis	1,500,000	07 Apr 2008	0.50	130,500	06 Apr 2013
	1,000,000	01 May 2009	0.08	38,600	30 Apr 2013
	1,500,000	27 Nov 2009	0.55	151,050	26 Nov 2014
	1,750,000	30 Nov 2010	0.28	141,750	29 Nov 2015
	2,000,000	28 Nov 2011	0.21	86,000	27 Nov 2016
Non - executive directors					
F DeMarte	750,000	27 Nov 2008	0.30	23,925	30 Apr 2013
	1,250,000	27 Nov 2009	0.55	125,875	26 Nov 2014
	1,500,000	30 Nov 2010	0.28	121,500	29 Nov 2015
	1,750,000	28 Nov 2011	0.21	75,250	27 Nov 2016
P G Crabb	750,000	27 Nov 2008	0.30	23,925	30 Apr 2013
	750,000	27 Nov 2009	0.55	75,525	26 Nov 2014
	1,000,000	30 Nov 2010	0.28	81,000	29 Nov 2015
	1,250,000	28 Nov 2011	0.21	53,750	27 Nov 2016
B D Richardson	500,000	27 Nov 2008	0.30	15,950	30 Apr 2013
	500,000	27 Nov 2009	0.55	50,350	26 Nov 2014
	750,000	30 Nov 2010	0.28	60,750	29 Nov 2015
	750,000	28 Nov 2011	0.21	32,250	27 Nov 2016
M J Randall	500,000	27 Nov 2008	0.30	15,950	30 Apr 2013
	500,000	27 Nov 2009	0.55	50,350	26 Nov 2014
	750,000	30 Nov 2010	0.28	60,750	29 Nov 2015
	1,000,000	28 Nov 2011	0.21	43,000	27 Nov 2016
Executive					
T J Heslop	150,000	21 Jul 2010	0.30	13,800	19 Jul 2013
	500,000	10 Jun 2011	0.24	26,832	09 Jul 2014

Options are fully vested on date of grant.

Remuneration Report (audited) *continued*

Analysis of movements in options

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each director and key management person is detailed below.

Directors and Executive	Granted in year $(a)	Value of options exercised in year $(b)	Lapsed in year $(c)
Directors			
M F Flis	86,000	-	-
F DeMarte	75,250	-	-
P G Crabb	53,750	-	-
B D Richardson	32,250	-	-
M J Randall	43,000	-	-
Executive			
T J Heslop	-	-	-

(a) The value of options granted in the year is the fair value of the options calculated at grant date using the Black-Scholes option-pricing model. The total value of the options granted is included in the table above.

(b) The value of options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

(c) The value of the options that lapsed during the year represents the benefit forgone and is calculated at the date the options lapsed using Black-Scholes option-pricing model.

Directors' Meetings

The number of meetings of directors (including meeting of committees of directors) held during the year and the number of meetings attended by each director are:

	Board of directors' meetings		Audit committee meetings		Remuneration committee meetings	
Name	Number attended	Number eligible to attend	Number attended	Number attended	Number eligible to attend	Number attended
P G Crabb	7	7	-	-	-	-
M F Flis	7	7	-	-	-	-
B D Richardson	7	7	1	1	1	1
F DeMarte	6	7	1	1	1	1
M J Randall	5	7	-	1	1	1

Note: Frank DeMarte attended audit committee meetings at the invitation of the committee. Since resigning as Company Secretary, Mr DeMarte has been appointed to the audit committee.

Committee Memberships

As at the date of this report, the company had an audit and remuneration committee. The role of the nomination committee is carried out by the full board.

Audit	Remuneration	Nomination
M J Randall (C)	M J Randall (C)	M J Randall
B Richardson (R)	F DeMarte	F DeMarte
Frank DeMarte	B D Richardson (R)	B D Richardson (R)
	P G Crabb	P G Crabb (C)
		M F Flis

Note: (C) Designates the chairman of the committee
(R) B Richardson resigned as Non-Executive Director on 29 June 2012

DIRECTORS' REPORT

Insurance of Directors and Others

During the financial year $30,409 was paid to insure the directors and officers of the Company. On terms of the policy, no specific amounts are allocated to individual directors.

Proceedings on Behalf of the Company

With reference to the legal proceedings commenced in the NSW Supreme Court on 23 February 2010 by John F Hillam against Ivan P Lewis, Mintech Resources Pty Ltd, Goldus Pty Ltd and Mawson Gold NL detailed in an announcement by Royal Resources Limited to the ASX on 9 July 2010, Royal is pleased to announce that Hillam, Royal and Razorback have agreed to resolve the disputes between them on the terms and conditions contained in Deed of Settlement and Release (Deed), without any admission of liability by Royal Resources Limited or Razorback Iron Pty Ltd.

Under the Deed, Mr Hillam acknowledges that:

Razorback is the absolute legal and beneficial owner of, and has full title to, EL4267 free from any Encumbrance;

Royal has an interest in EL3927 and EL3997 arising under the Option Deed;

Hillam has no interest whatsoever in the Tenements including, without limitation, any legal or equitable interest in, charge, or lien over the Tenements;

Nothing in the Deed in any way limits Royal's and Razorback's rights to deal with the Tenements in any way whatsoever, including without limitation their rights to create interests in, transfer and surrender the Tenements; and

This Deed does not grant him or otherwise create in any way, any interest of any kind whatsoever in the Tenements.

Under the terms of Consent Orders issued by the NSW Supreme Court Hillam absolutely and irrevocably releases and forever discharges Royal, Razorback and all its directors, officers and employees from the claims in or connected with the proceedings; and Royal and Razorback absolutely and irrevocably releases and forever discharges Hillam from the claims in or connected with the proceedings.

A consequence of the Consent Order and under the Deed of Settlement and Release, Hillam was obliged to remove caveats that he had lodged against EL 3927 and 3997.

Auditor Independence and Non-Audit Services

The auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 74.

Non-Audit Services

Stantons International or its related parties have not received nor are they due to receive any amounts for the year ended 30 June 2012 for the provision of non-audit services.

Signed in accordance with a resolution of the directors.

Marcus F Flis
MANAGING DIRECTOR

30 July 2012

Perth, Western Australia

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2012

	Notes	2012 $	2011 $
Other income	4(a)	7,384,845	2,458,610
Exploration expenditure		(1,778,285)	(27,666)
Net gain on deconsolidation of subsidiary	23(d)	713,863	-
Gain/(loss) on sale of property, plant and equipment		-	10,343
Employee benefits		(1,586,154)	(1,164,908)
Share based payment expense	17 (d)	(290,250)	(686,283)
Professional fees		(922,794)	(817,305)
Depreciation and amortisation		(188,183)	(130,495)
General and administrative costs		(627,276)	(439,210)
Diminution in value of investment	9 (a)	(1,743,419)	-
Other expenses		(148,559)	(147,020)
Share of net loss of associate	9 (a)	(299,962)	-
Exchange loss unrealised		-	(44,046)
Operating profit/(loss)		513,826	(987,980)
Finance income		451,883	434,431
Finance costs		(5,626)	(5,528)
Profit/(loss) before income tax		960,083	(559,077)
Income tax benefit	5(a)	851,148	789,465
Profit from continuing operations after income tax		1,811,231	230,388
Discontinued operations loss before and after income tax	23(b)	(162,533)	(426,858)
Profit/(loss) for the year after tax		1,648,698	(196,470)

CONTINUED

	Notes	2012 $	2011 $
Foreign currency translation	17(d)	(638,916)	(329,612)
Other comprehensive (loss) for the year		(638,916)	(329,612)
Total comprehensive income/(loss) for the year, net of tax		1,009,782	(526,082)
Profit/(loss) for the year attributable to members of the company		1,648,698	(196,470)
Total comprehensive income/(loss) for the year, net of tax, attributable to the members of the company		1,009,782	(526,082)
Earnings per share from continuing operations attributable to the ordinary equity holders of the company			
Basic earnings per share (cents per share)	6	0.60	0.09
Diluted earnings per share (cents per share)	6	0.59	0.08
Earnings per share from continuing and discontinued operations attributable to the ordinary equity holders of the company			
Basic earnings/(loss) per share (cents per share)	6	0.55	(0.07)
Diluted earnings/(loss) per share (cents per share)	6	0.54	(0.07)

The above consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	2012 $	2011 $
ASSETS			
Current assets			
Cash and cash equivalents	7(a)	9,209,767	4,646,127
Trade and other receivables	8(a)	909,160	483,858
Other financial assets	10	32,322	46,712
Assets of disposal group classified as held for sale	23(c)	-	1,688,016
Total current assets		10,151,249	6,864,713
Non-current assets			
Trade and other receivables	8(b)	116,224	90,958
Investment in associate	9	1,554,429	-
Plant and equipment	12	343,672	305,276
Exploration expenditure	13	25,515,839	17,792,423
Intangible assets	14	62,651	105,748
Total non-current assets		27,592,815	18,294,405
TOTAL ASSETS		37,744,064	25,159,118
LIABILITIES			
Current liabilities			
Trade and other payables	15	1,636,738	844,202
Provisions	16	179,620	126,842
Liabilities of disposal group classified as held for sale	23(c)	-	120,724
Total current liabilities		1,816,358	1,091,768
TOTAL LIABILITIES		1,816,358	1,091,768

CONTINUED

	Notes	2012 $	2011 $
NET ASSETS		35,927,706	24,067,350
EQUITY			
Contributed equity	17(a)	43,682,070	33,121,746
Reserves	17(d)	7,116,391	7,465,057
Accumulated losses		(14,870,755)	(16,519,453)
TOTAL EQUITY		35,927,706	24,067,350

The above consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For Year Ended 30 June 2012

	Notes	Contributed Equity $	Reserves $	Accumulated Losses $	Total $
At 1 July 2011		33,121,746	7,465,057	(16,519,453)	24,067,350
Total comprehensive income/(loss) for the year		-	(638,916)	1,648,698	1,009,782
Contributions of equity, net of transaction costs	17 (b)	10,560,324	-	-	10,560,324
Employee share options – value of director services	17 (d)	-	290,250	-	290,250
		10,560,324	290,250	-	10,850,574
At 30 June 2012		43,682,070	7,116,391	(14,870,755)	35,927,706

	Notes	Contributed Equity $	Reserves $	Accumulated Losses $	Total $
At 1 July 2010		32,785,999	7,108,386	(16,322,983)	23,571,402
Total comprehensive loss for the year		-	(329,612)	(196,470)	(526,082)
Contributions of equity, net of transaction costs	17 (b)	335,747	-	-	335,747
Employee share options – value of director and employee services	17 (d)	-	686,283	-	686,283
		335,747	686,283		1,022,030
At 30 June 2011		33,121,746	7,465,057	(16,519,453)	24,067,350

The above consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2012

	Notes	2012 $	2011 $
Cash flows from operating activities			
Payments to suppliers and employees		(3,820,800)	(2,937,640)
Interest received		450,073	403,430
Other revenue		922,647	965,025
Net cash flows used in operating activities	7(b)	(2,448,080)	(1,569,185)
Cash flows from investing activities			
Payment for plant and equipment	12	(159,479)	(136,382)
Payment for intangibles	14	(24,003)	(120,713)
Placement of security deposits	8	(58,572)	(8,498)
Redemption of security deposits	8	15,487	20,000
Proceeds from disposal of plant and equipment	4(b)	-	18,000
Proceeds from disposal of tenements	4(a)	8,350,000	100,000
Proceeds from disposal of investments	4(a)	-	6,040,000
Payment for exploration and evaluation expenditure		(10,789,684)	(9,503,145)
Payment for investment in Aldershot Resources Ltd		(1,322,728)	-
Net cash flows used in investing activities		(3,988,979)	(3,590,738)

CONTINUED

	Notes	2012 $	2011 $
Cash flows from financing activities			
Net proceeds from issuance of shares and shares to be issued	17(b)	10,560,324	335,747
Advance from related party		384,051	-
Net cash flow from financing activities		10,944,375	335,747
Net increase/(decrease) in cash and cash equivalents		4,507,316	(4,824,176)
Cash and cash equivalents at beginning of the financial year		4,732,343	9,600,749
Cash in de-consolidated subsidiary		(29,892)	(44,230)
Cash and cash equivalents at end of the financial year	7(a)	9,209,767	4,732,343

The above consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

1. Corporate Information

This financial report includes the consolidated financial statements and notes of Royal Resources Limited and its controlled entities ("consolidated entity or group").

The financial report of Royal Resources Limited (the "Company") for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 30 July 2012.

The Company is limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange Ltd.

The nature of the operations and principal activities of the group are described on page 22 of the Directors Report.

Separate financial statements of the Company as an individual entity are no longer presented as the consequences of a change to the Corporations Act 2001, however required financial information for the Company as an individual entity is included in note 22.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards (including Australian Accounting Standards and Interpretations). The financial report has also been prepared on a historical cost basis and the accruals basis, modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

The group recorded a profit of $1,648,698 for the year ended 30 June 2012. Total exploration expenditure recognised in the year is $1,895,828 (including exploration expenditure from discontinued operations of $117,543).

The group had cash assets of just over $9.2 million at 30 June 2012 and investments held for trading and available for sale valued at $0.032 million at the reporting date. The directors consider these funds, combined with additional funds from the sale of assets and capital raising to be sufficient for the planned expenditure on the mineral projects for the ensuing 12 months as well as for corporate and administrative overhead costs. The directors also believe that they have the capacity to raise additional capital should that become necessary. For these reasons, the directors believe the going concern basis of preparation is appropriate.

(b) Statement of compliance

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ended 30 June 2012 are outlined below.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *CONTINUED*

(c) Application of new and revised Accounting Standards

The following new and revised Accounting Standards and Interpretations have, where applicable, been adopted in the current year but have had no significant effect on the amounts reported or disclosures.

Standards affecting presentation and disclosure:

Standard	Amendment
Amendments to AASB 7 'Financial Instruments Disclosure'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify the required level of disclosures about credit risk and collateral held.
Amendments to AASB 101 'Presentation of Financial Statements'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
AASB 1054 'Australian Additional Disclosures' and AASB 2011-1 'Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project'	AASB 1054 sets out the Australian-specific disclosures for entities that have adopted Australian Accounting Standards. AASB 2011-1 makes amendments to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards.
AASB 124 'Related Party Disclosures' (revised December 2009)	AASB 124 (revised December 2009) has been revised on the following two aspects: (a) AASB 124 (revised December 2009) has changed the definition of a related party and (b) AASB 124 (revised December 2009) introduces a partial exemption from the disclosure requirements for government-related entities.
AASB 2009-14 'Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement'	Interpretation 114 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of AASB 119.
AASB 2009-12 'Amendments to Australian Accounting Standards'	The application of AASB 2009-12 makes amendments to AASB 8 'Operating Segments' as a result of the issuance of AASB 124 'Related Party Disclosures (2009).
AASB 2010-5 'Amendments to Australian Accounting Standards'	The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations.
AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'	The application of AASB 2010-6 makes amendments to AASB 7 'Financial Instruments – Disclosures' to introduce additional disclosure requirements for transactions involving transfer of financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *CONTINUED*

(d) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. At the date of the authorisation of the financial statements, the standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in other Entities'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011)	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 19 (2011)'	1 January 2013	30 June 2014
AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: recovery of Underlying Assets'	1 January 2012	30 June 2013
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'	1 July 2012	30 June 2013
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'.	1 January 2013	30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *CONTINUED*

(d) New Accounting Standards for Application in Future Periods *continued*

The group has decided not to early adopt any of the new and amended pronouncements. Of the above new and amended Standards and Interpretations the group's assessment of those new and amended pronouncements that are relevant to the group but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2. 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

(i) simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;

(ii) simplifying the requirements for embedded derivatives;

(iii) removing the tainting rules associated with held-to-maturity assets;

(iv) removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

(v) allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and

(vi) requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and

(vii) requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation - Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

  AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or 'joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *CONTINUED*

(d) New Accounting Standards for Application in Future Periods *continued*

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the 'special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will only affect disclosures and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).
  AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

  AASB 13 requires:

(i) inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and

(ii) enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are not expected to significantly impact the group.

- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

  The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

  This Standard affects presentation only and is not expected to significantly impact the Group.

  AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

(i) for an offer that may be withdrawn – when the employee accepts;

(ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

(iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The group has not yet been able to reasonably estimate the impact of these changes to AASB 9.

(e) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share based payment transactions
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by either an external valuer or internally using a Black-Scholes option pricing model, using the assumptions detailed in note 27.

Mineral exploration and evaluation
Exploration and evaluation expenditure is accumulated in respect of each identifiable area of interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *CONTINUED*

(e) Significant accounting estimates and assumptions *continued*

These costs may be carried forward in respect of an area that has not at balance sheet date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in or relating to, the area of interest are continuing.

Subsidiary intercompany loans
Provisions for write off of intercompany loans are made where there is significant uncertainty as to whether the loans are recoverable.

Recovery of deferred tax assets
Judgment is required in determining whether deferred tax assets are recognised in the balance sheet. Deferred tax assets, including those arising from un-utilised tax losses require management to assess the likelihood that the group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Deferred tax assets will not be recognised until the group is able to generate a net taxable income.

Estimates of future taxable income will be based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the group operates could limit the ability of the group to obtain tax deductions in future periods.

(f) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as detailed above, net of any outstanding bank overdrafts.

(g) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the group will not be able to collect the debts. Bad debts are written off when identified.

(h) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit not taxable profit or loss, or

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *CONTINUED*

(h) Income tax *continued*

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(i) Other taxes

Revenues, expenses and assets are recognised net of amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) Plant and equipment

Plant and equipment is stated at cost less any accumulated depreciation and any impairment in value.

Depreciation
The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment – over 4 to 10 years
Motor vehicles – over 4 years
Office furniture and equipment – over 3 years

Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.
For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the item value of money and the risks specific to the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *CONTINUED*

(j) Plant and equipment *continued*

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is being derecognised.

(k) Exploration, evaluation and development expenditure

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest. Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision was made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they may not be recoverable in the future. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

(l) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided by the group prior to the end of the financial year that are unpaid and arise when the group becomes obliged to make future payments in respect of the purchase of these goods and services.

Trade payables and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the group.

(m) Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

When the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(n) Earnings per share

(i) Basic earnings per share ("EPS") is calculated by dividing the net profit/loss attributable to members for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

(ii) Diluted EPS is calculated by dividing the basic EPS, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on net revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus issue.

(o) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Borrowing costs

Borrowing costs are recognised as an expense when incurred. Alternatively, borrowing costs can be capitalised for qualifying assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *CONTINUED*

(q) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(r) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exits, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at re-valued amount, in which case the reversal is treated as revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(s) Interests in joint ventures

The Company has an interest in a joint venture that is a jointly controlled operation.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Company recognises its interest in the jointly controlled operation by recognising the assets that it controls and the liabilities that it incurs. The Company also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

2. Summary of Significant Accounting Policies *continued*

(t) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as thorough the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the group commits to purchase the asset.

(u) Share-based payment transactions

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

(i) the extent to which the vesting period has expired; and
(ii) the Company's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *CONTINUED*

(u) Share-based payment transactions *continued*

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 6).

(i) Cash settled transaction

The group may provide benefits to employees in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of the Company.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 6).

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted (see note 27). This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured to fair value at each balance sheet date up to and including the settlement date with changes in fair value recognised in profit or loss.

(ii) Equity settled transactions

The group provides benefits to employees (including senior executives) of the group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently one plan in place the employee option share plan, which provides benefits to all employees, excluding directors.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes option pricing model, further details of which are given in note 27.

(v) Comparatives

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(w) Foreign currency translation

(i) Functional and presentation currency

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency. The functional currency of its subsidiaries Royal USA Inc. and Royal Uranium Inc. (subsequently sold) is the United States dollar. The functional currency of all other subsidiaries is Australian dollars.

(ii) Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical costs continued to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

(iii) Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

2. Summary of Significant Accounting Policies *continued*

(w) Foreign currency translation *continued*

Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date. Income and expenses are translated at average exchange rates for the period. Retained profits are translated at the exchange rates prevailing at the date of the transaction.

(x) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(y) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries including the jointly controlled entities as at 30 June 2012.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated.

3. SEGMENT INFORMATION

Description of segments

The group has adopted AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team in assessing performance and in determining the allocation of resources.

During the year the group operated in one operating segment and two geographical segments, being mineral exploration in Australia and United States of America. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources in the group.

	Australia		USA		Consolidated	
	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$
Segment Revenue						
Other income [2]	7,382,308	2,468,953	-	9,995	7,382,308	2,478,948
Finance revenue	451,883	434,431	-	-	451,883	434,431
Discontinued operations	-	-	-	(9,995)	-	(9,995)
Total revenue	7,834,191	2,903,384	-	-	7,834,191	2,903,384
Segment result						
Segment result	2,869,390	(915,112)	-	(435,166)	2,869,390	(1,350,278)
Intersegment elimination					(2,071,840)	364,343
Gain/(Loss) before income tax					797,550	(985,935)
Income tax benefit					851,148	789,465
Gain/(Loss) for the year					1,648,698	(196,470)
Segment assets and liabilities						
Segment assets [1]	37,744,064	30,641,861	-	1,747,298	37,744,064	32,389,159
Intersegment elimination					-	(7,230,041)
Total assets					37,744,064	25,159,118
Segment liabilities	1,816,358	963,539	-	7,417,753	1,816,358	8,381,292
Intersegment elimination					-	(7,289,524)
Total liabilities					1,816,358	1,091,768
Other segment information						
Acquisition of property, plant and equipment	259,658	138,257	-	-	259,658	138,257
Depreciation and amortisation expense	188,183	130,495	-	14,836	188,183	145,331
Impairment of intercompany debt	7,606,676	7,235,515	-	-	7,606,676	7,235,515
Total impairment expense	7,606,676	7,235,515	-	-	7,606,676	7,235,515
Intersegment elimination					(7,606,676)	(7,235,515)
					-	-

Note:
1 Includes investment of $1,554,429 in an associated company listed on the TSX
2 Excludes gain of $2,537 on disposal of Royal Uranium Inc.

4. Other Income and Expenses

	2012 $	2011 $
(a) Other income		
Increase in market value of investments	261,260	21,643
Sundry income	91,370	1,680
Foreign currency gain	415,210	-
Gain on disposal [1]	2,537	-
	770,377	23,323
Proceeds from disposal of assets	-	6,040,000
Less carrying value of disposed assets	-	(3,700,000)
Net gain on disposal of assets	-	2,340,000
Proceeds from disposal of tenements	8,350,000	100,000
Less carrying value of disposed tenements (Note 13)	(1,735,532)	(4,713)
Net gain on disposal tenements	6,614,468	95,287
	7,384,845	2,458,610

Note 1: Royal Resources Limited divested all its remaining interest in North American uranium assets with the disposal of the subsidiary Royal Uranium Inc.

Royal Uranium Inc. was incorporated to hold assets while the Aldershot Share Exchange Agreement (SEA) was finalised during the year. (Refer to note 23). Royal Uranium Inc. was sold to Aldershot Resources Ltd on 30 April 2012.

The intercompany loan receivable from Royal Uranium Inc. was taken up by Aldershot Resources Ltd as an interest bearing loan from the Company. This loan is included in trade and other receivables. The majority of Royal Resources Limited's interests in North American uranium assets were disposed of via the sale of Royal USA Inc. which is disclosed in note 23.

(b) Gain/loss from disposal of plant and equipment		
Proceeds from disposal of plant and equipment	-	18,000
Less carrying value of disposed plant and equipment	-	(7,657)
Net gain/(loss) on disposal of plant and equipment	-	10,343

5. Income Tax

	2012 $	2011 $
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit / (loss) before income tax from continuing operations	960,083	(559,077)
Net foreign entity adjustments	1,220,691	-
Loss before income tax from discontinuing operations	(162,533)	(426,858)
Loss from ordinary activities before income tax expense	2,018,241	(985,935)
Prima facie tax benefit on loss from ordinary activities at 30% (2010: 30%)	605,472	(295,781)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Unlisted options	87,032	205,885
Fines and penalties	2,709	-
Entertainment	3,772	2,459
	698,985	(87,437)
Movements in unrecognised temporary differences	(3,735,936)	1,796,695
Tax effect of current year tax losses for which no deferred tax asset has been recognised	3,036,951	(1,709,258)
Research and development grant	(851,148)	(789,465)
Income tax benefit	(851,148)	(789,465)

5. INCOME TAX *CONTINUED*

	2012 $	2011 $
(b) Unrecognised temporary differences		
Deferred tax assets (at 30%)		
Prepayments	-	723
Property, plant and equipment	19,555	18,030
Loans	520,623	-
Provisions	178,154	47,512
Capital raising costs	102,866	154,248
Carry forward revenue tax losses	7,701,584	6,581,036
Carry forward foreign tax losses	-	2,695,669
	8,522,782	9,497,218
Deferred tax liabilities (at 30%)		
Unearned revenue	8,143	-
Capitalised tenement acquisition and exploration costs	7,654,752	5,323,759
Fair value increment on investment	-	14,014
	7,662,895	5,337,773

Potential future income tax benefits attributable to tax losses amounting to approximately $7,701,584 (2011: $9,276,705) at 2012 corporate tax rate of 30%, have not been brought to account at 30 June 2012 because the directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable. These benefits will only be obtained if:

(a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
(b) the Company continues to comply with the conditions for deductibility imposed by law; and
(c) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss and exploration expenditure.

6. EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share are calculated by dividing the profit/loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	2012 Cents	2011 Cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	0.60	0.09
From discontinued operations	(0.05)	(0.16)
Total basic earnings per share attributable to the ordinary equity holders of the company	0.55	(0.07)
Weighted average number of ordinary shares	300,263,509	262,665,571

	2012 $	2011 $
(b) Reconciliation of earnings used in calculating earnings per share		
Profit/(loss) attributable to the ordinary holders of the company used in calculating the basic earnings per share:		
From continuing operations	1,811,231	230,388
From discontinuing operations	(162,533)	(426,858)
	1,648,698	(196,470)

6. Earnings Per Share *continued*

	2012 Cents	2011 Cents
(c) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	0.59	0.08
From discontinued operations attributable to the ordinary equity holders of the company	0.54	(0.07)
Weighted average number of ordinary shares to determine diluted earnings per share	306,599,623	278,351,837

7 Cash and Cash Equivalents

		2012 $	2011 $
(a) Reconciliation of cash and cash equivalents			
Cash and cash equivalents comprises:			
Cash at bank and in hand		497,267	646,127
Short-term deposits		8,712,500	4,000,000
Continuing operations		9,209,767	4,646,127
Discontinued operations	23 (c)	-	86,216
		9,209,767	4,732,343

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the consolidated entity, and earn interest at the respective short-term deposit rates.

	2012 $	2011 $
(b) Reconciliation of net profit/(loss) after income tax to net cash flows from operating activities		
Net loss for the year	1,648,698	(196,470)
Adjustment for :		
Depreciation and amortisation	188,183	130,495
Exploration expenditure written off	1,778,285	27,666
Share options expensed	290,250	686,283
Gain on deconsolidation of subsidiary	(713,863)	-
Diminution in value of investment	1,743,419	-
Share of net loss on associate	299,962	-
Increase in market value of investments	(261,260)	(21,643)
(Gain)/loss on disposal of plant and equipment	-	(10,343)
Foreign currency exchange differences	(415,210)	24,330
Gain on disposal of Royal Uranium Inc.	(2,537)	-
Gain on disposal of investments	-	(2,340,000)
Gain on disposal of tenements	(6,614,468)	(95,287)
Changes in assets and liabilities:		
(Increase) in trade and other receivables	(425,302)	(182,501)
Increase in trade, other payables and provisions	845,314	19,144
Discontinued operations	(809,551)	389,141
Net cash used in operating activities	(2,448,080)	(1,569,185)

Non Cash Financing and Investing Activities

During the year the Company sold Royal USA Inc. to Aldershot Resources Ltd and received 35,000,000 shares in Aldershot Resources Ltd.

8. TRADE AND OTHER RECEIVABLES

	2012 $	2011 $
(a) Current		
GST receivable	386,058	220,238
IRS withholding tax [1]	170,532	-
Loan to Aldershot Resources Limited [2]	200,121	-
Prepayments	50,909	27,123
Sundry debtors [3]	101,540	236,497
	909,160	483,858

Note:

1. Withholding tax paid to Internal Revenue Services, USA (IRS) at completion of Share Exchange Agreement (SEA). This amount is expected to be fully refunded in the next financial year.

2. Loan provided to Aldershot Resources Ltd at an interest rate of 90 days Bank Bill Swap Rate + 4%.

3. Other receivables are non-interest bearing and generally on 30-90 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. As at 30 June 2012 no amounts are impaired or past due.

(b) Non-current		
Opening balance	90,958	148,944
Discontinued operations	(20,443)	(37,955)
Placement of deposits	58,572	8,498
Redemption of deposits	(15,487)	(20,000)
Foreign currency exchange difference	2,624	(8,529)
Term deposit for bonds	116,224	90,958

9. ASSOCIATED COMPANIES

Interests that are held in the following associated company

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest 2012	Ownership Interest 2011	Carrying Amount of Investments 2012	Carrying Amount of Investments 2011
Aldershot Resources Ltd	Mineral Exploration	Canada	Ord	41.63%	-	$1,554,429	-

	Consolidated Group 2012 $	Consolidated Group 2011 $
(a) Movements during the year in equity accounted investment in associated companies		
Balance at the beginning of the year	-	-
New investment during the year	3,597,810	-
Share of associated companies loss after tax	(299,962)	-
Impairment	(1,743,419)	-
Balance at the end of the year	1,554,429	-
(b) Equity accounted profits of associate are broken down as follows		
Share of associates loss before income tax	(299,962)	-
Share of associates income tax expense	-	-
	(299,962)	-

9. Associated Companies *continued*

	Consolidated Group 2012 $	2011 $
(c) Summarised presentation of aggregate assets, liabilities and performance of associates		
Current assets	328,683	-
Non current assets	2,651,597	-
Total assets	2,980,280	-
Current liabilities	419,557	-
Non current liabilities	390,987	-
Total liabilities	810,544	-
Net assets	2,169,736	-
(d) Revenues	-	-
(e) Loss after income tax of associate	(720,543)	-

At 30 June 2012 the market value of the shares that the group held in Aldershot Resources Ltd was $1,554,429 and as at 27 July 2012 the market value was $1,237,388.

10. Other Financial Assets (current)

	2012 $	2011 $
Listed shares at fair value		
Gascoyne Resources Limited	31,122	39,312
	31,122	39,312
Listed options at fair value		
Thundelarra Exploration Ltd	1,200	7,400
	32,322	46,712

Fair value is based on the market price of the shares and options at 30 June 2012

11. Controlled Entities

Name	Country of Incorporation	Percentage interest held 2012 %	2011 %	Carrying Amount of parent entity's investment 2012 $	2011 $
Royal USA Inc.	USA	-	100%	-	1
Royal Uranium Inc.	USA	-	100%	-	1
Razorback Iron Pty Ltd	AUS	100%	100%	20	20
Razorback Operations Pty Ltd	AUS	100%	100%	20	20
Red Dragon Mining Pty Ltd	AUS	100%	100%	20	20

12. Plant and Equipment

	2012 $	2011 $
Leasehold improvements, at cost	90,144	90,144
Less: accumulated depreciation	(77,915)	(70,577)
	12,229	19,567
Plant and equipment, at cost	370,781	263,374
Less: accumulated depreciation	(158,050)	(95,371)
	212,731	168,003
Office equipment, at cost	236,330	210,368
Less: accumulated depreciation	(160,364)	(127,227)
	75,966	83,141
Motor vehicles, at cost	78,180	52,070
Less: accumulated depreciation	(35,434)	(17,505)
	42,746	34,565
Plant and equipment, at cost (USA) – Discontinued operations	-	35,886
Less: accumulated depreciation	-	(27,088)
	-	8,798
Office equipment, at cost (USA) – Discontinued operations	-	11,730
Less: accumulated depreciation	-	(11,697)
	-	33

	2012 $	2011 $
Motor vehicles, at cost (USA) – Discontinued operations	-	25,610
Less: accumulated depreciation	-	(16,505)
	-	9,105
Less discontinued operations	-	(17,936)
Total property, plant and equipment	343,672	305,276

Reconciliations

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

Leasehold improvements		
Carrying amount at the beginning of the year	19,567	31,307
Depreciation	(7,338)	(11,740)
Carrying amount at the end of the year	12,229	19,567
Plant and equipment		
Carrying amount at the beginning of the year	168,003	120,058
Additions	107,407	101,885
Disposals	-	(7,657)
Depreciation	(62,679)	(46,283)
Carrying amount at the end of the year	212,731	168,003

12. Plant and Equipment *continued*

	2012 $	2011 $
Office furniture and equipment		
Carrying amount at the beginning of the year	83,141	72,653
Additions	25,962	36,372
Depreciation	(33,137)	(25,884)
Carrying amount at the end of the year	75,966	83,141
Motor vehicles		
Carrying amount at the beginning of the year	34,565	49,379
Additions	26,110	-
Depreciation	(17,929)	(14,814)
Carrying amount at the end of the year	42,746	34,565
Plant and Equipment (USA) – Discontinued operations		
Carrying amount at the beginning of the year	-	19,600
Depreciation	-	(7,343)
Foreign currency exchange movement	-	(3,459)
Carrying amount at the end of the year	-	8,798
Office Equipment (USA) – Discontinued operations		
Carrying amount at the beginning of the year	-	2,274
Disposals	-	-
Depreciation	-	(1,927)
Foreign currency exchange movement	-	(314)
Carrying amount at the end of the year	-	33

	2012 $	2011 $
Motor vehicles (USA) – Discontinued operations		
Carrying amount at the beginning of the year	-	17,925
Disposals	-	-
Depreciation	-	(5,566)
Foreign currency exchange movement	-	(3,254)
Carrying amount at the end of the year	-	9,105
Total carrying amount	343,672	323,212
Less discontinued operations	-	(17,936)
Total carrying amount (less discontinued operations)	343,672	305,276

13. Exploration Expenditure

At 1 July 2011	17,792,423	10,417,177
Exploration expenditure	13,456,236	8,945,604
Sale of Warriedar Project and tenements to FMG (2011: Sale of Mindy Project)	(1,735,532)	(4,713)
Expenditure written off	(1,778,285)	(27,666)
Foreign currency exchange movement	-	(1,265)
Discontinued operations	(2,219,003)	(1,536,714)
At 30 June 2012	25,515,839	17,792,423

13. EXPLORATION EXPENDITURE *CONTINUED*

The value of the group's interest in exploration expenditure is dependent upon:

- the continuance of the group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The group's exploration properties may be subject to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

14. INTANGIBLES

	2012 $	2011 $
Software and licences, at cost	163,702	139,699
Less: accumulated amortisation	(101,051)	(33,951)
	62,651	105,748

Reconciliation

Reconciliation of the carrying amount of intangible assets at the beginning and end of the financial year are set out below:

Opening balance at 1 July 2011	105,748	16,809
Additions	24,003	120,713
Amortisation	(67,100)	(31,774)
Carrying amount at 30 June 2012	62,651	105,748

15. TRADE AND OTHER PAYABLES (CURRENT)

	2012 $	2011 $
Trade payables [1]	1,636,738	844,202

Note 1: Trade payables are non-interest bearing and are normally settled on 30-60 day terms.

16. PROVISIONS (CURRENT)

Employee benefits	179,620	126,842

17. CONTRIBUTED EQUITY AND RESERVES

(a) Issued and paid up capital	Number of shares 2012	Number of shares 2011	2012 $	2011 $
Ordinary shares	305,853,030	263,333,671	39,969,570	33,121,746
Shares to be issued [1]	29,700,000	-	3,712,500	-
Total	335,553,030	263,333,671	43,682,070	33,121,746

Note 1: On 3 July 2012 the Company issued 29,700,000 fully paid ordinary shares to Lodestone. The shares were allotted to Lodestone on 29 June 2012 and the receipt of $3,712,500 has been included in cash and cash equivalents at 30 June 2012.

17. Contributed Equity and Reserves *continued*

(b) Movement in ordinary shares on issue

	Number of shares	Issue price $	Total $
Balance at 30 June 2010	261,489,756		32,785,999
Option conversion	60,000	0.080	4,800
Option conversion	156,127	0.100	15,612
Option conversion	127,788	0.120	15,335
Option conversion	1,500,000	0.200	300,000
Balance at 30 June 2011	263,333,671		33,121,746
Option conversion	20,000	0.080	1,600
Option conversion	3,030,132	0.100	303,013
Option conversion	6,727	0.120	807
Placement	962,500	0.165	158,813
Placement	38,500,000	0.180	6,930,000
Less transaction costs	-	-	(546,409)
	305,853,030	-	39,969,570
Private placement [1]	29,700,000	0.125	3,712,500
Balance at 30 June 2012	335,553,030		43,682,070

Note 1: On 3 July 2012 the Company issued 29,700,000 fully paid ordinary shares to Lodestone. The shares were allotted to Lodestone on 29 June 2012 and the receipt of $3,712,500 has been included in cash and cash equivalents at 30 June 2012.

(c) Movement in options on issue

		Number of options 2012	2011
(i)	Quoted options exercisable at 10 cents, on or before 31 October 2011		
	Balance at the beginning of the year	3,999,910	4,156,037
	Issued during the year	-	-
	Exercised during the year	(3,030,132)	(156,127)
	Expired	(969,778)	-
	Balance at the end of the year	-	3,999,910
(ii)	Unquoted options exercisable at 30 cents, on or before 6 April 2012		
	Balance at the beginning of the year	1,500,000	1,500,000
	Issued during the year	-	-
	Exercised during the year	-	-
	Expired	(1,500,000)	-
	Balance at the end of the year	-	1,500,000
(iii)	Unquoted options exercisable at 50 cents, on or before 30 June 2012		
	Balance at the beginning of the year	6,750,000	6,750,000
	Issued during the year	-	-
	Exercised during the year	-	-
	Expired	(6,750,000)	
	Balance at the end of the year	-	6,750,000

17. Contributed Equity and Reserves *continued*

		Number of options	
		2012	2011
(iv)	Unquoted options exercisable at 50 cents, on or before 6 April 2013		
	Balance at the beginning of the year	1,500,000	1,500,000
	Issued during the year	-	-
	Exercised during the year	-	-
	Balance at the end of the year	1,500,000	1,500,000
(v)	Unquoted options exercisable at 8 cents, on or before 30 April 2013		
	Balance at the beginning of the year	1,720,000	1,780,000
	Issued during the year	-	-
	Exercised during the year	(20,000)	(60,000)
	Balance at the end of the year	1,700,000	1,720,000
(vi)	Unquoted options exercisable at 30 cents, on or before 13 May 2013		
	Balance at the beginning of the year	1,180,000	1,180,000
	Issued during the year	-	-
	Exercised during the year	-	-
	Lapsed during the year	(55,000)	-
	Balance at the end of the year	1,125,000	1,180,000
(vii)	Unquoted options exercisable at 30 cents, on or before 19 July 2013		
	Balance at the beginning of the year	150,000	-
	Issued during the year	-	150,000
	Exercised during the year	-	-
	Balance at the end of the year	150,000	150,000

		Number of options	
		2012	2011
(viii)	Quoted options exercisable at 12 cents, on or before 31 October 2013		
	Balance at the beginning of the year	34,749,715	34,877,503
	Issued during the year	-	-
	Exercised during the year	(6,727)	(127,788)
	Balance at the end of the year	34,742,988	34,749,715
(ix)	Unquoted options exercisable at 30 cents, on or before 30 November 2013		
	Balance at the beginning of the year	3,000,000	3,000,000
	Issued during the year	-	-
	Exercised during the year	-	-
	Balance at the end of the year	3,000,000	3,000,000
(x)	Unquoted options exercisable at 24 cents, on or before 9 June 2014		
	Balance at the beginning of the year	1,860,000	-
	Issued during the year	-	1,860,000
	Exercised during the year	-	-
	Lapsed during the year	(80,000)	
	Balance at the end of the year	1,780,000	1,860,000
(xi)	Unquoted options exercisable at 55 cents, on or before 26 November 2014		
	Balance at the beginning of the year	4,500,000	4,500,000
	Issued during the year	-	-
	Exercised during the year	-	-
	Balance at the end of the year	4,500,000	4,500,000

17. Contributed Equity and Reserves *continued*

		Number of options	
		2012	2011
(xii)	Unquoted options exercisable at 28 cents, on or before 29 November 2015		
	Balance at the beginning of the year	5,750,000	-
	Issued during the year	-	5,750,000
	Exercised during the year	-	-
	Balance at the end of the year	5,750,000	5,750,000
(xiii)	Unquoted options exercisable at 21 cents, on or before 27 November 2016		
	Balance at the beginning of the year	-	-
	Issued during the year	6,750,000	-
	Exercised during the year	-	-
	Balance at the end of the year	6,750,000	-

(d) Reserves

	2012 $	2011 $
Listed option reserve		
Balance at the beginning of the year	1,007,941	1,007,941
Proceeds from option issue	-	-
Balance at the end of the year	1,007,941	1,007,941
Foreign currency		
Balance at the beginning of the year	638,916	968,528
Foreign currency translation	(638,916)	(329,612)
Balance at the end of the year	-	638,916
Share based payments reserve		
Balance at the beginning of the year	5,818,200	5,131,917
Options expense	290,250	686,283
Balance at the end of the year	6,108,450	5,818,200
Total reserves at year end	7,116,391	7,465,057

Listed option reserve
This reserve is used to record the proceeds from the issue of listed options, net of expenses of the issue.

Foreign currency translation reserve
This reserve is used to record exchange differences arising on transactions of the group entities that do not have a functional currency of Australian dollars and have been translated into Australian dollars for presentation purposes as described in note 2(w).

Share based payments reserve
This reserve is used to record the value of equity benefits provided to directors, employees and consultants as part of their remuneration. Refer note 27 for further details. Options were also issued to acquire an investment in an unlisted public company in the prior year.

18. Financial Instruments

The group's principal financial instruments comprise of cash, short term deposits and investments held for trading. The main purpose of these financial instruments is to maintain the group's operations. The group has various other financial assets and liabilities such as trade receivables and trade payables.

(a) Interest rate risk

The group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

The group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

	Floating interest rate		Fixed interest rate – 1 year or less		Non-interest bearing		Total	
Consolidated	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $
Financial assets								
Cash and cash equivalents	4,179,638	589,222	5,000,000	4,000,000	30,129	56,905	9,209,767	4,646,127
Trade and other receivables	200,121	-	116,224	90,958	709,039	483,858	1,025,384	574,816
Other financial assets	-	-	-	-	32,322	46,712	32,322	46,712
Total financial assets	4,379,759	589,222	5,116,224	4,090,958	771,490	587,475	10,267,473	5,267,655
Financial liabilities								
Trade and other payables	-	-	-	-	(1,636,738)	(844,202)	(1,636,738)	(844,202)
Total financial liabilities	-	-	-	-	(1,636,738)	(844,202)	(1,636,738)	(844,202)
Net financial assets/(liabilities)	4,379,759	589,222	5,116,224	4,090,958	(865,248)	(256,727)	8,630,735	4,423,453
Weighted average interest rate	2.75%	1.32%	6.43%	6.00%				

18. Financial Instruments *continued*

Reconciliation of net financial assets/ (liabilities) to net assets	2012 $	2011 $
Net financial assets/(liabilities) as above	8,630,735	4,423,453
Plant and equipment (note 12)	343,672	305,276
Exploration & evaluation expenditure (note 13)	25,515,839	17,792,423
Intangibles (note 14)	62,651	105,748
Provisions (note 16)	(179,620)	(126,842)
Investment in associate	1,554,429	-
Discontinued operations (note 23(c))	-	1,567,292
Net assets per balance sheet	35,927,706	24,067,350

The net fair value of all financial assets and liabilities at balance date approximate to their carrying value.

(b) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the group. The group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The group's primary banker is National Australia Bank, at balance date a majority of all operating accounts are with this bank.

All funds on deposit are placed with reputable counterparties with an "A" credit rating or higher.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the group's maximum exposure to credit risk.

(c) Net fair value of financial assets and liabilities

The net fair value of the financial assets and financial liabilities approximates their carrying value, except for the fair value of equity investments traded on organised markets which have been valued by reference to the market prices prevailing at balance date for those equity investments.

(d) Foreign currency risk

The group is exposed to fluctuations in foreign currency arising from costs incurred for mineral exploration expenditure in relation to the Company's joint ventures in the USA. Overseas expenses are paid at the spot rate on the date that the invoice is paid. The group does not engage in any hedging or derivative transactions to manage foreign currency risk. The group disposed of its subsidiaries in USA during the year ended 30 June 2012. As a result, exposure to foreign currency risk is minimised.

(e) Liquidity risk

The group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance requirements to finance the group's current and future operations.

(f) Market risk

The group manages its exposure to market risk by monitoring market conditions and making decisions based on industry experience.

18. FINANCIAL INSTRUMENTS *CONTINUED*

Financial Risk Management

Consolidated 2012 Financial assets	Level 1 $	Level 2 $	Total $
Financial assets at fair value through the profit or loss			
Investments held for trading	32,322	-	32,322
Total	32.322	-	32,322

Consolidated 2011 Financial assets	Level 1 $	Level 2 $	Total $
Financial assets at fair value through the profit or loss			
Investments held for trading	46,712	-	46,712
Total	46,712	-	46,712

Level 1
The fair value of these financial assets has been based on the closing quoted bid prices at reporting date.

Level 2
Valuation techniques such as those using comparisons to similar investments for which market observable rices are available have been adopted to determine the fair values of these investments.

19. SENSITIVITY ANALYSIS

(a) Interest rate risk

The following table represents a summary of the interest rate sensitivity of the group's financial assets at the balance sheet date on the deficit for the year and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

Consolidated 30 June 2012	Carrying amount $	Interest rate risk -1% Net loss $	 Equity $	Interest rate risk + 1% Net gain $	 Equity $
Financial assets					
Cash and cash equivalents	9,209,767	(92,098)	(92,098)	92,098	92,098
Other receivables	316,345	(3,163)	(3,163)	3,163	3,163
Total	9,526,112	(95,261)	(95,261)	95,261	95,261

Consolidated 30 June 2011	Carrying amount $	Interest rate risk -1% Net loss $	 Equity $	Interest rate risk + 1% Net gain $	 Equity $
Financial assets					
Cash and cash equivalents	4,646,127	(46,461)	(46,461)	46,461	46,461
Other receivables	90,958	(910)	(910)	910	910
Total	4,737,085	(47,371)	(47,371)	47,371	47,371

None of the group's financial liabilities are interest bearing.

19. Sensitivity Analysis *continued*

(b) Foreign currency risk

The group is not exposed to foreign exchange currency risk at balance date. In prior periods the group was exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in foreign currency as shown below based on notional amounts:

30 June 2011	US$	AU$
Financial assets and liabilities		
Cash and cash equivalents	7,851	7,311
Trade and other payables	(8,061)	(7,506)
Balance sheet exposure	(210)	(195)

The following foreign exchange rates applied during the financial year:

Currency	Average rate		Spot rate at reporting date	
	2012	2011	2012	2011
AUD/USD	-	0.9881	-	1.0739

The following table details the effect on the net loss and equity from a 10% increase in the Australian dollar against the US dollar with all other variables held constant.

	30 June 2012		30 June 2011	
	Net loss AU$	Equity AU$	Net loss AU$	Equity AU$
Net increase/(decrease)	-	-	18	18

The following table details the effect on the net loss and equity from a 10% decrease in the Australian dollar against the US dollar with all other variables held constant.

	30 June 2012		30 June 2011	
	Net loss AU$	Equity AU$	Net loss AU$	Equity AU$
Net increase/(decrease)	-	-	(22)	(22)

20. Commitments

There are no outstanding commitments or contingencies which are not disclosed in the financial report of the Company as at 30 June 2012 other than:

(i) Mineral tenement expenditure commitments – Australia

	2012 $	2011 $
Within one year	103,697	667,453
After one year but not more than five years	2,770,000	833,827
More than five years	-	506,800
	2,873,697	2,008,080

The group has expenditure obligations with respect to mineral tenements and minimum expenditure requirements on mineral tenements that have not been recognised as a liability or payable in the financial statements.

These include commitments relating to tenement lease rentals and the minimum expenditure requirements of the Government Departments governing mineral exploration in each jurisdiction or state of Australia. The minimum commitment expenditures attached to the tenements are subject to re-negotiation upon expiry of the exploration leases or when application for a mining licence is made.

If the consolidated entity decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

These are necessary in order to maintain the tenements in which the Company and other parties are involved. All parties are committed to meet the conditions under which the tenements were granted in accordance with the relevant mining legislation in Western Australia, South Australia and the Northern Territory.

Commitments for Royal USA Inc. have been excluded from total commitments for financial year ended 30 June 2011. Royal USA Inc. at 30 June 2011 is a discontinued operation for the group and Royal USA Inc. was sold in 2012.

20. COMMITMENTS *CONTINUED*

(ii) Operating lease commitments

	2012 $	2011 $
Within one year	159,692	148,350
After one year but not more than five years	-	145,320
	159,692	293,670

The Company has a commercial sub-lease on its corporate office premise in Perth. This is a non-cancellable lease expiring on 30 June 2013. The Company also has a commercial non-cancellable lease expiring on 31 December 2012 on its corporate office premise in Adelaide. The amount for these leases has not been recognised as liability or payable in the financial statements.

(iii) Bonds

At 30 June 2012 the group has outstanding $79,754 (2011: $92,443) as a current bond provided by the Company's bank for mineral tenements.

(iv) Bank guarantee

At 30 June 2012 the group has outstanding $36,470 (2011: $36,470) as a current guarantee provided by the Company's bank for corporate office lease. The Company has an available limit of bank guarantee facility of $200,000 and currently this facility has not been utilised by the Company.

21. INTEREST IN JOINT VENTURES

The group has entered into joint venture agreements with third parties in Australia, whereby the group can earn an interest in exploration areas by expending specified amounts in the exploration areas.

The group has an interest in the following joint ventures:

(a) Aldershot Joint Venture

The Aldershot Joint Venture is between the Company and Aldershot Resources Ltd, a TSX Venture Exchange listed company. The purpose of the joint venture is to explore, evaluate and mine uranium on 4 tenements located in the Northern Territory controlled by Aldershot Resources Ltd.

As per the terms and conditions of the joint venture agreement, the Company has met the minimum expenditure requirement. Royal now holds 60% interest in the tenements and is the JV manager.

(b) Assets utilised in the USA Joint Ventures

The group's share of the assets, liabilities, revenue and expenses of the jointly controlled operations before the provision for impairment, which is included in the consolidated financial statements, as follows:

	30 June 2012 $	30 June 2011 $
ASSETS		
Current assets		
Cash and cash equivalents	-	86,216
Trade and other receivables	-	9,195
Total current assets	-	95,411
Non-current assets		
Trade and other receivables	-	37,955
Property, plant and equipment	-	17,936
Exploration expenditure	-	1,536,714
Total non-current assets	-	1,592,605
TOTAL ASSETS	-	1,688,016
LIABILITIES		
Current liabilities		
Trade and other payables	-	(120,724)
Total current liabilities	-	(120,724)
Non-current liabilities		
Advance from related party	-	-
Total non-current liabilities	-	-
TOTAL LIABILITIES	-	(120,724)
NET ASSETS	-	1,567,292

22. Parent Entity

	2012 $	2011 $
Financial Position		
Assets		
Current assets	10,141,398	5,159,397
Non-current assets	28,051,398	18,459,748
Total assets	38,192,796	23,619,145
Liabilities		
Current liabilities	(1,816,358)	(963,539)
Net Assets	36,376,438	22,655,606
Equity		
Issued capital	43,682,070	33,121,747
Accumulated losses	(14,422,023)	(17,292,282)
Reserves		
Listed option reserve	1,007,941	1,007,941
Share based payments reserve	6,108,450	5,818,200
Total equity	36,376,438	22,655,606
Financial Performance		
Profit/(loss) for the year after income tax	2,870,259	(913,802)
Total comprehensive income/(loss)	2,870,259	(913,802)
Mineral tenement expenditure commitments		
Within one year	103,697	420,787
After one year but not more than five years	1,310,000	587,160
More than five years	-	506,800
	1,413,697	1,514,747

Contingencies

Refer to note 29 for details of the parent entity contingent liabilities.

23. Discontinued Operations

(a) Details of discontinued operations

The board of directors decided to sell Royal USA Inc. in line with the group's strategy to focus resources on Australian based projects. In particular the group will be focusing efforts on the Razorback Iron Ridge Project in South Australia.

On 2 September 2011 the Company finalised an agreement with TSX listed Aldershot Resources Ltd ("Aldershot", TSX:V.ALZ), of Vancouver, Canada to vend its USA uranium assets into Aldershot. The Company sold its wholly-owned subsidiary, Royal USA Inc. ("Royal USA") to Aldershot.

Aldershot agreed to acquire all of the shares of Royal USA and in consideration Aldershot issued 35,000,000 common shares and 31,609,667 warrants. The warrants will be exercisable at prices between $0.10 and $0.20, all on the same terms as 31,609,667 existing warrants in Aldershot.

The Company provided working capital to Aldershot by a private placement of $1,500,000, at $0.05 per unit. Each unit comprised one common share and one non-transferable warrant, with the attached warrant exercisable for a period of two years at a price of $0.10 per share. The Company has the right to appoint two directors to the Aldershot board. Royal USA's exploration team will move to Aldershot to advance the prospects controlled by Royal USA.

23. DISCONTINUED OPERATIONS *CONTINUED*

(b) Financial performance of discontinued operations

The results of the discontinued operations for the year until disposal are presented below:

	30 June 2012 $	30 June 2011 $
Other income	-	9,995
Exploration expenditure	(117,543)	(262,776)
Employee benefits	(42,451)	(159,215)
Depreciation and amortisation	(2,539)	(14,836)
Operating loss	(162,533)	(426,832)
Finance costs	-	(26)
Income tax expense	-	-
Loss after income tax of discontinued operation	(162,533)	(426,858)
Profit/(loss) attributable to the owners of the parent entity		
Profit/(loss) from continuing operations	1,811,231	230,388
Loss from discontinued operations	(162,533)	(426,858)
	1,648,698	(196,470)

(c) Assets and liabilities – discontinued operations

	30 June 2012 $	30 June 2011 $
Current assets		
Cash and cash equivalents	29,892	86,216
Trade and other receivables	5,634	9,195
Total current assets	35,526	95,411
Non-current assets		
Trade and other receivables	58,398	37,955
Property, plant and equipment	16,221	17,936
Exploration expenditure	2,219,003	1,536,714
Total non-current assets	2,293,622	1,592,605
Total assets	2,329,148	1,688,016
Current liabilities		
Trade and other payables	(414,809)	(120,724)
Total current liabilities	(414,809)	(120,724)
Non-current liabilities		
Advance from related party	(429,667)	-
Total non-current liabilities	(429,667)	-
Total liabilities	(844,476)	(120,724)
Net assets	1,484,672	1,567,292

All US dollar amounts were converted using balance day rate AUD/USD of 1.0215.

23. DISCONTINUED OPERATIONS *CONTINUED*

(d) Gain on deconsolidation of subsidiary

	30 June 2012 $
Shares in Aldershot Resources Ltd [1]	1,209,876
Warrants in Aldershot Resources Ltd [2, 3]	641,653
Total disposal consideration	1,851,529
Consolidated carrying value of Royal USA Inc. on disposal	(1,137,666)
Gain on disposal before income tax [4]	713,863

Note:
1 Comprising 35,000,000 shares in Aldershot Resources Ltd at CAD $0.035 as at 14 September 2011.
2 Comprising 31,609,667 warrants in Aldershot Resource Ltd, using Black Scholes formula to determine their value as at 14 September 2011.
3 The warrants issued to the Company may not be exercised until an identical number of current securities have been exercised by other parties.
4 All Canadian dollar amounts converted using balance day rate AUD/CAD of 1.0215.

(e) Cash flow

	30 June 2012 $	30 June 2011 $
Net cash outflow from operating activities	(150,616)	(105,754)
Net cash outflow from investing activities	(321,852)	(936,678)
Net cash inflow from financing activities	413,944	1,110,705
Net increase/(decrease) in cash	(58,524)	68,273
Cash at the beginning of the year	86,216	17,943
Exchange differences on cash balances held	2,200	-
Cash at the end of the period	29,892	86,216

(f) Exploration expenditure

	30 June 2012 $	30 June 2011 $
At 1 July 2011	1,536,714	1,162,727
Exploration expenditure	698,852	931,528
Expenditure written off	(117,543)	(262,776)
Foreign currency exchange movement	100,980	(294,765)
At 14 September 2011 (date of disposal)	2,219,003	1,536,714

24. EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the financial year, the directors are not aware of any other matter or circumstance not otherwise dealt with in this report or the financial statements that has significantly or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years with the exception of the following, the financial effects of which have not been provided for in the 30 June 2012 financial statements.

Private placement of Royal Resources Limited shares
On 3 July 2012 the Company issued 29,700,000 fully paid ordinary shares to Lodestone. The shares were allotted to Lodestone on 29 June 2012 and the receipt of $3,712,500 has been included in cash and cash equivalents at 30 June 2012.

Issue of employee share options
On 17 July 2012 the Company granted 2,545,000 options to eligible employees under the employee share option plan. The options have an exercise price of 22.5 cents each and have an expiry date of 9 July 2015. The options were granted at no cost and carry no dividend or voting rights. The options are not quoted on the Australian Securities Exchange Ltd.

25. Auditor's Remuneration

	2012 $	2011 $
Audit and review of the financial report of the	60,575	60,000
Audit of USA subsidiary by USA auditor	-	22,973
	60,575	82,973

26. Directors and Executive Disclosures

(a) Details of directors and key management personnel

Directors

P G Crabb	Chairman	(Non-Executive)
M F Flis	Managing director	(Executive)
F DeMarte [1]	Director	(Non-Executive)
B D Richardson [2]	Director	(Non-Executive)
M J Randall	Director	(Non-Executive)

Executive

T Heslop [3] Company Secretary & Chief Financial Officer

Note:
1 F DeMarte resigned as an Executive Director on 16 April 2012.
2 B D Richardson resigned as a Non-Executive Director on 29 June 2012.
3 T J Heslop appointed as Company Secretary on 16 April 2012.

(b) Compensation for directors and key management personnel

	2012 $	2011 $
Short term employee benefits	854,950	801,046
Annual leave provision	56,976	24,036
Post employment benefits	130,066	110,527
Share based payments	290,250	506,382
Long service leave	18,540	-
Total compensation	1,350,782	1,441,991

(c) Shares issued on exercise of compensation options

During the financial year no compensation options were exercised by the directors or key management personnel.

26. DIRECTORS AND EXECUTIVE DISCLOSURES *CONTINUED*

(d) Options holding of directors and key management personnel

30 June 2012	Balance at beginning of year 01-Jul-11	Granted as remuneration	Options exercised	Net change other	Balance at end of year 30-Jun-12	Vested at 30 June 2012 Total	Exercisable	Not exercisable
Directors								
P G Crabb	5,579,134	1,250,000	(12,999)	(1,000,000)	5,816,135	5,816,135	5,816,135	-
F DeMarte[1]	5,769,733	1,750,000	-	(1,750,000)	5,769,733	5,769,733	5,769,733	-
B D Richardson[2]	4,545,363	750,000	(195,363)	(2,500,000)	2,600,000	2,600,000	2,600,000	-
M J Randall	2,698,197	1,000,000	-	(750,000)	2,948,197	2,948,197	2,948,197	-
M F Flis	7,654,766	2,000,000	-	(1,500,000)	8,154,766	8,154,766	8,154,766	-
Executive								
T J Heslop[3]	650,000	-	-	-	650,000	650,000	650,000	-
Total	26,897,193	6,750,000	(208,362)	(7,500,000)	25,938,831	25,938,831	25,938,831	-

30 June 2011	Balance at beginning of year 01-Jul-10	Granted as remuneration	Options exercised	Net change other	Balance at end of year 30-Jun-12	Vested at 30 June 2011 Total	Exercisable	Not exercisable
Directors								
P G Crabb	6,566,135	1,000,000	-	(1,987,001)	5,579,134	5,579,134	5,579,134	-
F DeMarte[1]	5,269,733	1,500,000	(1,000,000)	-	5,769,733	5,769,733	5,769,733	-
B D Richardson[2]	4,795,363	750,000	-	(1,000,000)	4,545,363	4,545,363	4,545,363	-
M J Randall	2,448,197	750,000	(500,000)	-	2,698,197	2,698,197	2,698,197	-
M F Flis	7,304,766	1,750,000	-	(1,400,000)	7,654,766	7,654,766	7,654,766	-
Executive								
T J Heslop[3]	-	650,000	-	-	650,000	650,000	650,000	-
Total	26,384,194	6,400,000	(1,500,000)	(4,387,001)	26,897,193	26,897,193	26,897,193	-

Note:
1 F DeMarte resigned as Company Secretary on 16 April 2012.
2 B Richardson resigned as a Non-Executive Director on 29 June 2012.
3 T J Heslop appointed as Company Secretary on 16 April 2012.

26. DIRECTORS AND EXECUTIVE DISCLOSURES *CONTINUED*

(e) Shareholdings of directors and key management personnel

The number of shares in the Company held during the financial year by each director and other key management personnel of the Company, including their personally related parties, are set out below.

30 June 2012	Balance 01-Jul-11 Ord	Granted as remuneration Ord	On exercise of options Ord	Net change other Ord	Balance 30-Jun-12 Ord
Directors					
P G Crabb	24,137,91	-	-	513,039	24,650,954
F DeMarte[1]	3,688,135	-	-	-	3,688,135
B D	1,672,188	-	-	195,363	1,867,551
M Randall	1,887,383	-	-	-	1,887,383
M F Flis	1,833,366	-	-	-	1,833,366
Executive					
T J Heslop[3]	220,000	-	-	-	220,000
Total	33,438,98	-	-	708,402	34,147,389

30 June 2011	Balance 01-Jul-10 Ord	Granted as remuneration Ord	On exercise of options Ord	Net change other Ord	Balance 30-Jun-11 Ord
Directors					
P G Crabb	23,662,91	-	-	475,000	24,137,915
F DeMarte[1]	2,688,135	-	1,000,000	-	3,688,135
B D	1,645,188	-	-	27,000	1,672,188
M Randall	1,387,383	-	500,000	-	1,887,383
M F Flis	1,833,366	-	-	-	1,833,366
Executive					
T J Heslop[3]	-	-	-	220,000	220,000
Total	31,216,98	-	1,500,000	722,000	33,438,987

Note:
1 F DeMarte resigned as Company Secretary on 16 April 2012.
2 B Richardson resigned as a Non-Executive Director on 29 June 2012.
3 T J Heslop appointed as Company Secretary on 16 April 2012.

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

(f) Loans to key management personnel

There were no loans to key management personnel during the year.

(g) Other transactions and balances with key management personnel and their related parties

Disclosures relating to other transactions and balances with key management personnel are included and set out in note 28.

27. SHARE BASED PAYMENTS

Options are granted under the Company employee share option plan ("ESOP") which was approved by the directors on 30 November 2010. The ESOP is available to any person who is a director, or an employee (whether full-time or part-time) of the Company or of an associated body corporate of the Company ("Eligible Person").

Subject to the rules set out in the ESOP and the listing rules, the Company (acting through the board) may offer options to any eligible person at such time and on such terms as the board considers appropriate.

There are no voting or dividend rights attached to the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

The expense recognised in the income statement in relation to share-based payments during the financial year is disclosed in consolidated statement of comprehensive income.

27. SHARE BASED PAYMENTS *CONTINUED*

The following table illustrates the number and weighted average exercise price of and movements in share options issued during the year:

	2012 Number	2012 WAEP $	2011 Number	2011 WAEP $
Outstanding at beginning of the year	27,910,000	0.38	27,070,000	0.38
Granted during the year	6,750,000	0.21	7,760,000	0.27
Exercised during the year	(20,000)	0.08	(1,560,000)	0.20
Lapsed during the year	(8,385,000)	0.46	(5,360,000)	0.29
Outstanding at the end of the year	26,255,000	0.31	27,910,000	0.38
Exercisable at the end of the year	26,255,000		27,910,000	

(a) Issue of directors options

On the 28 November 2011 approval was granted at annual general meeting to issue the directors of the Company with 6,750,000 options. The options have an exercise price of 21 cents each and have an expiry date of 27 November 2016. The options were granted at no cost and carry no dividend or voting rights. The options are not quoted on the Australian Securities Exchange Ltd.

(b) Issue of employee options

During the financial year the Company did not grant any employee share options. Options were issued after the end of financial year with a grant date of 10 July 2012.

(i) the weighted average remaining contractual life for the options outstanding as at 30 June 2012 is 2.73 years (2011: 2.28 years);

(ii) the weighted average exercise price for options outstanding at the end of the year was $0.31 (2011: $0.38);

(iii) the weighted average exercise price of options granted during the year was $0.21 (2011: $0.27); and

(iv) the fair value of the equity-settled share options granted under the plan is estimated as at the date of grant using a Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year ended 30 June 2012.

Number of options	6,750,000
Share Price at grant date	13.5 cents
Option exercise price	21 cents
Expiry date	27/11/16
Expected life of the option (years)	5 years
Vesting period (months)	-
Dividend yield (%)	-
Expected volatility (%)	62.7%
Risk-free interest rate (%)	3.26%
Fair value of options	4.3 cents
Vesting date	Grant date

The following table lists the inputs to the model used for the year ended 30 June 2011.

Number of options	150,000	5,750,000	1,860,000
Share Price at grant date	19 cents	17 cents	16 cents
Option exercise price	30 cents	28 cents	24 cents
Expiry date	19/07/13	29/11/15	9/06/14
Expected life of the option (years)	3 years	5 years	3 years
Vesting period (months)	-	-	-
Dividend yield (%)	-	-	-
Expected volatility (%)	128.8%	96.3%	62%
Risk-free interest rate (%)	4.65%	5.18%	5.18%
Fair value of options	9.2 cents	8.1 cents	5.3 cents
Vesting date	Grant date	Grant date	Grant date

28. Related Party Disclosures

Amounts paid and payable to a company, which the directors are directors and shareholders, in the normal course of business in 2012 for office rentals, administration and employee services totalled $187,381 (2011: $228,108) and the balance included in trade creditors is $1,784 (2011: $Nil).

Amounts received and receivable from a company, which Mr. Philip Crabb's trust Ioma Pty Ltd is a shareholder, in the normal course of business in 2012 for employee services totalling $2,397 (2011: $Nil).

A loan of $200,121 was made to Aldershot Resources Ltd in which the directors are directors and shareholders. This amount is part of a loan agreement that has been entered with this company. Costs incurred in the normal course of business for exploration expenditure in relation to a farm-in joint venture with Aldershot Resources Ltd totalling $453,302 (2011: $447,827). Amounts paid and payable to Aldershot Resources Ltd in the normal course of business in 2012 for hire of equipment and purchase of equipment totalled $26,184 (2011: $15,116) and the balance included in trade creditors $Nil (2011: $Nil). Amounts received and receivable from Aldershot Resources Ltd in the normal course of business totalling $53,234 (2011: $57,955) and the balance included in trade and other receivables $695 (2011: $6,863).

Loans advanced to subsidiary, Razorback Iron Pty Ltd total $19,898,956 (2011: $15,632,646) at 30 June 2012.

Loans advanced to subsidiary, Razorback Operations Pty Ltd total $10,207 (2011: $9,980) at 30 June 2012.

Loans advanced to subsidiary, Red Dragon Mining Pty Ltd total $598 (2011: $392) at 30 June 2012.

29. Contingent Liabilities

Razorback, a wholly owned subsidiary of the Company, has paid an initial amount of $4,950,000 to Mintech to acquire EL/4267.

On 9 December 2010, in response to a request by Mintech that the Company consider an early payment of the Pre-feasibility study amount, the Company negotiated a reduced payment of $2.5 million (payable by Razorback) on the basis of both the time value of money and the acceptance of a higher risk by the Company in the absence of a PFS being completed.

Additional amounts are due and payable upon completing the milestones associated with further developing this resource are detailed below;

	2012 $	2011 $
Financial Position		
Bankable feasibility study	20,000,000	20,000,000
Total	20,000,000	20,000,000

The Company has entered into an exclusive option agreement with Goldus Pty Ltd for the right to access, for the purposes of iron ore exploration, and acquire exploration licences EL/3927 and EL/3997. An annual option fee of $50,000 is payable with a right to exercise the option to acquire both EL's for a payment of $10 million. The option is for a ten year period. The Company also retains the right of first right of refusal on any other minerals found on these two tenements.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Royal Resources Limited, I state that:

In the opinion of the directors:

(a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the Company and the consolidated entity are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

  (ii) complying with accounting standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) the financial report also complies with International Financial Reporting Standards as described in note 2(b).

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2012.

On behalf of the board

Marcus F Flis
MANAGING DIRECTOR

30 July 2012

Perth, Western Australia

INDEPENDANT AUDIT REPORT TO THE MEMBERS

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ROYAL RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Royal Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 2(b), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Stantons International

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

(a) the financial report of Royal Resources Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 2(b).

Report on the Remuneration Report

We have audited the remuneration report included in pages **24** to **29** of the directors' report for the year ended 30 June 2012. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Opinion
In our opinion the remuneration report of Royal Resources Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)
Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
30 July 2012

AUDITOR'S INDEPENDENCE DECLARATION

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

30 July 2012

Board of Directors
Royal Resources Limited
Level 3, IBM Building
1060 Hay Street
West Perth WA 6005

Dear Directors

RE: ROYAL RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Royal Resources Limited.

As Audit Director for the audit of the financial statements of Royal Resources Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Martin Michalik
Director

The following information dated 19 September 2012 is required by the Listing Rules of the ASX Limited.

1. Distribution and Number of Holder of Equity Securities

The number of holders, by size of holding, in each class of security are:

	Fully paid ordinary shares	2013 Quoted Options
1 – 1,000	468	79
1,001 – 5,000	629	169
5,001 – 10,000	291	89
10,001 – 100,000	936	209
100,001 and over	343	58
Totals	2,667	604
Holding less than a marketable parcel	1,113	361

2. Twenty Largest Holders of Quoted Securities

(a) Ordinary Shares

Holder	Shares Held Number	%
LODESTONE EQUITIES LIMITED	65,300,000	19.45
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	43,222,734	12.88
RAGGED RANGE MINING PTY LTD & ASSOCIATES	24,375,954	7.26
CITICORP NOMINEES PTY LIMITED	14,452,246	4.31
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,000,000	3.28
MR RICK WAYNE CRABB	4,919,362	1.47
NORILSK NICKEL AUSTRALIA PTY LTD	4,550,000	1.36
JP MORGAN NOMINEES AUSTRALIA LIMITED	3,886,995	1.16
MR FRANK DEMARTE	2,953,730	0.88
FORSYTH BARR CUSTODIANS LTD	2,888,383	0.86
THUNDELARRA EXPLORATION LTD	2,872,265	0.86
UOB KAY HIAN PRIVATE LIMITED	2,520,555	0.75
MR CHING WOO GOH	2,413,716	0.72
WESTESSA HOLDINGS PTY LTD	2,229,858	0.66
MR ROSS SPENCER	2,139,000	0.64
RENIQUE HOLDINGS PTY LTD	1,887,383	0.56
MR MARCUS FLIS	1,833,366	0.55
MR EDWIN LEIGH DAVIES + MRS SUSAN LINDA DAVIES	1,782,084	0.53
BNP PARIBAS NOMS PTY LTD	1,700,000	0.51
MR WILLIAM JANSEN + MRS MARILYN GAIL JANSEN	1,550,000	0.46
Total	198,477,631	59.13

ASX ADDITIONAL INFORMATION

2. Twenty Largest Holders of Quoted Securities *continued*

(b) Options expiring 31 October 2013

Holder	Options Held Number	%
SIN-TANG DEVELOPMENT PTE LTD	3,333,333	9.59
AUS-ORE INVESTMENTS PTY LTD	3,171,802	9.13
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,876,477	8.28
RAGGED RANGE MINING PTY LTD & ASSOCIATES	2,066,135	5.95
MR WILLIAM JANSEN + MRS MARILYN GAIL JANSEN	1,250,000	3.60
CHIN NOMINEES PTY LTD	1,000,000	2.88
MR RICK WAYNE CRABB	725,266	2.09
NORILSK NICKEL AUSTRALIA PTY LTD	650,000	1.87
UOB KAY HIAN PRIVATE LIMITED	630,555	1.81
MR CHING WOO GOH	564,284	1.62
MR CHING PING CHIH + MRS MARGARET CHIH	560,876	1.61
LACEGLEN HOLDINGS PTY LTD	465,165	1.34
MR RONALD ROSS MARTIN + MRS VERNA RUTH MARTIN	426,302	1.23
THUNDELARRA EXPLORATION LTD	410,323	1.18
MR MARCUS FLIS	404,766	1.17
MR REX EDWARD TURNER + MISS ERIN KATE TURNER	400,000	1.15
MR ANDREW DAVID EVANS + MRS REBECCA CATHERINE EVANS	352,110	1.01
CHETAN ENTERPRISES PTY LTD	336,557	0.97
MR WARREN NEAL TUTTIETT	331,249	0.95
MR FRANK DEMARTE	329,104	0.95
Total	20,284,304	58.38

3. Substantial Shareholders

An extract from the Company's register of substantial shareholders is set out below:

Name	Number of Shares Held	%
LODESTONE EQUITIES LIMITED	65,300,000	19.45
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	43,222,734	12.88
RAGGED RANGE MINING PTY LTD & ASSOCIATES	24,375,954	7.26

4. Voting Rights

The Company's share capital is of one class with the following voting rights:

(a) Ordinary Shares

On a show of hands every shareholder present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

The Company's options have no voting rights.

5. Stock Exchange Listing

Royal Resources Limited ordinary shares are listed on all member exchanges of the ASX Limited.
The home exchange is the ASX Limited.

6. Restricted Securities

There are no ordinary shares on issue that have been classified by the ASX Limited, Perth as restricted securities.

7. Schedule of Tenements

Tenement Name	Tenement Number and Type	Holder/ Application	Share Held	Status
Amangal	EL27354	ROY ALZ	60 40	Granted 2/12/09
Djambdimba	EL28701	ROY	100	Granted 1/11/11
Fields Find	P59/1968	ROY	100	Granted 9/05/12
Fields Find	P59/1969	ROY	100	Granted 9/05/12
Fields Find	P59/1970	ROY	100	Granted 9/05/12
Fields Find	M59/723	ROY	100	Pending (applied 19/07/07)
Fields Find	M59/727	ROY	100	Pending (applied 22/11/07)
Fields Find	P59/1991	ROY	100	Pending (applied 23/04/12)
Fields Find	E59/1154-I	ROY	100	Granted 8/08/06
Fields Find	E59/1268	ROY	100	Granted 30/05/07
Fields Find	E59/1447	ROY	100	Granted 9/02/10
Fields Find	M59/63	ROY	100	Granted 13/10/87
Fields Find	P59/1885	ROY	100	Granted 29/07/09
Gum Creek	EL27634	ROY	100	Granted 9/04/10
Naburula East	EL28986	ROY	100	Granted 16/04/12
Ngalia East	EL29067	ROY	100	Granted 16/04/12
Razorback	EL3927	ROY GDS	0 100	Granted 17/09/07 ROY iron option
Razorback	EL3997	ROY GDS	0 100	Granted 10/12/07 ROY iron option
Razorback	EL4267	ROY	100	Granted 22/06/09
Razorback	EL4811	ROY	100	Granted 1/12/11
Watertank	P63/1361	ROY	100	Granted 6/08/07
Watertank	P63/1362	ROY	100	Granted 6/08/07
Watertank	P63/1363	ROY	100	Granted 6/08/07
Yatjalu	EL27633	ROY	100	Granted 9/04/10
Yatjalu West	EL28700	ROY	100	Granted 1/11/12

Key to Tenement Type

E/EL = Exploration Licence
M = Mining Licence
P = Prospecting Licence

Key to Holders

ALZ = Aldershot Resources Ltd
GDS = Goldus Pty Ltd
ROY = Royal Resources Limited

Corporate Information

Directors

PHILLIP G CRABB
Non-Executive Chairman

MARCUS F FLIS
Managing Director

FRANK DEMARTE
Non-Executive Director

BRIAN D RICHARDSON
Non-Executive Director
(Resigned on 29 June 2012)

MALCOLM J RANDALL
Non-Executive Director

Company Secretary

TONY HESLOP
(Appointed on 16 April 2012)

FRANK DEMARTE
(Resigned on 16 April 2012)

Stock Exchange Listing

Australian Securities Exchange Ltd
Code: ROY

Website

www.royalresources.com.au

Principal Registered Office

Level 3, IBM Building
1060 Hay Street
West Perth Western Australia 6005

PO Box 7525
Cloisters Square
Western Australia 6850

Telephone: (+61 8) 9322 8542
Facsimile: (+61 8) 9322 6577

Email: info@royalresources.com.au

Share Register

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth Western Australia 6000

Telephone: (+61 8) 9323 2000
Facsimile: (+61 8) 9323 2033

Auditors

Stantons International
Level 2, 1 Walker Avenue
West Perth Western Australia 6005

ROYAL RESOURCES LIMITED IS FOCUSSED ON CREATING SHAREHOLDER VALUE THROUGH THE DISCOVERY AND PROFITABLE DEVELOPMENT OF MINERAL DEPOSITS. THE RAZORBACK IRON ORE PROJECT IS PROGRESSING INTO A SUCCESSFUL DEMONSTRATION OF THIS STRATEGY.