ROYAL

RESOURCES LIMITED

ABN 34 108 102 432

PROSPECTUS

For a pro-rata non-renounceable Rights Issue of 14,470,000 Shares on the basis of one (1) Share for every two (2) Shares held on the Record Date of 3 February 2006, at an issue price of 20 cents per Share, together with one free attaching 2007 Option and one free attaching 2009 Option, for every Share issued, to raise $2,894,000.

And for an additional, Public Offer of up to 5,650,000 Shares at an issue price of 20 cents per Share, together with one free attaching 2007 Option and one free attaching 2009 Option for every Share issued to raise up to $1,130,000.

The Rights Issue and Public Offer closes at 5.00pm AWST on 28 February 2006.

THE RIGHTS ISSUE IS UNDERWRITTEN BY PATERSONS SECURITIES LIMITED

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your professional adviser.

ROYAL
RESOURCES LIMITED

CORPORATE DIRECTORY

DIRECTORS

Rick W Crabb
Chairman

Frank DeMarte
Executive Director

Brian D Richardson
Non-Executive Director

Philip G Crabb
Non-Executive Director

SECRETARY

Frank DeMarte

REGISTERED OFFICE

Level 3, IBM Building
1060 Hay Street
WEST PERTH WA 6005
Tel: 08 9321 2152
Fax: 08 9321 9670
www.royalresources.com.au
info@royalresources.com.au

SOLICITORS

Blakiston & Crabb

1202 Hay Street
WEST PERTH WA 6005

AUDITORS AND INVESTIGATING ACCOUNTANTS

Stanton Partners

Level 1, 1 Havelock Street
WEST PERTH WA 6005

INDEPENDENT CONSULTING GEOLOGIST

Bourke & Associates

Level 1, 9 Havelock Street
WEST PERTH WA 6005

SHARE REGISTRY

Computershare Investor
Services Pty Limited

Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000
Tel: 1300 557 010
Fax: 08 9323 2033

LEAD MANAGER & UNDERWRITER

Patersons Securities Limited

Level 23, Exchange Plaza
2 The Esplanade
PERTH WA 6000
Tel: 08 9263 1111
Fax: 08 9325 5123
www.psl.com.au
corporate.finance@psl.com.au

CHAIRMAN'S LETTER

Dear Shareholders and Investors

It is my pleasure to present this Prospectus for your consideration. You may recall that in 2004, the Company (then called United Gold Ltd) issued a prospectus with a view to listing on the ASX. Unfortunately, due to a rather severe market downturn after the Prospectus was issued, the Company failed to raise the minimum amount and the Directors decided it was prudent to withdraw the prospectus and await better market conditions.

During 2005, the Company undertook minimal but nevertheless effective exploration on its prospects, to meet the expenditure requirements under the Mining Act and evaluate iron ore prospectivity on its Murchison tenements.

During the 15 month period from October 2004 to January 2006 the prices of most mineral commodities have increased considerably. The iron ore price has increased by 70%, gold has gone from US$425 (A$567) per ounce to US$568 (A$756), copper has risen by 67% (A$2,640 per tonne), nickel by 11% (A$1,942 per tonne) and platinum has increased by 29% (A$324 per ounce). All these commodities have the potential to occur in economic concentrations within the Royal Resources tenement portfolio. The very positive improvement in the gold price coupled with potential for smaller, emerging iron ore producers and improved general market sentiment, presents Royal Resources with the opportunity to re-present itself to the market.

The Directors are pleased to allow existing shareholders the right to participate in the fundraising, by way of the one for 2 rights issue at 20 cents per Share. There is also the opportunity for shareholders with less than a marketable parcel of 10,000 Shares to top up their holding provided a shortfall arises from the rights issue. An additional public offering of 5,000,000 shares is included, to cater for expected strong demand.

The Directors have decided that each new Share will come with 2 attaching options both exercisable at 20 cents, with one option expiring in 2007 and one option expiring in 2009, so that the offering is attractive, particularly to loyal shareholders. Directors expect the options to lay the foundations for future capital inflow as work progresses on its projects.

We believe that Royal Resources has a strong portfolio of advanced projects offering outstanding potential for future economic development of iron ore and gold. Certain project areas are also highly prospective for platinum group metals and nickel.

The Company plans an immediate active and intensive exploration program to identify and develop economical mineral resources.

On behalf of the Directors, I have pleasure in extending, to existing shareholders, the opportunity to increase their holding and for new investors, the opportunity to become a shareholder and thus to participate in what we consider to be an exciting future for Royal Resources.

Yours faithfully

Rick W Crabb
Chairman

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IMPORTANT INFORMATION

This Prospectus is dated 6 February 2006 and a copy of this Prospectus was lodged with the Australian Securities and Investments Commission ("ASIC") on that date. ASIC takes no responsibility for the contents of this Prospectus. No securities will be allotted or issued on the basis of this Prospectus later than the expiry date of this Prospectus being the date which is 13 months after the date of this Prospectus. Securities allotted or issued pursuant to this Prospectus will be allotted or issued on the terms and conditions set out in the Prospectus.

Before deciding to invest in the Company, potential investors should read the entire Prospectus and, in particular, in considering the prospects for the Company, investors should consider the risk factors that could affect the financial performance of the Company. Investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues). The Securities offered by this Prospectus should be considered speculative. Refer to Section 8 of this Prospectus for details relating to risk factors. Investors should seek professional advice from an accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Securities or the Offer, or otherwise to permit a public offering of the Securities, in any jurisdiction outside Australia or New Zealand.

This Prospectus will be issued as an Electronic Prospectus and may be accessed on the Internet at www.royalresources.com.au or www.psl.com.au. The Offer pursuant to an Electronic Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia. The Corporations Act prohibits any person from passing to another person the Application Form unless it is attached to or accompanies the complete and unaltered version of this Prospectus. During the Offer period, any person may obtain a hard copy of the Prospectus by contacting the Company on 08 9321 2152 or the Underwriter on 08 9263 1111.

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an exposure period of seven days from the date of lodgement with the ASIC. This period may be extended by the ASIC for a further period of up to seven days. The purpose of this exposure period is to enable this Prospectus to be examined by market participants prior to the raising of funds, which examination may result in the identification of deficiencies in this Prospectus. If this Prospectus is found to be deficient, Applications received during the exposure period will be dealt with in accordance with section 724 of the Corporations Act. Applications received prior to the expiration of the exposure period will not be processed until after the exposure period. No preference will be conferred on Applications received in the exposure period and all Applications received during the exposure period will be treated as if they were simultaneously received on the date on which Applications open.

Figures disclosed in this Prospectus are exclusive of goods and services tax, unless otherwise disclosed.

Unless otherwise stated, items shown in this Prospectus are not assets of the Company.

BRIEF INSTRUCTIONS

FOR EXISTING SHAREHOLDERS

WHAT YOU MAY DO

The number of Shares and attaching Options to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. You may:

- Accept your Entitlement in full or part; or
- Allow the whole of the Entitlement to lapse.

If You Wish To Take Up All or Part Of Your Entitlement

Complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in the form. Forward your completed Entitlement and Acceptance Form, together with your cheque for the amount shown on the form or for such lesser amount as you wish to apply for, so as to reach the Company's share registry no later than 5:00pm AWST on Tuesday 28 February 2006.

Entitlements Not Taken Up

If you decide not to take up all or part of your Entitlement to Shares and attaching Options these will lapse and form part of the pool of Shares and Options in the Shortfall and will be offered in the Round-up Offer and then in the Shortfall Offer.

If You Wish To Apply Under the Round-Up Offer and the Shortfall Offer

Complete the relevant sections of the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in the form. Forward your completed Entitlement and Acceptance Form, together with your cheque for the relevant amount, so as to reach the Company's share registry no later than 5:00pm AWST on Tuesday 28 February 2006.

FOR INVESTORS

If You Wish To Apply Under the Shortfall Offer and/or the Public Offer

If you are not currently a shareholder and wish to apply for Shares under the Shortfall Offer and/or the Public Offer, complete the Shortfall/Public Offer Application Form in accordance with the instructions set out in the form. Forward your completed Shortfall/Public Offer Application Form, together with your cheque for the relevant amount, so as to reach the Underwriter no later than 5:00pm AWST on Tuesday 28 February 2006.

1
INVESTMENT SUMMARY

1.1 Background

Royal Resources Limited was incorporated (as United Gold Ltd) on 23 February 2004 with the principal aim of acquiring, exploring and mining iron ore, gold and other mineral deposits.

The tenement package is summarised below and more fully described in the Independent Consulting Geologist's Report in Section 5 of this Prospectus.

Profiles of directors and management can be found at Section 3 of this Prospectus.

1.2 Purpose of the Offer

The purpose of the Offer is to raise up to $4,024,000, with a minimum subscription of $2,894,000, by issuing up to 19,470,000 Shares at 20 cents each.

Proceeds of the Offer will be used to:

- Fund mineral exploration and development of the Company's projects.
- Meet the expenses of the Offer of approximately $435,000 (exclusive of GST).
- Provide working capital for the first two years.

1.3 Use of Funds

The majority of the funds raised from the Offer are for the purpose of funding the exploration activities on the Company's projects outlined below and in the Independent Consulting Geologist's Report in Section 5. Proposed expenditure, assuming the minimum amount of $2,894,000 is raised and including the Company's existing funds available of $516,275, is summarised as follows:

PROPOSED EXPENDITURE	YEAR 1 ($)	YEAR 2 ($)	TOTAL ($)
Pinyalling Hills Project	350,000	441,000	791,000
Baron Project	180,000	200,000	380,000
Rothsay Project	120,000	120,000	240,000
Prairie Downs Project	50,000	100,000	150,000
Fields Find Project	160,000	200,000	360,000
Water Tank	30,000	30,000	60,000
Tallering Project	40,000	40,000	80,000
Total Exploration	**930,000**	**1,131,000**	**2,061,000**
Corporate Expenditure	150,000	180,000	330,000
Cost of Offer	435,000	-	435,000
Repayment of Debt to Thundelarra	578,919	-	578,919
Total Administration	**1,163,919**	**180,000**	**1,343,919**
TOTAL	**2,093,919**	**1,311,000**	**3,404,919**

The exploration programs and budgets on the Company's projects are planned over the next two years based on the Company's present knowledge of the projects and assumptions that the projects will progress to the discovery of economic ore deposits or continue to show potential for such deposits. Actual fund allocation may vary depending on the exploration success and results may change the proposed exploration and evaluation activities.

The Directors are of the opinion that on completion of the Offer the Company will have sufficient working capital to carry out its stated objectives.

Under the Public Offer the Company may accept applications for up to 5,650,000 Shares to raise a further $1,130,000. If applications are received under the Public Offer, the additional funds over and above the budget noted above (after costs) will be directed proportionately to each of the Pinyalling Hills and Prairie Downs iron ore projects towards the acceleration of the programs planned for these projects.

1.4 Capital Structure

The Pro-forma Capital Structure of the Company is set out below for illustrative purposes to reflect the Issued and Paid Up Capital Structure of the Company if the Offer pursuant to this Prospectus is fully subscribed:

SHARES	NUMBER OF SHARES
Current Issued Share Capital	28,940,001
Shares to be issued pursuant to the Rights Issue[1]	14,470,000
Sub Total	43,410,001
Shares to be issued pursuant to the Public Offer	5,650,000
Total Shares on Issue	49,060,001

Notes:

(1) Assuming no Options are exercised.

OPTIONS	NUMBER OF OPTIONS
Seed capital Options[2]	4,795,000
Director Options[3]	4,000,000
2007 Options to be issued pursuant to the Rights Issue	14,470,000
2009 Options to be issued pursuant to the Rights Issue	14,470,000
Sub Total	37,735,000
2007 Options to be issued pursuant to the Public Offer	5,650,000
2009 Options to be issued pursuant to the Public Offer	5,650,000
Total Options on Issue	49,035,000

Notes:

(2) These Options are exercisable at 20 cents each on or before 11 July 2009 and are thus of the same class as the 2009 Options proposed to be issued under the Offer. Subject to any restrictions imposed by the ASX (refer Section 2.11) these Options will be listed for quotation on the ASX.

(3) These Options are exercisable at 20 cents each on or before 31 January 2011. These Options will not be listed for quotation on the ASX.

1.5 Risk Factors

Prospective investors in the Company should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are described in Section 8 of this Prospectus. Investors are urged to consider these risks carefully before deciding whether to invest in the Company.

2

DETAILS OF THE OFFER

2.1 DESCRIPTION OF THE OFFER

The Rights Issue

The Company is inviting Existing Shareholders to subscribe for up to 14,470,000 Shares (assuming no Options are exercised) at an issue price of 20 cents each, on the basis of one (1) Share for every two (2) Shares held as at the Record Date of 5:00pm AWST on 3 February 2006, together with up to:

- 14,470,000 free attaching 2007 Options, each to acquire one Share at an exercise price of 20 cents on or before 11 November 2007, on the basis of one 2007 Option for every one Share issued; and
- 14,470,000 free attaching 2009 Options, each to acquire one Share at an exercise price of 20 cents on or before 11 July 2009, on the basis of one 2009 Option for every one Share issued.

As at the date of this Prospectus, 28,940,001 Shares are on issue.

Any Shares not taken up by Existing Shareholders will be dealt with in accordance with the Round-Up Offer and the Shortfall Offer.

No Entitlement Trading

The offer under the Rights Issue is non-renounceable and accordingly, Existing Shareholders may not dispose of or trade any part of their Entitlement.

The Round-up Offer

The Round-up Offer is open to Existing Shareholders who wish to top up their shareholding to a marketable parcel of Shares. The Round-up Offer invites those Existing Shareholders to subscribe for additional Shares (with a free attaching 2007 Option and a free attaching 2009 Option for every Share issued) at an issue price of 20 cents each (payable in full on application) to enable them to round up to holdings of 10,000 Shares (including the number of Shares accepted pursuant to that Existing Shareholder's Entitlement), to the extent there is a Shortfall under the Rights Issue.

The Directors may reject any application made under the Round-up Offer or allocate fewer Shares than the Existing Shareholders have applied for.

The Shortfall Offer

The Shortfall Offer is open to all Existing Shareholders and invites them to subscribe for Shares and attaching Options, in addition to those which they have an Entitlement under the Rights Issue, to the extent of any shortfall under the Rights Issue and the Round-up Offer. The Shortfall Offer is also open to the public.

Applications in the Shortfall Offer must be for a minimum of 10,000 Shares and thereafter in multiples of 500 Shares.

Applications to acquire Shares under the Shortfall Offer will only be accepted from:

- Existing Shareholders who complete the relevant section on the Entitlement and Acceptance Form; and
- the public who complete the Shortfall/Public Offer Application Form.

The Directors may reject any Application made under the Shortfall Offer or allocate fewer Shares than the Existing Shareholders or the public have applied for.

Any Shares not taken up by Existing Shareholders and the public under the Rights Issue, Round-Up Offer and Shortfall Offer will become part of the Shortfall. Such Shares not subscribed for will be dealt with by the Directors in their discretion, subject to the Underwriting Agreement.

Public Offer

The Public Offer is open to public investors. A total of 5,650,000 Shares and 11,300,000 attaching Options will be available under the Public Offer.

Applications must be made on the Shortfall/Public Offer Application Form enclosed with this Prospectus.

Further details of the Public Offer are set out in Section 2.5(b) of this Prospectus.

The rights attaching to the Shares and New Options are summarised in Sections 9.5 and 9.6 of this Prospectus respectively.

2.2 MINIMUM SUBSCRIPTION

The minimum subscription to be raised pursuant to this Prospectus is $2,894,000.

In accordance with the Corporations Act, no Shares or New Options will be allotted by the Company until the minimum subscription has been subscribed.

If the minimum subscription is not achieved within four months after the date of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies.

2.3 UNDERWRITING

The Rights Issue is fully underwritten by Patersons Securities Limited. Refer to Section 9.4 for full details.

The Public Offer is not underwritten.

2.4 INDICATIVE DATES

Lodgement of Prospectus with ASIC	6 February 2006
Opening date	13 February 2006
Closing date of the Rights Issue	28 February 2006
Closing date of the Public Offer	28 February 2006
Despatch of Holding Statements	13 March 2006
Anticipated Listing Date	20 March 2006

These dates are indicative only and may vary. The Company reserves the right to vary the opening and closing dates of the Offer without prior notice. Applicants are encouraged to apply as soon as possible after the Offer opens as the Offer may close earlier than the date specified above. The Company also reserves the right not to continue with the Offer at any time before the allotment of Shares to Applicants.

2.5 APPLICATIONS

(a) Rights Issue

Acceptance of Entitlement in Full

If you wish to take up all of your Entitlement under the Rights Issue, please complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of that form. Please ensure the completed Entitlement and Acceptance Form, together with your cheque, is received by the Underwriter at:

Delivered to
Patersons Securities Limited
Level 23, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Or by post to
Patersons Securities Limited
GPO Box W2024
PERTH WA 6846

not later than 5.00pm AWST on 28 February 2006 or such later date as the Directors advise. Cheques should be made payable to "**Royal Resources Limited – Trust Account**" and crossed "Not Negotiable".

Partial Acceptance of Entitlement

If you wish to take up part of your Entitlement pursuant to the Rights Issue, please complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of that form and insert the number of Shares for which you wish to accept the offer (being less than your Entitlement as specified on the Entitlement and Acceptance Form). Please ensure the completed Entitlement and Acceptance Form and your cheque is received by the Underwriter at:

Delivered to
Patersons Securities Limited
Level 23, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Or by post to
Patersons Securities Limited
GPO Box W2024
PERTH WA 6846

not later than 5.00pm AWST on 28 February 2006 or such later date as the Directors advise. Cheques should be made payable to "**Royal Resources Limited – Trust Account**" and crossed "Not Negotiable".

Non-Acceptance of Entitlement

If you do not wish to take up any part of your Entitlement under the Rights Issue, you are not required to take any action. If you decide not to accept all or part of your Entitlement, the Shares and attaching Options not accepted will be dealt with in accordance with Section 2.1.

Enquiries
If you have any queries regarding your Entitlement, please contact Computershare Investor Services Pty Ltd by telephone on 1300 557 010 or your stockbroker or professional adviser.

(b) Round-up Offer, Shortfall Offer and Public Offer

Existing Shareholders
If you are an Existing Shareholder and wish to participate in the Round-up Offer and/or the Shortfall Offer, you should complete the relevant sections of the Entitlement and Acceptance Form enclosed with this Prospectus.

Investors
If you are not an Existing Shareholder however wish to participate in either or both of the Shortfall Offer and Public Offer, you should complete the Shortfall/Public Offer Application Form enclosed with this Prospectus.

You must apply for a minimum parcel of 10,000 Shares representing a minimum investment of $2,000. Applicants requiring additional Shares must apply for Shares in multiples of 500 Shares (equivalent to $100) thereafter. Applications for less than the minimum application of 10,000 Shares (equivalent to $2,000) will not be accepted.

Please ensure the completed Shortfall/Public Offer Application Form, together with your cheque is received by the Underwriter at:

Delivered to
Patersons Securities Limited
Level 23, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Or by post to
Patersons Securities Limited
GPO Box W2024
PERTH WA 6846

not later than 5.00pm AWST on 28 February 2006 or such later date as the Directors advise. Cheques should be made payable to "**Royal Resources Limited – Trust Account**" and crossed "Not Negotiable".

2.6 LODGEMENT OF APPLICATION FORMS

No brokerage or stamp duty is payable by Applicants in respect of their Applications for Securities under this Prospectus. The amount payable on Application will not vary during the period of the Offer and no further amount is payable on allotment.

Applications must be accompanied by payment in full in Australian currency of 20 cents for each Share applied for. Payment must be by way of cheque or bank draft drawn on and payable on an Australian bank and should be made payable to "**Royal Resources Limited – Trust Account**" and crossed "Not Negotiable".

Application Forms must not be circulated to prospective investors unless accompanied by a copy of this Prospectus.

A duly completed and lodged Application Form will constitute an offer by the Applicant to subscribe for the number of Securities applied for pursuant to the Application Form.

2.7 ALLOCATION

Shareholders who apply for all or part of their Entitlement, will be allocated Securities in accordance with their Applications, subject to the minimum subscription being reached and the ASX approving the Company for listing.

With respect to the Round-up Offer, Shortfall Offer and Public Offer, the Company, in consultation with the Underwriter, retains an absolute discretion in allocating Securities and reserves the right to allot to an Applicant a lesser number of Securities than the number for which the Applicant applies, or to reject an Application. If the number of Securities allotted is fewer than the number applied for, surplus Application money will be refunded without interest. The acceptance of Applications and the allocation of Securities are at the absolute discretion of the Directors.

The Company will not be liable to any person not allocated Securities.

2.8 APPLICATION MONIES HELD IN TRUST

All Application monies will be held in trust in a subscription account until allotment. The subscription account will be established and kept by the Company on behalf of the Applicants.

All interest earned on all Application monies (including those which do not result in allotments of Securities) will be retained by the Company.

2.9 LEAD MANAGER AND UNDERWRITER

The Rights Issue is fully underwritten by Patersons Securities Limited (refer to Sections 2.3 and 9.4 for full details). Pursuant to the Underwriting Agreement, the Company will pay Patersons Securities Limited for its role as lead manager and underwriter, a commission equal to 4.5% of the aggregate funds raised under the Offer plus a management fee equal to 1.5% of the aggregate funds raised under the Offer. Further, the Company must pay Patersons Securities Limited a lead manager fee of $60,000.

The Public Offer is not underwritten.

No brokerage or stamp duty will be payable by Applicants subscribing for Securities.

2.10 AUSTRALIAN STOCK EXCHANGE LISTING

Application will be made by the Company to ASX, within seven days after the date of this Prospectus, for the Company to be admitted to the Official List and for admission of the Securities offered pursuant to this Prospectus to quotation on ASX.

If the Company is not admitted to the Official List and the Securities not admitted to quotation, within three months after the date of this Prospectus, all Application moneys will be refunded without interest.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may admit the Company to its Official List is not to be taken in any way as an indication of the merits of the Company or the Securities offered pursuant to this Prospectus.

2.11 RESTRICTED SECURITIES

Securities issued to vendors, promoters, seed capital investors and others prior to the Offer may be subject to the restricted securities provisions of the Listing Rules. Accordingly, a proportion of such Securities, to be determined by ASX, may be required to be held in escrow for a period of time, as determined by ASX. The Company is also proposing to enter into voluntary escrow arrangements with LionOre Australia Pty Ltd ("LionOre"), an Existing Shareholder, pursuant to which the 1,950,000 shares held by LionOre will be voluntarily escrowed for 12 months from the date quotation of the Company's securities commences on ASX. Other than these arrangements, there are no other escrow provisions in place.

2.12 CHESS

The Company proposes participating in CHESS, operated by the ASTC, a wholly owned subsidiary of ASX, in accordance with the Listing Rules and ASTC Settlement Rules.

Under this system, the Company will not issue certificates to investors. Instead, shareholders will receive a statement of their holdings in the Company. If an investor is broker-sponsored, the ASTC will send them a CHESS statement.

The CHESS statement will set out the number of securities allotted to each holder under the Prospectus, give details of the shareholder's Holder Identification Number and give the Participant Identification Number of the sponsor.

If you are registered on the Issuer Sponsored Sub register, your statement will be dispatched by the share registry and will contain the number of securities allotted under the Prospectus and the shareholder's Securityholder Reference Number.

A CHESS statement or Issuer Sponsored Statement will routinely be sent to shareholders at the end of any calendar month during which the balance of their holding changes. A shareholder may request a statement at any other time, however a charge may be made for additional statements.

2.13 OVERSEAS INVESTORS

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia and New Zealand.

The Offer pursuant to an Electronic Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia.

2.14 PRIVACY ACT

The Company collects information about each Applicant from an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, (including mailing houses), the ASX, ASIC and other regulatory authorities.

If an Applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

3

DIRECTORS, OFFICERS AND CORPORATE GOVERNANCE

RICK W CRABB
NON EXECUTIVE CHAIRMAN
B.Juris (Hons), LLA, MBA

Mr Rick Crabb holds a Bachelor of Jurisprudence (Hons), Bachelor of Law and Master of Business Administration from the University of Western Australia. He practiced as a solicitor from 1980 including as a partner of Blakiston & Crabb from 1992 until June 2004 specialising in mining, corporate and commercial law and in respect of Australian and overseas projects. Mr Crabb now focuses on his public company directorships and investments. He is also a director of listed companies Alcaston Mining NL, Ashburton Minerals Limited, Ottoman Energy Limited, Paladin Resources Limited (also listed on the Toronto Stock Exchange), Port Bouvard Limited and Thundelarra Exploration Ltd.

FRANK DEMARTE
EXECUTIVE DIRECTOR AND COMPANY SECRETARY
B.Bus FCIS, MAICD

Mr DeMarte has over twenty two (22) 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 an Executive Director and Company Secretary of Thundelarra Exploration Ltd. Mr DeMarte is experienced in areas of 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.

BRIAN D RICHARDSON
NON-EXECUTIVE DIRECTOR
BSc (Hons), MAusIMM

Mr Richardson is a geologist with over 25 years experience in all aspects of mineral exploration in Australia. He has had many years field experience planning and conducting exploration programs on numerous gold, base metal, uranium and diamond projects in Australia. He has held senior management roles in a number of listed junior explorers and he is currently Exploration Director for Thundelarra Exploration Ltd and the Canadian listed global uranium explorer, Aldershot Resources Ltd.

Mr Richardson was involved in the generation and previous exploration of all the Royal Resources projects.

PHILIP G CRABB
NON-EXECUTIVE DIRECTOR
FAusIMM, MAICD

Mr Crabb is a Fellow of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Company Directors and has been actively engaged in mining and exploration for the past thirty four 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 experience as a director of Australian publicly listed companies. In resource company management, he achieved notable success amongst others as a director of Gasgoyne Gold Mines NL which was involved in the discovery and development in 1989 of the Yilgarn Star Gold Mine, a major gold producer in WA. Mr Crabb is currently the Chairman of ASX listed Thundelarra Exploration Ltd and United Kimberley Diamonds NL.

3.2 CORPORATE GOVERNANCE

Royal Resources Limited has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Ten Essential Corporate Governance Principles and Best Practice Recommendations ("Recommendations") as published by ASX Corporate Governance Council.

Further information about the Company's corporate governance practices is set out on the Company's website at www.royalresources.com.au. In accordance with the recommendations of the ASX, information published on the Company's website includes charters (for the board and its sub-committees), codes of conduct and other policies and procedures relating to the board and its responsibilities.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations.

Principle 2 Recommendation 2.1

Notification of departure
The Board considers two out of the four directors (Rick Crabb (Chair) and Brian Richardson) satisfy the test of independence set out in Box 2.1 of the ASX Corporate Governance Council Practice Recommendations.

Explanation for departure
Given the size and scope of the Company's operations, the Board considers that it is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its shareholders from both a long-term strategic and day-to-day operations perspective. With half of the Board comprising independent directors, the Board is of the view that it has achieved an appropriate balance between independent representation and sufficient relevant experience to fulfil its objectives. Also, its independent directors form the audit committee.

Principle 2 Recommendation 2.4

Notification of departure
A separate nomination committee has not been formed. However the Company has adopted a Nomination Committee Charter.

Explanation for departure
The role of the nomination committee is carried out by the full board in accordance with the Nomination Committee Charter. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee but may re-examine the issue after listing if appropriate.

Principle 4 Recommendation 4.3

Notification of departure
The audit committee does not meet the requirements for composition as there are only two members.

Explanation for departure
The Board considers it a priority to restrict membership of the audit committee to independent directors. Accordingly, due to the current structure of the Board, only Rick Crabb and Brian Richardson are eligible to be members of the audit committee. The Board considers the composition of the audit committee satisfactory to properly discharge the duties of the audit committee.

Principle 8 Recommendation 8.1

Notification of departure
There has been no performance evaluation of the Board, its committees and individual directors.

Explanation for departure
The process was not disclosed but occurred by way of information discussions between the directors and the Chair.

Principle 9 Recommendation 9.1

Notification of departure
The Company does not have a formal remuneration policy.

Explanation for departure
Remuneration has been, and continues to be, in accordance with the general principles recommended by the ASX; that is, non-executive directors receive a fixed fee for their services and do not receive performance based remuneration.

Principle 9 Recommendation 9.2

Notification of departure
The Company has not established a separate remuneration committee but the Company has adopted the Remuneration Committee Charter.

Explanation for departure
Due to the small size and structure of the Board, a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for the directors and key executives. The Board considers that it is more appropriate to set aside time at least one Board meeting each year to specifically address matters that would ordinarily fall to a remuneration committee. When considering matters of remuneration, the Board functions in accordance with the Remuneration Committee Charter.

In addition, all matters of remuneration will continue to be determined in accordance with Corporations Act requirements, especially in respect of related party transactions. That is, no directors participate in any deliberations regarding their own remuneration or related issues.

4

OVERVIEW OF THE COMPANY AND ITS PROJECTS

4.1 BACKGROUND

In 2004 Thundelarra Exploration Ltd ("Thundelarra") "spun-off" the majority of its tenements outside of the East Kimberley region into Royal Resources Limited (then called United Gold Ltd) with the view of floating the new company on the Australian Stock Exchange. Royal Resources Limited ("Royal Resources" or "the Company") acquired the Western Australian tenements for the consideration of 19,350,000 shares at an issue price of 10 cents per share.

On 3 May 2004, Thundelarra made an in specie distribution of 18,464,486 shares to its shareholders on the basis of one Royal Resources share for every four Thundelarra shares held at record date (30 April 2004).

Unfortunately due to a downturn in the market after the prospectus was issued the Company failed to raise the required minimum amount of $4,000,000 and in October 2004 the Directors decided it was prudent to withdraw the prospectus and await better market conditions.

On 23 January 2006, the shareholders of the Company approved a name change to Royal Resources Limited and due to improved market conditions the Directors have now taken the opportunity to re-present the Company to the market.

4.2 OBJECTIVES AND STRATEGIES

Royal Resources' primary objective is to discover an economic mineral deposit and to grow Shareholders' wealth through mining and exploration success.

To achieve this objective, the Board will initially focus on exploring the exciting Pinyalling iron ore project where the potential exists for hematite and magnetite resources within the 15-20 kilometre strike of the prospective banded iron formation. Field programs will also be conducted on the Prairie Downs iron ore project, located only 8 kilometres west of Mt Whaleback iron ore mine in the Pilbara.

With the Australian gold price currently at a 25 year high (January 2006) exploration will also be planned with an aim to increase the current combined inferred gold resource base of 149,000 ounces contained within the Rothsay and Baron Rothschild deposits.

Work will also be carried out on the Fields Find nickel-copper project and the nearby Baron platinum+palladium project where previous work has defined target areas for focussed exploration. Limited exploration will be conducted on the remaining projects during the first two years, allowing the Company to concentrate on the more advanced projects.

4.3 PROJECT OVERVIEW

Iron Ore

- Pinyalling Hills Project
- Warriedar Joint Venture
- Prairie Downs Project

Gold

- Rothsay Project
- Baron Project-Baron Rothschild Prospect
- Water Tank Project
- Tallering Project

Nickel-Copper

- Fields Find

Platinum and Palladium

- Baron Project-Wildcat Prospect

Royal Resources has an interest in eight projects in Western Australia, including a prospective landholding in the Midwest Iron Ore Province, approximately 149,000 ounces of gold in resources and magmatic nickel-copper sulphide and platinum+palladium projects. The Company's initial focus will be on iron ore (hematite) exploration.

This review is intended as a summary of the Company's projects, and investors are referred to the Independent Consulting Geologist's Report in Section 5 for more detailed information.

Iron Ore

In the Directors' opinion, the recent and rapid emergence of the Midwest Iron Ore Province in Western Australia is one of the more promising developments to have taken place over the past five years. The increased global demand and prices for iron ore resources has markedly changed the economics for the development and mining of the resources contained within the Midwest region and a sustained and long term program for the region is now well established. The consolidation of ground holding in the last 10-15 years with tenement ownership now held by a small number of companies has also provided the impetus for taking initiatives for long term planning. Royal Resources is one of the larger tenement holders within the region alongside Gindalbie Metals Limited.

The extent of iron ore resources within the Midwest region are not currently known however potential resources have been estimated to be in the 10's million tonnes of hematite or Direct Shipping Ore (DSO) and in excess of 100's million tonnes of magnetite ores.

The commercial development of medium scale iron ore operations is dependent on the availability of infrastructure with road, rail and port facilities essential for the movement and shipping of the iron ore resources. The iron ore resources presently located in areas adjacent to Royal Resources tenements are about 220-260 kilometres from the port of Geraldton where the West Australian Government has committed to upgrading and further developing the existing facilities to ensure a long term future for the Midwest region. A further commitment to the region was the recent alliance formed by Gindalbie Metals Limited, Midwest Corporation Limited and Mount Gibson Iron Limited which are in progressive stages of development of the iron ore resources within their project areas. The advancement of Royal Resources iron ore projects will be considerably enhanced by current developments and the initiatives.

Royal Resources has a prospective landholding in the Midwest Iron Ore Province, with the Pinyalling Hills project containing an estimated 15-20 kilometres strike of prospective banded iron formation ("BIF") and the nearby Warriedar project tenements covering the strike extension of BIF units that host a number of known hematite and magnetite deposits in the area.

In the Pilbara, the Prairie Downs project is located 8 kilometres west of the Mt Whaleback iron ore deposit and contains prospective BIF units that host the nearby world class deposits.

Pinyalling Hills Iron Ore Project (Royal Resources 100%)

This project is located within the Midwest Iron Ore Province approximately 300 kilometres north of Perth, Western Australia. The province contains a number of hematite and magnetite resources with some at the more advanced stages of development. The region is well serviced by existing infrastructure and is located only 250 kilometres east of the port of Geraldton.

Royal Resources' Pinyalling Hills project contains an estimated 15-20 kilometres strike of prospective BIF where recent though limited exploration by the Company has identified hematite occurrences with assays up to 59.7% Fe. Detailed work is planned to assess these new discoveries and to locate other prospective areas within the project's BIF sequence. Folding and faulting are important structural controls for iron ore mineralisation within the province with the main hematite deposits occurring on or near fold noses or fault structures. The BIF units within the Pinyalling Hills project are prospective exploration targets for both hematite and magnetite iron ore resources.

This project will be the main focus of Royal Resources' initial exploration effort which will involve mapping and sampling followed by reverse circulation drilling.

Warriedar Iron Ore Project (Royal Resources 40%)

This project of some 150 square kilometres is also in the Midwest Iron Ore Province and is subject to a joint venture with Gindalbie Metals Ltd (60%). Royal Resources' 40% interest is free carried until a 50,000 ounce gold (or gold equivalent) reserve is defined.

In addition to its gold and base metal prospectivity the project has potential for iron ore associated with approximately 4 kilometres strike of the BIF unit that hosts the nearby Blue Hills and Mungada hematite resources (Midwest Corporation Limited). It is anticipated that Gindalbie Metals Ltd will explore the project tenements for iron ore as part of its regional assessment program.

Prairie Downs Iron Ore Project (Royal Resources 100%)

The Prairie Downs project is located 15 kilometres west of Newman townsite and 8 kilometres west of the world class Mount Whaleback iron ore mine in the Pilbara region of Western Australia. The project comprises 3 tenements covering approximately 88 square kilometres and is prospective for iron ore resources associated with occurrences of BIF units of the Hamersley Group.

Initial exploration of the Prairie Downs project will be directed towards the evaluation of the prospective BIF units that are interpreted to trend into the project.

Gold

Royal Resources' two main gold projects are located within the Yalgoo Mineral Field and contain approximately 149,000 ounces of inferred gold resources (JORC compliant). The Rothsay project has an underground resource of 87,300 ounces at 10.95 g/t gold while the Baron Rothschild prospect (part of the Baron project) has an estimated resource of 61,560 ounces at 2.39 g/t gold. The Directors of Royal Resources believe that both these projects have the potential to contain significantly more ounces of gold and exploration will be targeted at increasing this resource base.

The Water Tank project, located 5 kilometres east of Norseman, is a relatively new discovery where exploration to date has returned encouraging results including 8 metres at 3.24 g/t gold from a shallow depth.

Rothsay Gold Project (Royal Resources 70%)

The Rothsay project is located 300 kilometres north of Perth and in close proximity to the tenements of the Pinyalling Hills and Warriedar projects. The tenements comprise two granted mining leases covering approximately 11 square kilometres in the Yalgoo Mineral Field of Western Australia. The project is subject to a joint venture with Central West Gold NL (30% interest).

Gold was first discovered at the Rothsay Mining Centre in 1894 and historical records show a total production of approximately 10,742 ounces produced up to 1940 and a further 36,003 ounces produced during the period 1989 to 1991 from open cut and underground operations.

In 2004 an inferred resource of 247,900 tonnes at 10.95 g/t gold for 87,300 ounces, using a 7.0 g/t gold cut-off grade was estimated for the remaining underground resource. This resource is accessible from the existing decline.

Gold mineralisation at Rothsay occurs as a number of shear hosted quartz veins parallel to the bedding of a succession of high-magnesium basalts and peridotite-gabbro sills. Five parallel north-westerly trending lines of old workings are present however the majority of gold production was sourced from the main British Queen workings on the "A Shear".

The project has been subject to extensive exploration in the past however this has been concentrated about the main Rothsay workings with the remainder of the project area only being tested on a surficial scale. Recent work by Royal Resources has defined four major target areas that are interpreted as extensions of the known gold mineralisation. These targets, the 2 kilometre extension of the "A" shear south of the main workings, the soil anomaly south of the "B" shear, the areas beneath the shallow "B" shear open cuts and the surface gold anomaly at the northern extension of the "A" shear will all be tested with drilling after listing.

Baron Project-Baron Rothschild Prospect (Royal Resources 100%)

The Baron project is located 80 kilometres north east of the Rothsay project and includes the historic Pinyalling Mining Centre, the Baron Rothschild gold mine, sections of the Pinyalling Iron Ore project and the Wildcat platinum and palladium prospect.

The first mining recorded at the Baron project was at the Pinyalling Mining Centre where 1051 ounces of gold was produced from 1902 to 1939. Previous exploration within the project has targeted a wide range of minerals – gold, base metals and PGE but the majority of the detailed work was on the Baron Rothschild gold prospect. Historical drilling of this prospect defined an inferred gold resource of 800,465 tonnes at 2.39 g/t gold for 61,560 ounces (JORC compliant resource estimate). The gold mineralisation is associated with pyrite and pyrrhotite within BIF and occurs within a dilational jog with the main zone of mineralisation occurring over a strike length of 500 metres.

Recent geological modelling of all historical drill information by Royal Resources has identified exploration opportunities not previously recognised or interpreted from the Baron Rothschild drill hole data. The potential exists for high grade ore within a poorly tested plunging ore shoot. Two drill holes, 120 metres apart have recorded intersections of 12 metres at 4.95 g/t gold and 12 metres at 6.8 g/t gold within the interpreted shoot. The mineralisation remains open at depth and will be drill tested after listing.

Water Tank Project (Royal Resources 100%)

The Water Tank project comprises 3 prospecting licences located 5 kilometres east of Norseman. The tenements contain a number of prospective fault structures that are important in localising gold mineralisation in the Norseman area. The Norseman field has produced more than 5 million ounces of gold and new discoveries are being made despite almost 100 years of continuous mining.

In 2002 a new mineralised structure was discovered on the prospect beneath 20 metres of transported cover. A vertical air core drilling program defined a regolith anomaly of approximately 700 metres in length associated with broad zones of biotite alteration and low order gold mineralisation (500ppb). A follow-up reverse circulation drilling programme returned best intercepts of 6 metres at 2.11 g/t gold from 24 metres and 8 metres at 3.24 g/t gold from 32 metres. The Water Tank project is at an early stage of exploration but has a high potential for developing a significant gold resource. Infill drilling will commence after listing.

Tallering Gold Project (Royal Resources 90%)

The Tallering project comprises one tenement covering 112 square kilometres approximately 440 kilometres north of Perth. The tenement is located between two significant resource projects - immediately west is the Tallering Peak iron ore mining operation and to the east the Snake Well gold and base metal project. Very little modern exploration has been undertaken over the Tallering project area but there are a number of gold anomalies previously identified that require more detailed assessment. Initial exploration will involve airborne magnetics to locate potential strike extensions of the Snake Well mineralised structures.

Nickel-Copper

The Fields Find project contains a layered Archaean mafic-ultramafic intrusion with broad areas of highly anomalous copper and PGE ("platinum group elements") geochemistry. Nickel sulphides have been identified from drilling.

Fields Find Project (Royal Resources 100%)

The Fields Find project is located adjacent and to the west of the Pinyalling project some 50 kilometres north west of Paynes Find. The tenements contain the Fields Find Mining Centre (past gold production 28,521 ounces) and numerous gold prospects but are also prospective for magmatic nickel-copper and PGE sulphide mineralisation associated with the Fields Find Igneous Complex ("FFIC").

The FFIC is a layered mafic/ultramafic intrusion covering an area of approximately 30 square kilometres and largely obscured by transported sands and laterite. The igneous rocks that comprise the intrusion are generally visible only in erosion windows around the margins of the complex.

Recent and historical exploration over the complex has identified large areas of copper and PGE anomalism within the soils (copper values to 1020ppm, platinum+palladium values to 456ppb), rock chip samples up to 1.83ppm platinum+palladium and 2000ppm copper and drill intercepts including 25 metres at 0.61ppm platinum+palladium from shallow depths. Nickel sulphides were identified in drill chips and a collaborative research project by the CSIRO has provided supporting evidence for the nickel-copper and PGE prospectivity of the intrusive.

The proposed exploration by Royal Resources will initially involve an induced polarisation geophysical survey followed by drilling of the existing highly anomalous geochemical areas and any new targets generated within the FFIC.

Platinum and Palladium

Previous explorers identified strong PGE anomalism at a gabbro-pyroxenite contact at the Wildcat prospect and this prospective contact can be traced for over 9 kilometres within the project tenements.

Baron Project-Wildcat Prospect (Royal Resources 100%)

In 1999 anomalous platinum and palladium mineralisation was discovered 1 kilometre north of the Baron Rothschild gold deposit. Routine drill testing of a gold anomaly intersected 6 metres assaying 0.7 g/t platinum+palladium at the bottom of hole PYB009. Subsequent detailed soil sampling programs identified a large amplitude platinum+palladium anomaly extending for a distance of 2.2 kilometres to the east of the discovery hole. Follow up drilling intersected strong PGE anomalism at a gabbro-pyroxenite contact (48 metres at 0.55ppm platinum+palladium). This prospective contact can be traced for approximately 9 kilometres within the project tenements and geophysics will be used to target the most prospective areas for future drill testing.

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INDEPENDENT CONSULTING GEOLOGISTS REPORT

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GLOBAL RESOURCE CONSULTANTS

INDEPENDENT CONSULTING GEOLOGIST'S REPORT

Kelanmac Pty Limited
T/A Bourke and Associates
Level 1, 9 Havelock Street
WEST PERTH, WA 6005
ABN 850 08897 694

3 February 2006

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

Dear Sirs,

INDEPENDENT GEOLOGISTS REPORT

Bourke and Associates, Resource Consultants of Perth, has been requested on the 14th December 2005 by Royal Resources Limited ("Royal Resources" or "The Company") to provide an Independent Geologists Report on its mineral exploration tenements ("Exploration Properties") located in Western Australia and in which the company has an interest. This report is to be included in a Prospectus to be lodged with the Australian Securities and Investment Commission ("ASIC") in or about January 2006, offering for subscription up to 20,120,000 shares at an issue price of 20 cents per share to raise a total of $4,024,000 (before costs associated with the issue.) Each issued share has two attached Options. The funds raised will be used for the purpose of exploration and evaluation of the Mineral Properties and identification of new projects and prospects both within Australia and internationally.

Bourke and Associates has not been requested to provide an Independent valuation of the Company's Mineral Properties nor have we been asked to comment on the Fairness or Reasonableness of any vendor or promoter considerations, and we have therefore not offered an opinion on these matters.

Further Bourke and Associates has not been requested to investigate possible Native Title issues associated with the Mineral Projects being reviewed. This matter is dealt with in the Solicitors Report of this Prospectus.

Bourke and Associates has based its review of the Mineral Properties on information provided by the company, along with technical reports prepared by Government agencies and previous tenement holders and other relevant published and unpublished data. A bibliography of the sources of information is included in the Independent Geologist's Report. During the preparation of the report site visits were carried out on the South Murchison project areas. For the three other projects the writer has a general familiarity having completed previous exploration studies in their vicinity.

The Independent Geologist's Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Expert Independent Reports (the Valmin Code), which is binding on members of the Australian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG) and the rules and guidelines issued by such bodies such as ASIC and the ASX, which pertain to Independent Expert Reports. Where reference is made to mineral resources in this report their classification is consistent with the Australian Code for Reporting of Ore Reserves (JORC Code) prepared by the Joint Ore Reserves Committee (JORC) of the AusIMM.

Royal Resources Mineral Properties all represent "Exploration Properties" as defined in the Valmin Code, and therefore are inherently speculative in nature. The Mineral Properties are nevertheless considered to be sufficiently prospective subject to varying degrees of technical and exploration risk, to justify further investigation of their economic potential. Exploration programs prepared by Royal Resources are consistent with the prospectivity for each of the Project areas providing they are staged appropriately to allow for the ongoing assessment of the exploration results. Royal Resources has provided comprehensive programs and budgets for each of its projects covering the initial two years of exploration, which indicate its intention to spend a total of $2,061,000 on exploration over this period. The proposed budgets are considered to be adequate to cover the cost of the proposed exploration program and to maintain the tenements in good standing.

The report has been compiled by Bryan G Bourke who has over 25 years experience in exploration, mining and the evaluation of mineral properties and is a member of the Australian Institute of Geoscientists. The author has the relevant qualifications, experience, competence, and independence to be considered an "Expert" under the definitions provided in the Valmin Code.

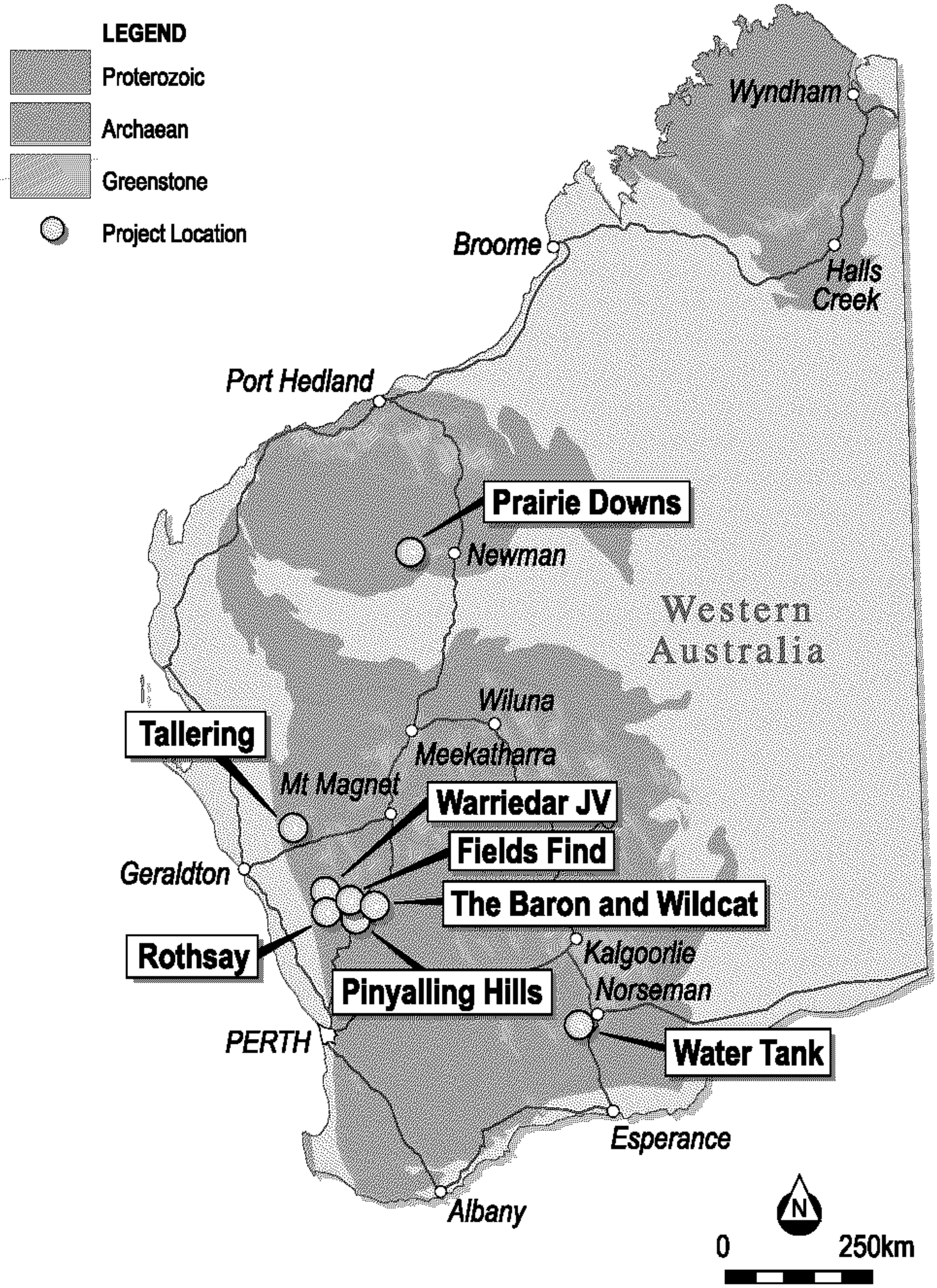

Figure 1 WA Project Locations

Neither Bourke and Associates nor the author of this report has previously had any material interests in Royal Resources, or the Projects in which the Company has an interest. The relationship with Royal Resources is solely one of professional relationship between the client and Independent Consultant. The report has been prepared at the agreed commercial rates and the payment of these fees is no way contingent on the results of this report.

Bourke and Associates has agreed to the inclusion of this report in the Prospectus in the form and context in which it is included and has not withdrawn its consent before lodgement of the Prospectus with the ASIC.

Yours faithfully

BOURKE AND ASSOCIATES
RESOURCE CONSULTANTS

Bryan G Bourke

The Mineral Projects considered in the Independent Geologists Report are:

Pinyalling Hills and Warriedar Iron Ore projects – South Murchison.

The Rothsay and Baron Rothschild gold resource projects – South Murchison.

Fields Find massive sulphide nickel-copper project – South Murchison.

Wildcat platinum and palladium prospect – South Murchison

Water Tank gold project – Norseman, South Eastern Goldfields

Prairie Downs iron ore and copper/gold project – Pilbara.

Tallering copper/gold project – West Murchison.

In April 2004, all the gold properties of Thundelarra Exploration Ltd ("Thundelarra") were transferred to the ownership of United Gold Ltd. In January 2006 United Gold Ltd was renamed Royal Resources Limited.

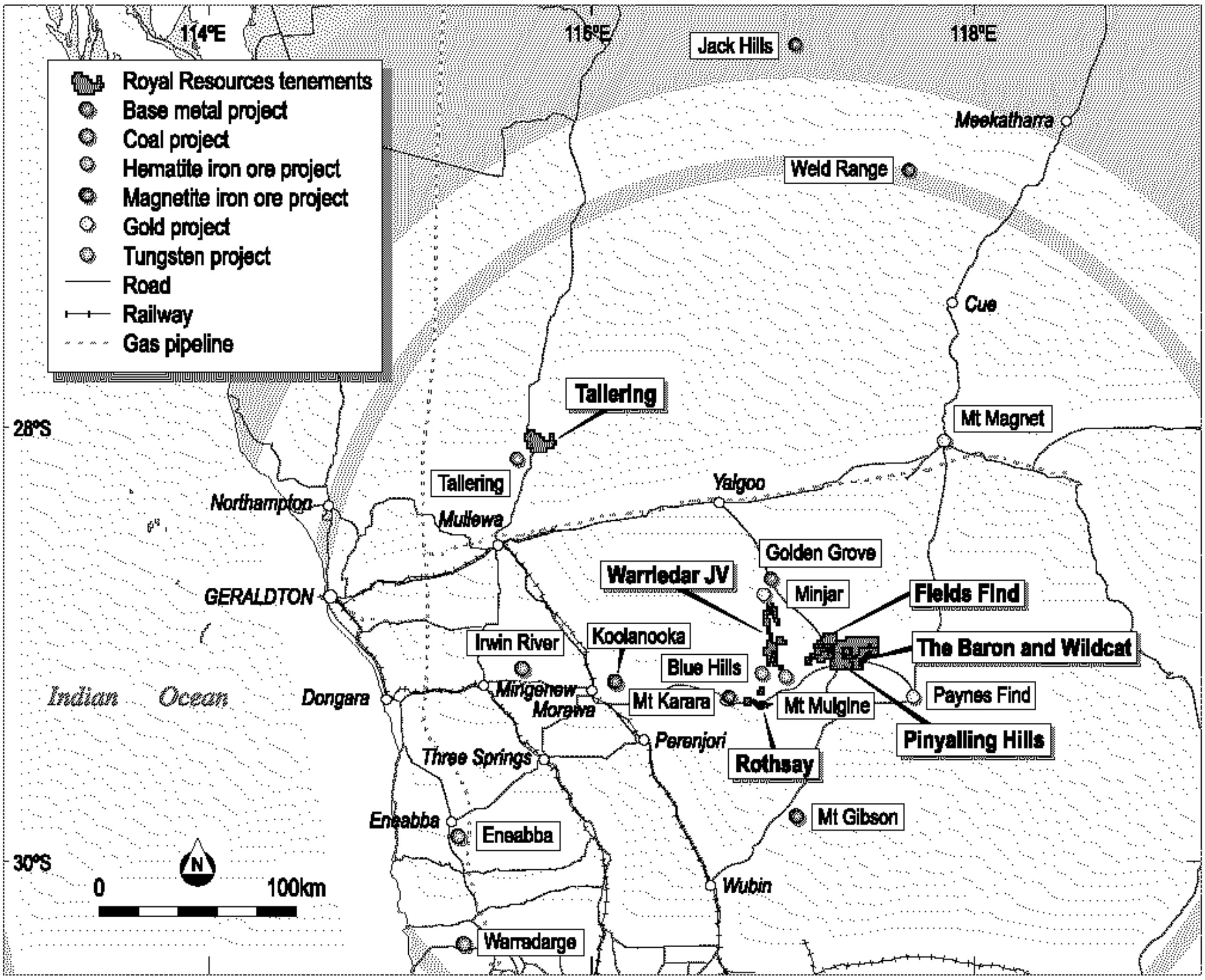

Figure 2 South Murchison Project Locations

1: PINYALLING HILLS

(ROYAL RESOURCES 100%) AND WARRIEDAR (ROYAL RESOURCES 40% - GINDALBIE METALS 60%) IRON ORE PROJECTS

1.1 INTRODUCTION AND SUMMARY

Royal Resources hold title to twenty eight tenements in the South Murchison region covering portions of the Yalgoo – Singleton Greenstone Belts. The Pinyalling Hills iron ore project is 100% owned by Royal Resources and the Warriedar project tenements are in joint venture with Gindalbie Metals Limited (60%).

(Note: All references to iron ore in this report relate to the iron ore bearing mineral and is not intended to have any commercial connotation.)

The Pinyalling Hills and Warriedar Iron Ore projects are located approximately 300 kilometres north of Perth and 70 - 100 kilometres to the east of the wheatbelt town of Perenjori and are located on the Perenjori and Ninghan 1:250 000 map sheets. Access throughout the areas is very good via well maintained gravel roads from Perenjori townsite and numerous exploration and fence line tracks.

Iron ore resources in the South Murchison region have been explored for and mined since the 1960's however the development and mining of the extensive resources in the Pilbara region of Western Australia at the same time reduced the importance of these resources. The recent resurgence in the world wide demand for iron ore by the growing Asian economies has resulted in the South Murchison area again being a focus for the mining and development of iron ore. The major exploration and development plans for the region have resulted in the area now being referred to as the Midwest Iron Ore Province.

The South Murchison region also hosts Western Australia's most significant base and precious metals mine at Golden Grove which is located about 20 kilometres to the north of Royal Resources tenements. The Golden Grove operations has a resource base as of December 2004 totaling 17.0 million tonnes at 5.9% zinc, 1.9% copper, 0.9% lead, 64 g/t silver and 1.3 g/t gold contained in two major systems. The Archaean volcanic massive sulphide deposits (VHMS) provinces elsewhere in the world have a proven track record of multiple base metal discoveries and indications are that the South Murchison region is no different.

Gindalbie Metals Limited's 600,000 tonnes per annum Minjar gold processing plant is located about 10 kilometres from Golden Grove operations.

Table 1 Tenement Details for the Pinyalling Hills Iron Ore Project

TENEMENT	APPLICATION DATE	APPROVAL DATE	EXPIRY DATE	AREA BLOCKS	AREA HECTARES(HA)
E59/1108	23-Apr-02	15-Apr-03	14-Apr-08	70	
E59/1154	18-Feb-04	Pending		31	
M59/708	19-Jan-06	Pending			620
M59/709	19-Jan-06	Pending			673

1.2 TENEMENT DETAILS

The Pinyalling Hills area comprises two Exploration Licences and two Mining Lease Applications.

1.3 EXPLORATION HISTORY

The Pinyalling Hills iron ore project area is located approximately 35 kilometres to the northwest of the township of Paynes Find where the area straddles the unsealed Paynes Find – Yalgoo road. The area has been the focus of exploration for a range of minerals since the turn of the century when gold was found at Fields Find in 1898. By the early 1900's Fields Find and a number of other gold mining workings turned the area into a significant gold mining operation.

Exploration for gold resources, nickel and copper mineralisation and base metal deposits modelled on the Golden Grove style gold-copper-zinc ore bodies, were undertaken during the period 1969 to 1978. In the mid 1980's exploration for gold resources recommenced and since this time exploration for a wide range of mineral commodities has been undertaken.

The earliest report of iron ore exploration within the South Murchison area is in the Geological Survey of Western Australia Record No. 1962/15 by W.N. Macleod "An Outline of the results of recent Iron Ore Exploration in Western Australia, 1961- 62". The hematite occurrences at Koolanooka and Tallering are documented in this record. In 1963 Western Mining Corporation Limited (WMC) carried out

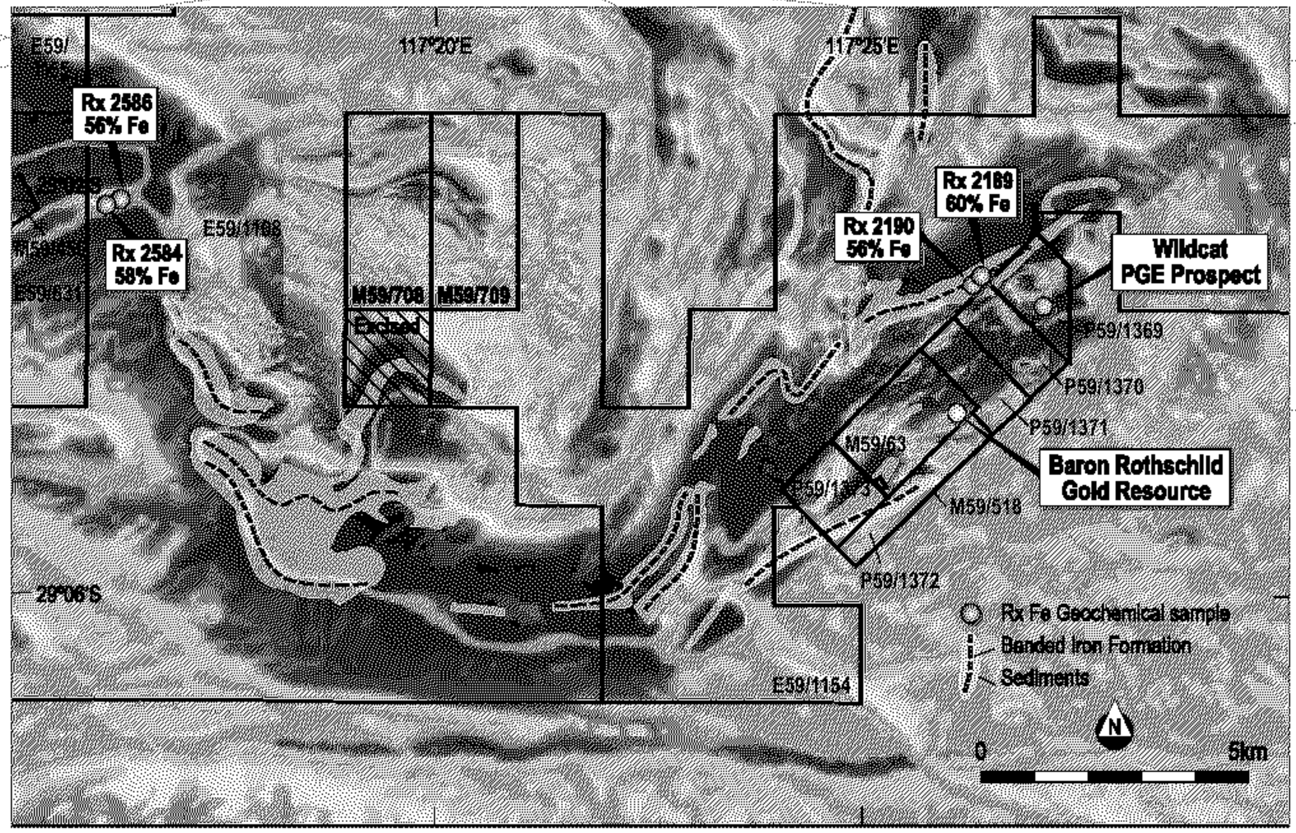

Figure 3 Pinyalling Hills Project Aeromagnetics and Prospect Locations and Photographs

exploration on the Archaean banded iron formations (BIF's) within the Warriedar area of the Yalgoo – Singleton Greenstone belt to the west of Pinyalling Hills. Three prospects, Blue Hill Range, Karara and Mungada Well were explored for hematite resources. WMC carried out geological mapping, aeromagnetic surveying, rock chip sampling, percussion and diamond drilling, mineral resource estimates, feasibility studies and mine planning. Mining operations were subsequently carried out in 1966 at the Koolanooka deposit with ore supplemented from the Blue Hills prospects of Mungada and Mungada West. A total of over 5 million tonnes were exported to Japan from these mining operations.

The only documented record for the occurrence of iron ore resources in the Pinyalling Hills area is in the "Minerals of Western Australia" by Edward S Simpson, 1951, who noted "lenses of almost pure hematite occur in bands of jaspilite in the greenstones of the Pinyalling Hills. A picked specimen from the south side of a ridge contained: Fe_2O_3 95.07%, Fe 66.55%; SiO_2 0.91%, SO_3 0.24%, P_4O_5 0.30%". The co-ordinates or reference location of the specimen is not provided in the report.

In November 2005 a field reconnaissance was undertaken by Royal Resources on BIF outcrop to the north of the Baron Rothschild gold prospect. The sampling was reconnaissance in nature with a small number of samples, RX2185 - RX2190, collected to test the geochemistry of these 20-30 metre wide linear outcrops. The assay results returned total Fe of 52.3% to 59.7% with moderate silica and below industry averages for aluminium oxide, sulphur and phosphorous.

In December 2005 a further reconnaissance sampling program was undertaken with twenty one samples collected of surface pisolite in the laterite areas of Fields Find and of BIF outcrop in the Fields Find/Pinyalling Hills. The results of the pisolite sampling returned values indicating moderate silica and aluminium oxides varying from 4 -9% with total Fe 46.8% to 50.12%. The sampling of a poorly exposed hematite BIF unit at the bottom of scree slope at the Three Sisters prospect area near Fields Find returned encouraging total Fe values of 58.01% and 56.62 % with relatively low values for silica oxide, aluminium oxide, phosphorous and sulphur. This area is recommended for follow up exploration.

There is an estimated 15-20 kilometres of strike comprising banded iron and siliceous iron formations in the Pinyalling Hills area and future exploration by Royal Resources will be conducted using Quickbird satellite imagery, geological mapping and aeromagnetic images to locate structural dislocations favourable for iron ore / hematite enrichment.

A search of all publicly available records and Open File reports available from the Department of Industry and Resources (DOIR) WAMEX data base does not list any references to iron ore exploration in the Pinyalling Hills area

1.4 GEOLOGY AND MINERALISATION

The Pinyalling Hills iron ore project is located within the Yalgoo – Singleton (Warriedar) Greenstone Belt. The greenstones are a supracrustal sequence embedded in the older crystalline basement complex of gneissic and granitoid rocks. The major geological unit within the region is the Windanning Formation which is indicated to reach thicknesses of up to 1000 metres. The regional structure is an elongate north-northwest trending fold belt that has been intruded by post-folding granites. The major faulting trends north-northwest to north and is oblique to the regional fold axis.

The BIF occurrences are related to the Windanning Formation of the Luke Creek Group, the uppermost member of this Group and the younger of two formations containing the BIF members. The Windanning Formation is described by Watkins (1990) as "a succession of abundant jaspilitic BIF and grey-white chert units interlayered with felsic volcanic, volcanoclastic, and volcanogenic rocks, and minor amounts of basalt, overlying the Gabanintha Formation". Watkins further notes that the Windanning Formation BIF units range in thickness from a few metres to 150 metres with interbedded felsic tuffs of a few centimetres to a few metres in thickness. The BIF is recorded as being jaspilitic with red jasper bands interlayered with grey to black hematite and/or magnetite rich bands with white chert bands from a few millimetres to a few centimetres thick. The presence of jasper bands in the Windanning Formation differentiates it from the older Golconda Formation BIF units.

The iron ore resources within the Windanning Formation comprise both magnetite and hematite with the proportions of hematite largely dependent on the depositional environment existing at the time of the BIF's formation – i.e. whether the environmental conditions were either reducing or oxidizing. The occurrence of jasper in the BIF formations which has the distinctive red colouration resulting from the very fine hematite crystals in chert indicates that the depositional environment was sub aqueous and that both magnetite and hematite were deposited at the same time.

The major areas of iron enrichment – with hematite as the main iron oxide – as mapped by the Geological Survey of Western Australia are associated with:

- Tightly folded east and west plunging synclinal structures
- Cross cutting faults and shears; and possibly Proterozoic dykes.

The hematite deposits of Mungada, Mungada West, Mungada South, Blue Hills and Skyhook fall into this category and are deposits that have previously and are currently being explored as prospective Direct Shipping Ore (DSO).

From regional exploration studies in the Warriedar Project area the Mt Karara magnetite resource is presently the more significant resource in the region to be considered for prospective development. The resource has an approximate strike of 4.0 kilometres and is located at the south-western end of the Blue Hills BIF and occurs on the closure of a north plunging synclinal fold. Wide spaced drilling in the 1960's suggested that within the limits of the drilling there was potential for 180 million tonnes grading 35% Fe. Gindalbie Metals Limited is re-evaluating the Mt Karara prospect as a source of iron ore.

1.5 PRESENT RESOURCE DEVELOPMENT PROJECTS

In the South Murchison region over the last decade there has been a marked consolidation of ground holding and as a result there has been an emergence of a small number of companies dedicated to the exploration and development of iron ore resources.

There are three companies in the region of the Royal Resources tenements - Gindalbie Metals Limited, Mount Gibson Iron Limited and Midwest Corporation Limited. All three companies are undertaking exploration on their ground holdings with Mount Gibson Iron Limited and Midwest Corporation Limited in the more advanced stages of development.

The extent of the regions resources are not known however potential resources have been estimated to be in the 10's of million tonnes of hematite ore (Direct Shipping Ore – DSO) and in excess of 100's million tonnes of magnetite ore. These resources are of sufficient magnitude to under pin the long term supply of iron ore with the major advantage for the region being the existing infrastructure of rail, road and port facilities necessary for the commercialisation of large scale iron ore operations. The further planned development of infrastructure and reported alliances between the three main iron ore companies will considerably enhance the South Murchison area as an iron ore producing province.

1.6 CONCLUSIONS

The Pinyalling Hills and Warriedar areas host BIF units that have not previously been explored for their iron ore resources. Royal Resources tenements are located in close proximity to the iron ores resources being explored and developed by Mt Gibson Iron Limited, Midwest Corporation Limited and Gindalbie Metals Limited. Recent field reconnaissance and limited rock chip sampling by Royal Resources has identified BIF units that are prospective exploration targets for both magnetite and hematite iron ore resources.

1.7 PLANNED EXPLORATION

The proposed exploration for the Pinyalling Hills and Warriedar areas is to acquire QUICKBIRD satellite imagery to map the extent, structure and alteration zones of the BIF units. The results of these studies will identify areas to be followed up by ground geological mapping, rock chip sampling and Reverse Circulation (RC) drilling.

2: WARRIEDAR IRON ORE PROJECT

(ROYAL RESOURCES 40% - GINDALBIE METALS 60%)

2.1 INTRODUCTION AND SUMMARY

The Warriedar Project comprises six Exploration Licences and seven Mining Leases covering an area of approximately 150 square kilometres and 40 kilometres to the west of the Pinyalling Hills project area. The Warriedar Joint Venture is located within the Yalgoo Mineral Field.

The project is a Joint Venture (JV) between Gindalbie Metals Limited ("Gindalbie") and Royal Resources, where Gindalbie sole funds exploration until a 50 000 ounce gold reserve (or alternate mineral commodity with an equivalent value to 50 000 ounces of gold) is outlined. Royal Resources will retain 40% equity in any resource defined and has the option to participate in any mining operation on the JV area.

Prior exploration in the Warriedar JV area has been carried out for a range of mineral resources including gold, copper and base metals. During the past two to three years the world wide increase in demand for iron ore resources has resulted in a shift in the focus of exploration in the region with considerable work being done to reassess prospective iron ore resources. Three companies presently have an active interest in either exploration or the development of iron ore resources within the South Murchison / Warriedar area – Mt Gibson Iron Limited, Midwest Corporation Limited and Gindalbie Metals Limited.

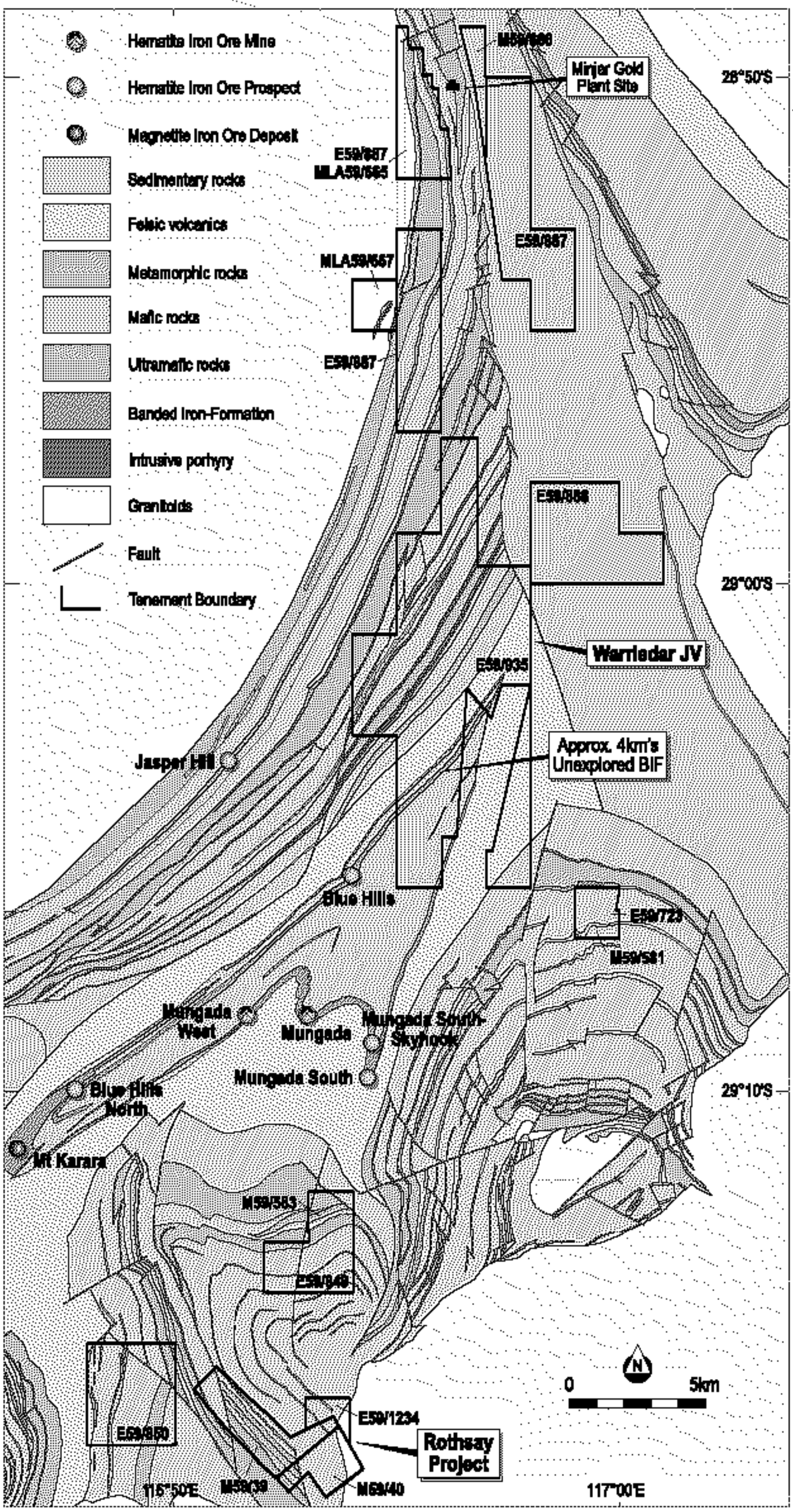

Figure 4 Warriedar Joint Venture Project Regional Geology and Prospect Locations

Table 2 Tenement Details for the Warriedar Joint Venture Project

TENEMENT	APPLICATION DATE	APPROVAL DATE	EXPIRY DATE	AREA (BLOCKS)	AREA HECTARES(HA)
E59/723		16-Jan-97	Grant of M59/581	1	
E59/849		21-Jan-00	Grant of M59/583	3	
E59/850		15-Dec-99	Grant of M59/618-619	4	
E59/887	28-Jul-98	9-Oct-02	8-Oct-07	20	
E59/888	28-Jul-98	Pending		5	
E59/935	28-Jan-99	20-Jan-03	19Jan-08	24	
M59/581	12-Feb-03	Pending			295
M59/583	22-May-03	Pending			897
M59/665	19-Dec-05	Pending			771.8
M59/666	19-Dec-05	Pending			262.6
M59/667	19-Dec -05	Pending			300
M59/618	13-Dec-05	Pending			598
M59/619	13-Dec-05	Pending			598

2.2 TENEMENT DETAILS

The Warriedar JV project area comprises six Exploration Licences and seven Mining Leases covering an approximate 150 square kilometres. Two of the tenements are in close proximity to the historical gold mining centre of Rothsay and the remaining four are located to the north of the Blue Hills and Mungada iron ore prospect areas.

2.3 PREVIOUS EXPLORATION

Previous exploration within the Warriedar Joint Venture tenements and areas surrounding the project has been intermittently carried out for a range of mineral commodities over the last 50 years including iron ore, base metals and gold. Since 1990 the main focus for exploration has been directed towards gold and in the last 2-3 years iron ore resources within the BIF's.

Within E59/935, to the north of the Blue Hills hematite prospect, there is approximately 4 kilometres of the strike of this same BIF unit traversing through the tenement. There is no publicly available information indicating that this area has previously been explored for prospective iron ore resources.

The present operator of the Warriedar JV, Gindalbie Metals Limited, is selling their interests in gold and base metal projects falling within the Joint Venture area to focus on the exploration and development of iron ore resources.

2.4 GEOLOGY AND MINERALISATION

The Warriedar project is located on the western limb of the Warriedar Greenstone Belt, which comprises sequences of felsic to mafic volcanics, BIF's and ultramafic intrusives. The greenstone belt strikes approximately north-south and is bounded by granitoid rocks.

This greenstone belt has a number of large shear zones, some of which are associated with mineralising events. The most significant of these with respect to gold mineralisation are the Mougederra and Chulaar shear zones and their related splay structures.

The BIF occurrences are related to the Windanning Formation of the Luke Creek Group, the uppermost member of this Group and the younger of two formations containing the BIF members. Windanning Formation BIF units range in thickness from a few metres to 150 metres with interbedded felsic tuffs of a few centimetres to a few metres in thickness. The BIF is recorded as being jaspilitic with red jasper bands interlayered with grey to black hematite and/or magnetite rich bands with white chert bands from a few millimetres to a few centimetres thick.

2.5 CONCLUSIONS

The iron ore potential of the Warriedar Joint Venture tenements remains to be assessed.

2.6 PLANNED EXPLORATION

Gindalbie Metals Limited has yet to inform Royal Resources of their planned exploration within the Warriedar Joint Venture areas.

3: ROTHSAY GOLD PROJECT

(ROYAL RESOURCES 70% - CENTRAL WEST GOLD 30%)

3.1 INTRODUCTION AND SUMMARY

The Rothsay project is 300 kilometres north of Perth and 70 kilometres east of the wheatbelt town of Perenjori.

Gold was discovered at the Rothsay Mining Centre in 1894 with historical production records showing a total of 10,742 ounces of gold were recovered from 41,307 tonnes of ore. The average recovered grade up until 1940 was 8.09 g/t gold. The majority of the production was from the British Queen workings, located on the "A" Shear, one of five gold mineralised shear zones.

In March 2000 Thundelarra entered into an agreement with Central West Gold NL ("CWG") to earn up to 70% in the Rothsay gold mine for a total expenditure of A$350,000 over 3 years. The details of this agreement are contained within another section of this Prospectus.

The latest resource estimate for the Rothsay mine (2004) gives an inferred resource of 247,900 tonnes at 10.95 g/t gold for 87,300 ounces, using a 7.0g/t gold lower cut-off grade.

3.2 TENEMENT DETAILS

The Rothsay project comprises two Mining Leases, numbered M59/39 and M59/40, which secure an area of 1,098 hectares (10.98 square kilometres) in the Rothsay Mining Centre of the Yalgoo Mineral Field, Western Australia. It also includes a Licence to Treat Tailings, numbered 59/24.

3.3 EXPLORATION HISTORY

Gold was first discovered at the Rothsay Mining Centre in 1894 with historical production records showing a total of 10,742 ounces of gold were recovered from 41,307 tonnes of ore. The average recovered grade up until 1940 was 8.09 g/t gold. The majority of the production was from the British Queen workings, located on the "A" Shear, one of five gold mineralised shear zones.

Since the mines closure in 1940 exploration studies were intermittent and poorly documented. A renewed interest in the Rothsay project began in the early 1980's when there was a marked resurgence in the gold price.

Table 3 Tenement Details for the Rothsay Project

TENEMENT	APPLICATION DATE	APPROVAL DATE	EXPIRY DATE	AREA BLOCKS	AREAHECTARES (HA)
M59/39	25-May-86	04-Dec-86	03-Dec-07		710.30
M59/40	25-May-86	04-Dec-86	03-Dec-07		380.85
E59/1234	01-Dec-05	Pending		1	
L59/24	04-May-89	22-Aug-89	21-Aug-09		6.90

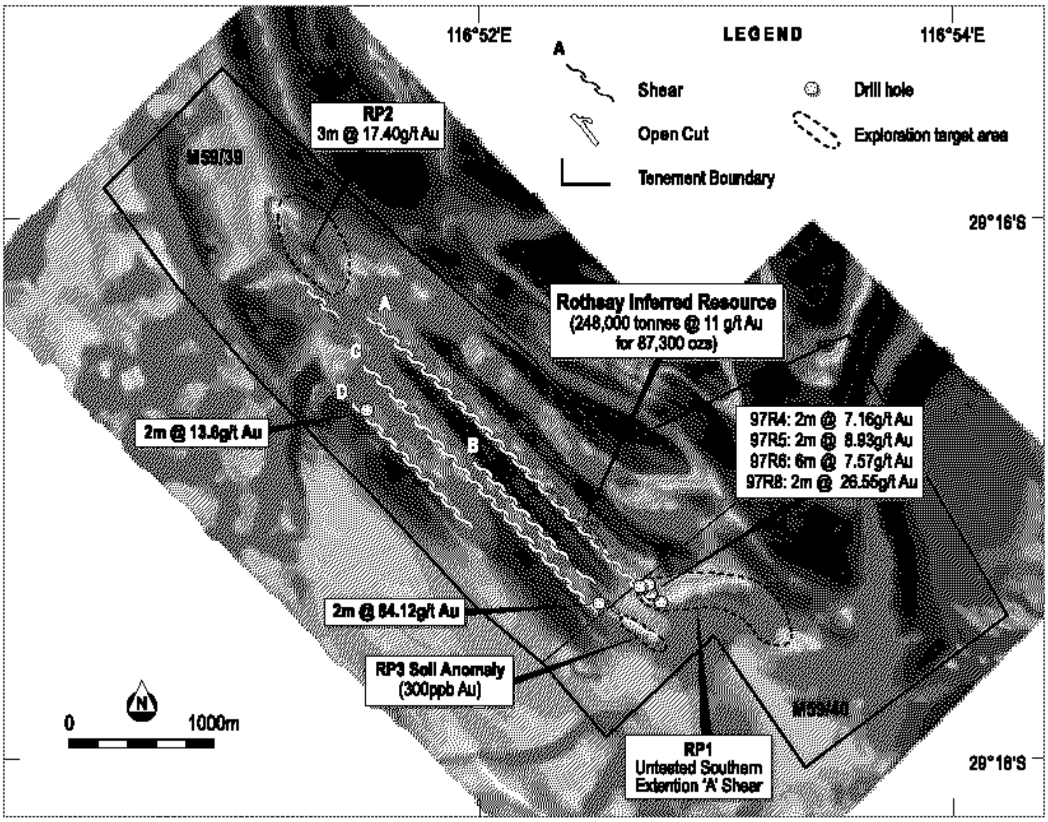

Figure 5 Rothsay Aeromagnetics and Prospect Locations

This second major phase of exploration and mining commenced around 1988 resulting in the identification of a gold resource of 470,000 tonnes grading 9.97 g/t gold. Open cut mining operations commenced in 1989 and up to May 1991 214,500 tonnes were processed which yielded approximately 36,003 ounces of gold at a recovered grade of 5.22 g/t gold from open cut sources and underground development. Mining operations ceased in 1991 due to weakened gold prices. At the closure of the mine in 1991 the remaining gold resources were assessed to be about 240,000 tonnes grading 6.8 g/t gold (52,470 ounces of contained gold).

Since 1991 intermittent exploration programs have been carried out by a number of different companies with their primary focus being to locate extensions to the known gold mineralising structures. A resource estimate in 2001 for the "A Shear" reef gave an inferred resource of 212,700 tonnes at 12.31g/t for 84,200 ounces gold using a 7.0g/t cut-off grade

The next major phase of exploration was that undertaken by Thundelarra Exploration from 2003 to 2005. This work included the following:

Validation of the entire mine and exploration drillhole database;

- Aeromagnetic, radiometric and digital elevation surveying of the Rothsay tenements at a 50 metre flying height and 50 metre line spacing.
- Soil sampling over the entire project area. A total of 1464 samples were collected on a 200 metre by 40 metre grid with the gold results clearly defining trends of known mineralisation. Rock chip sampling (37 samples) were also collected for multi-element analysis.
- Reverse circulation drilling of eight (8) holes for 435 metres and two diamond tails for 75.2 metres. .
- Detailed geological and structural mapping at 1:25 000 and 1:5000 map scales.

In 2004 a further independent resource estimate was undertaken using the new validated data base. An inferred resource of 247,900 tonnes at 10.95 g/t gold for 87,300 ounces, using a 7.0g/t gold cut-off grade, was estimated. These underground resources are accessible from the existing decline.

3.4 GEOLOGY AND MINERALISATION

The Rothsay project is located on the western limb of the Warriedar Greenstone Belt. In the immediate area of the Rothsay Mining Centre gold mineralisation occurs as a number of shear hosted quartz veins parallel to the bedding of a succession of high-magnesian basalts and peridotite-gabbro sills. Five parallel north-westerly trending lines of old workings are present however at least 85% of the gold production was sourced from the main British Queen workings and other smaller workings on the Woodley's Reward Line - both associated with the "A Shear".

The Rothsay gold mine is developed on a series of lenticular quartz veins which trend at about 130° to 140° and dip to the east at 65° to 70°. The quartz veins are up to two metres wide however these can be irregular along strike. The gold mineralisation is hosted by a vein generally about 1.5 metres wide and occupies a shear zone about 2.5 metres wide. The footwall comprises an unfoliated plagioclase-phyric dolerite and the hanging wall a strongly foliated serpentinised ultramafic peridotite. The dolerite is non-magnetic and in contact with the highly magnetic ultramafic makes for a marked magnetic contrast.

Aeromagnetic and ground magnetic survey data over the main A Shear, its extension to the south and the adjacent D Shear are well defined by the magnetic image data. An interpretation shows the A Shear steps-over to the east for a distance of about 400 metres south of the main workings and then continues south east for a further 900 metres. Two shallow prospecting pits have been mapped along the interpreted position of the A Shear and rock chip samples from these and blue quartz float 700 metres south of the step-over have returned assays of between 0.09 and 6.40 g/t gold.

Within the step-over zone the magnetic signature becomes broader suggesting a flattening of the dip of the shear in this location. In the same area the magnetic signature of the hanging wall ultramafic is narrower and more defined and compares to the magnetic signature around the main Rothsay workings.

3.5 CONCLUSIONS

Five main shear zones host gold mineralisation in the Rothsay project area however a majority of the gold production has been sourced from the A Shear Zone. A small number of shallow open pits were developed on the B Shear during the 1988 - 91 mining operations. There has been no mining undertaken since the closure of these operations in 1991.

The project has been subject to extensive exploration in the past however this has been concentrated about the main Rothsay workings with the remainder of the project area only being tested on a surficial scale. The soil sampling by Royal Resources located areas of known gold mineralisation and also defined a significant new zone to the south of the "B" shear zone. This latter area and the geochemical anomaly located at the northern extension of the "A" shear require more detailed assessment by drilling. A further target for exploration is the interpreted step-over zone south of the main workings where aeromagnetics data shows a continuation of "A" shear for about 2.0 kilometres under transported cover.

3.6 PLANNED EXPLORATION

The proposed exploration within the Rothsay project will be to test areas where there are interpreted extensions of known gold mineralisation. The four major target areas will be the step over zone of the "A" shear south of the main workings, the soil anomaly south of the "B" shear and areas beneath the "B" shear open cut and the surface gold anomaly at the northern extension of the "A" shear. Each of the prospects will be tested with drilling using a combination of Aircore, Reverse Circulation and Diamond drilling.

4: FIELDS FIND PROJECT

(ROYAL RESOURCES 100%)

4.1 INTRODUCTION AND SUMMARY

The Fields Find Project comprises two Exploration Licences, one Prospecting Licence, one Mining Lease and two Mining Lease Applications. The historic Fields Find, Browns Reward and a number of other mine sites are included in the project area.

The project is located 18 kilometres to the west of the Baron Project and some 50 kilometres north-west of Paynes Find. Access to the project area is from the Great Northern Highway along the unsealed Paynes Find - Yalgoo road. Within the tenements there is good access along station tracks and exploration grid lines. The Project area is located in the north-west corner of the Ninghan 1:250,000 Geological Map Sheet (SH/50-7) published by the Geological Survey of Western Australia (1983).

The Fields Find project area is prospective for gold, nickel-copper and Platinum Group Elements (PGE's) mineralisation. There is a substantial amount of historical exploration data within and around the project area, particularly for gold however this material is too voluminous to record here in detail. In the past 7-8 years exploration has been directed to the Fields Find Intrusive Complex (FFIC) – a layered mafic / ultramafic intrusion, where significant copper, nickel, platinum and palladium anomalism has been outlined from surface geochemistry and from shallow drilling over a broad area. The project area has a moderate to high prospectivity for gold resources however the emphasis in this section will be directed to the nickel-copper and PGE's potential.

Aldershot Resources Ltd, previously earning an interest in the Project area, has a retained royalty interest of $1.00 / tonne for the first 600,000 tonnes mined of any mineral commodity.

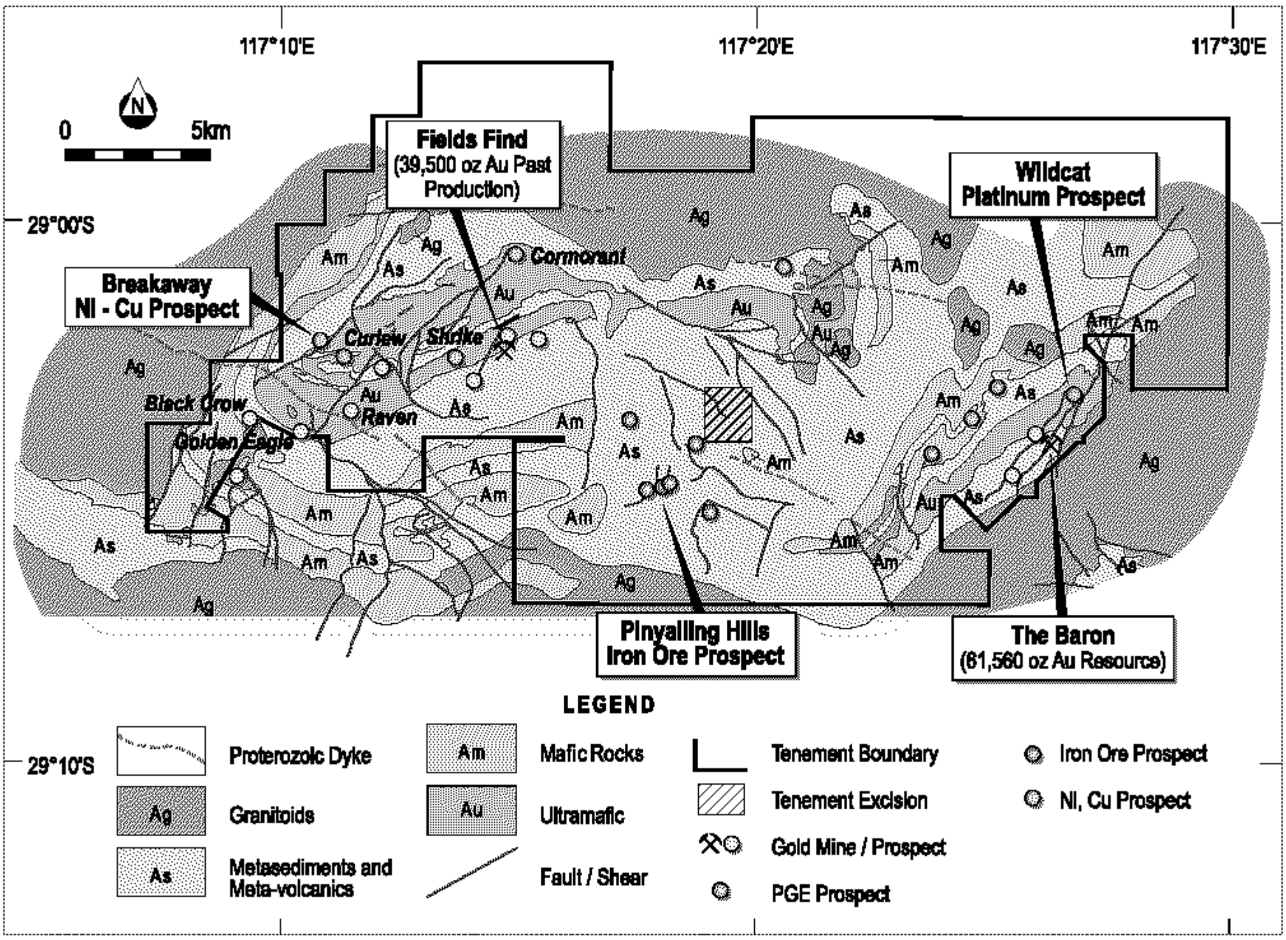

Figure 6 Fields Find, Pinyalling Hills and Baron Project Regional Geology and Prospect Locations

Table 4 Tenement Details for the Fields Find Project

TENEMENT	APPLICATION DATE	APPROVAL DATE	EXPIRY DATE	AREA BLOCKS	AREA HECTARES (HA)
E59/631	06-Dec-94	29-Aug-95	28-Aug-05	13	
E59/846	18-Sep-97	01-Jul-99	Grant of M59/615-617	7	
P59/1186	11-Feb-93	23-Mar-93	Grant of M59/456		152.75
M59/456	20-Mar-97	Pending			152.75
M59/597	18-Mar-04	Pending			585.0
E59/633*	07-Mar-95	19-Oct-95	Grant of M59/597-598	10	
E59/1155	18-Feb-04	06-Oct-05	05-Oct-10	21	
M59/598	15-Apr-04	Pending			959.5
M59/615	9-Nov-04	Pending			278.5
M59/616	9-Nov-04	Pending			899
M59/617	9-Nov-04	Pending			899

A A$5/ ounce gold royalty in favour of Fimiston Mining exists over M59/456 for the first 150,000 oz of any gold production.

4.2 TENEMENT DETAILS

The Fields Find project comprises two Exploration Licences, one Prospecting Licence, one Mining Lease, and two Mining Lease Applications. The project covers an area of 74.69 square kilometres in the Yalgoo Mineral Field of Western Australia.

4.3 EXPLORATION HISTORY

Gold was discovered at Fields Find in 1898 and, by the turn of the century, a significant mining operation had been established. Total recorded gold production from the Fields Find Mining Centre is 28,521.0 ounces of gold from 41,283 tonnes of ore treated at a recovered grade of 21.47 g/t gold. Production was based on the mining of a 0.5 to 2.0 metres wide quartz reef over an 800 metres strike length to a maximum vertical depth of 120 metres. A further 226.6 ounces of dollied gold were recovered from the Mining Centre.

The first reported exploration other than for gold was that undertaken for nickel laterites between 1966 and 1972 at the commencement of the exploration nickel boom in Western Australia. The exploration comprised a wide range of exploration activities including geological mapping, aerial photography, soil and rock chip sampling, geophysical surveys and drilling. The exploration results were inconclusive and it was noted the results" fell within the normal geochemical boundaries for the Fields Find area".

In 1972 the exploration model changed with the exploration focus on Kambalda style nickel-copper sulphide deposits. In hindsight it is now known that this target / model was inappropriate however the data collected during this period added significantly to the geological and geochemical database.

In this same period exploration for nickel-copper sulphides, using no particular model, was carried out in the western portion of the FFIC. This work comprised a detailed review of prior work, induced polarisation surveying, and drilling. The results from this work identified a significant copper anomaly in the area now known as the Breakaway prospect. Further work on the targets generated in the prospect area was not undertaken as the "nickel boom' had come to an end and funds for continued exploration were not available.

In 1975 the Project area was explored for base metal deposits modelled on the Golden Grove style -copper-zinc gold ore bodies. Exploration included geological mapping, induced polarisation surveys and rock chip sampling of the banded iron formations ("BIF") Geochemical samples were analysed for copper, lead, zinc, silver and nickel and samples collected from near old gold workings were also assayed for gold and arsenic. Anomalous base metal values were returned but were considered not significant enough to warrant follow-up evaluation.

In 1997 exploration in the Fields Find area was initially carried out for gold but subsequently for nickel – copper and PGE's following the discovery of PGE anomalies at the Breakaway prospect where 25 years earlier a broad copper anomaly had been outlined. Additional work included detailed airborne magnetics, geological mapping, RC and rotary air blast (RAB) drilling, auger drilling, soil sampling and the acquisition and interpretation of Landsat imagery.

In 1998 a previous explorer collaborated in a research project with the CSIRO specifically aimed at evaluating the nature and origin of ultramafic/mafic rocks in the FFIC. The purpose of the project was to provide specific information that would underpin an assessment of the potential for economic accumulations of nickel-copper, PGE bearing sulphides in the Fields Find region. The results of this work by RE Hill and SJ Barnes are documented in Report Nos.FLF062, November 1998 "Identification of the magmatic rocks in the Fields Find platinum prospect area." The report concluded that "the ultramafic rocks constitute a layered intrusive complex with a parental magma of about 12 wt% MgO" and further that "although the accumulated data-base is not sufficient to reveal details of the magmatic evolution of the intrusion or intrusions, results exhibit apparent similarities to intrusions in the West Pilbara, WA, including Munni Munni and Radio Hill."

The report also noted that in completing its petrographic and mineralogical studies "augite-olivine cumulates from drillhole BAB60 contains traces of fine-grained disseminated primary magmatic nickel – copper sulphides".

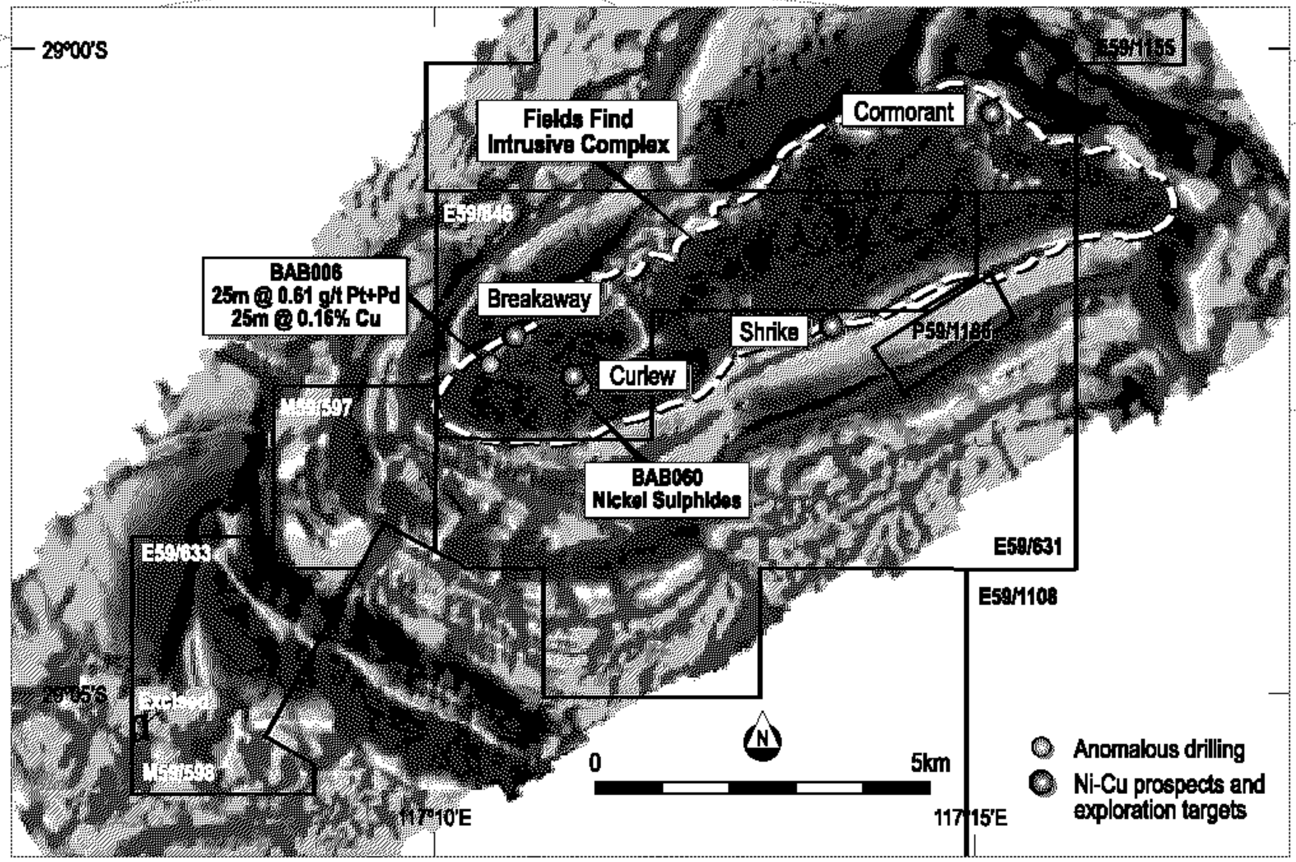

Figure 7 Fields Find Aeromagnetics with Prospect Locations

The report indicated that two styles of primary mineralisation can be associated with intrusions of this type:

- Basal accumulations of nickel-copper sulphides, typically grading 1-5% combined nickel-copper with minor PGE credits and cobalt, associated with contaminated marginal rocks, probably developed during the early stages of emplacement of the intrusion. Typical nickel: copper ratios of this style of deposit are in the range 1 - 1.5.
- Stratiform reef-style PGE mineralisation within the intrusive complex, typically grading 2-6 g/t combined platinum + palladium over 1-3 metre widths with great lateral continuity.

Surface and drill hole geochemistry data has outlined three prospect areas that have anomalous geochemistry consistent with a sulphide source.

The Breakaway prospect is 1.8 kilometres long and has surface geochemical values of copper to 963ppm, platinum to 138ppb and palladium to 318ppb. Rock chips in the prospect zone contain up to 1.83ppm platinum + palladium and up to 0.2% copper. A Transient Electromagnetic (TEM) survey over the prospect in 2000 located a small number of near surface conductors however the survey was considered to be ineffective due to the near surface Induced Polarisation effects arising from the surface laterites. Previous drilling has recorded wide intercepts of anomalous platinum and palladium. Drillhole BAB006 recorded 25 metres @ 0.61 platinum + palladium and 25 metres @ 0.16% copper from surface.

The source of the very large geochemical anomaly in the Breakaway prospect area has not been adequately explained. The origin of the copper and PGE's within the surficial sediments and in the saprock indicate a magmatic sulphide source. The planned exploration by Royal Resources is to include geophysics to locate disseminated sulphides and also potential massive sulphide zones.

The Cormorant Prospect is located approximately 7 kilometres north-northeast of the Breakaway prospect and lies in the same stratigraphic position. The prospect has a surface anomaly up to 1020 ppm copper with coincident values of 26ppb platinum and 43ppb palladium. Four Transient Electromagnetic traverses were completed over the Cormorant prospect area however the results were reported to be inconclusive. Two conductors were interpreted on two adjacent lines where there is a high coincident copper anomaly and these two targets have not been tested by drilling.

The Shrike prospect is located about 1.5 kilometres west-northwest of Fields Find mining centre where soil geochemistry has outlined a 1600 metre long anomaly with values of 63ppb platinum and 163ppb palladium. Rock chip sampling in the prospect area has recorded values of 900ppm copper, 118ppb platinum, and 76ppb palladium. Two TEM traverses completed over the prospect located two conductors that have not been tested by deep drilling.

The Cormorant and the Shrike prospects require further assessment and geophysics and drilling are planned to test each of these areas for disseminated and massive sulphides.

4.4 GEOLOGY AND MINERALISATION

The Fields Find project is located in the Warriedar Greenstone Belt which comprises predominantly mafic greenstone sequences of mafic volcanics, interflow BIF units, dolerite and gabbro sills and ultramafic intrusives. Granitoid bodies are present in the northern and southern parts of the project area and granitoid and porphyry dykes intrude the greenstone sequence.

Large scale anticlines and synclines are developed in the mafic succession, with parasitic small scale folding extending into the associated BIF units. A major deformation corridor extending from Mt Magnet to the north to Mt Gibson to the south is interpreted to transect the project area. This corridor, which is highly prospective for gold mineralisation is largely concealed beneath the Mongers Salt Lake system. A number of prospective splay faults off this corridor, sub-parallel to the stratigraphy, have been recognised within the project area.

The FFIC is a zoned mafic/ultramafic body with maximum dimensions of 12.0 kilometres x 3.0 kilometres covering an area of approximately 30 square kilometre. The intrusive complex is largely covered by laterite and transported sands. The igneous rocks that comprise the intrusive are generally visible only in the erosion windows around the margins of the complex.

The 1998 CSIRO Research Report concluded that the "Fields Find ultramafic /mafic rocks are layered cumulates forming an intrusive complex, with two possible intrusions, which crystallised from a relatively high-Mg magma with ~ 12 wt% MgO. Identified rock types include olivine cumulates, augite cumulates, and olivine-augite cumulates, and gabbros containing augite, plagioclase +/- quartz. Brown hornblende, magnetite, ilmenite and phlogopite are accessory phases".

Interpretation of the aeromagnetic data reveals an east-west fault or shear zone that bisects the intrusive near to the line of the Breakaway, Weiro and Shrike prospects. The anomalous zones are located where this fault cuts the margin of the FFIC.

Gold mineralisation within the project area mainly occurs within gabbroic, mafic volcanic and BIF rock types. There is a close association of gold mineralisation with north easterly trending interpreted splay structures arising related to the Mt Magnet-Mt Gibson fault corridor. Gold mineralisation at Fields Find is associated with a narrow north easterly trending quartz vein within a mafic/ultramafic sequence. At the nearby Tobins, Boxlaff and Brownes Reward mines, gold mineralisation is associated with sulphide replacement and brecciation of BIF units. At Tobins, gold also occurs with quartz-tourmaline stockwork zones and the highest grades occur in the nose of plunging folds. At the Golden Eagle and Wiero workings, it is associated with quartz veining within felsic intrusives and locally BIF horizons. The gold-arsenic mineralisation at the Raven prospect is associated with shear zones within the mafic/ultramafic sequence.

There are opportunities to continue exploration on a number of the gold projects that from previous exploration and drilling have the potential for hosting prospective gold resources. These include:

- Weiro Prospect – 3 metres at 4.49g/t gold in hole FFB055 and 4 metres at 2.83g/t gold in hole FFB144.
- Raven - 7.0 metres at 13.50g/t gold in hole BHB005 and 8 metres at 2.31g/t gold in hole FFB001 and 4 metres at 6.60g/t gold in hole FFB020.

Further surface exploration and drilling on these prospects will be undertaken by Royal Resources to test their significance and resource potential.

4.5 CONCLUSIONS

The Fields Find project area has been extensively explored for a wide range of minerals, particularly during the last 30 years, with the main focus being in the exploration for gold. The results of this work to date have not significantly added to the existing resource base although a number of prospects still require further assessment.

The one area identified for more targeted exploration is the FFIC where recent research and exploration data have confirmed the presence of sulphide enriched layering in the ultramafic / mafic units of the intrusive. Surface geochemistry, shallow drillhole data and a CSIRO collaborative research project on the petrography and mineralogy have provided supporting evidence for the nickel-copper and PGE prospectivity of the intrusive.

4.6 PLANNED EXPLORATION

The proposed exploration of Fields Find project will be to use geophysics (Induced Polarisation) and drilling of the highly anomalous geochemical areas of the FFIC to locate prospective massive nickel-copper sulphides and PGE's. An assessment of the previous geophysical data will be undertaken of those areas where ground conductors were reported.

5: BARON PROJECT

(ROYAL RESOURCES 100%)

5.1 INTRODUCTION AND SUMMARY

The Baron Project is located 420 kilometres northeast of Perth, 32 kilometres northwest of Paynes Find and includes the historic Pinyalling Mining Centre, the Baron Rothschild gold mine, sections of the Pinyalling Hills Iron Ore project and the Wildcat platinum and palladium prospect.

The area is approximately 18 kilometres to the east of the Fields Find Intrusive Complex.

Aldershot Resources Limited, previously earning an interest in the Baron Project, has a retained royalty interest of $1.00 / tonne of the first 600,000 tonnes mined of any mineral commodity.

Table 5 Tenement Details for the Baron Project

TENEMENT	APPLICATION DATE	APPROVAL DATE	EXPIRY DATE	AREA BLOCKS	AREA HECTARES (HA)
P59/1369	22-Nov-94	21-Feb-95	Grant of M59/518		196
P59/1370	22-Nov-94	21-Feb-95	Grant of M59/518		196
P59/1371	22-Nov-94	21-Feb-95	Grant of M59/518		197
P59/1372	22-Nov-94	21-Feb-95	Grant of M59/518		199
P59/1373	22-Nov-94	21-Feb-95	Grant of M59/518		199
M59/63		13-Oct-97	12-Oct-08		361.30
M59/518	17-Feb-99	Pending			981.16

5.2 TENEMENT DETAILS

The Baron project comprises ten Prospecting Licences, four Exploration Licences and two Mining Leases covering an area of approximately 384 square kilometres of the Pinyalling Mining Centre in the Yalgoo Mineral Field, Western Australia.

5.3 EXPLORATION HISTORY

The first mining recorded within the Baron Project was at the Pinyalling Mining Centre where 958 ounces of gold was produced from 2,333 tonnes of ore at an average grade of 12.79 g/t gold between 1902 and 1939. A further 93.0 ounces of dollied gold was also recovered.

Previous exploration within the Baron Project has targeted a wide range of minerals – gold, base metals and PGE's. Base metal exploration was undertaken during the 1960s and 1970s where several structural and geological areas of interest were identified and anomalous base metal geochemical values were returned from surface sampling. Follow-up geophysical surveys and drilling were not successful in identifying economic resources. Gold exploration has been intermittently carried out since 1985 both on a regional and prospect scale with a majority of the more detailed work being on the Baron Rothschild prospect.

5.4 BARON ROTHSCHILD GOLD PROSPECT

In 1985 regional gold exploration was undertaken in the Pinyalling and Fields Find Mining Centres which included geological mapping and geochemical sampling programs. Anomalous gold geochemical results (0.02 g/t gold to 18.7 g/t gold) were returned from rock chip and grab samples with the main area of focus being the Baron Rothschild gold workings. Subsequent drilling of the old workings to relatively shallow depths identified gold mineralisation of an estimated 275 000 tonnes at a grade of 2.5 g/t gold.

Exploration completed in 1995 and 1996 included a reappraisal of exploration history data, detailed airborne magnetic interpretation, additional soil sampling and RC drilling (14 holes for 1,275 metres). The drilling indicated that the mineralisation at the Baron Rothschild workings was open at depth and along strike to the east and west. By March 1996 the Baron Rothschild workings had been drill tested over a strike of 520 metres on an approximate 25 metre x 50 metre grid and a resource of 512,000 tonnes at 2.79 g/t gold for 46,012 ounces of contained gold was reported to the Australian Stock Exchange.

In 1999 exploration completed by Thundelarra included a high resolution airborne magnetic survey, extensive rock chip and soil sampling (2,795 samples) and 2,568 metres of RAB and air core drilling. This work has been successful in locating targets not previously identified in the project area and also located extensions to the Baron Rothschild gold resource. The studies also identified the Wildcat platinum and palladium prospect and a number of base metal prospects not previously recognized.

The high resolution airborne magnetic data identified the bounding shear zones to the Baron Rothschild resource as well as six adjacent BIF units in the same structural setting. A total of 36 holes for 1,207 metres were drilled to test gold targets along strike from the Baron Rothschild resource and in parallel BIF units and other magnetic horizons. The drilling results defined a 500 metre zone of anomalous gold geochemistry to the east of the main resource however the tenor of the values were generally below 1.0 g/t gold.

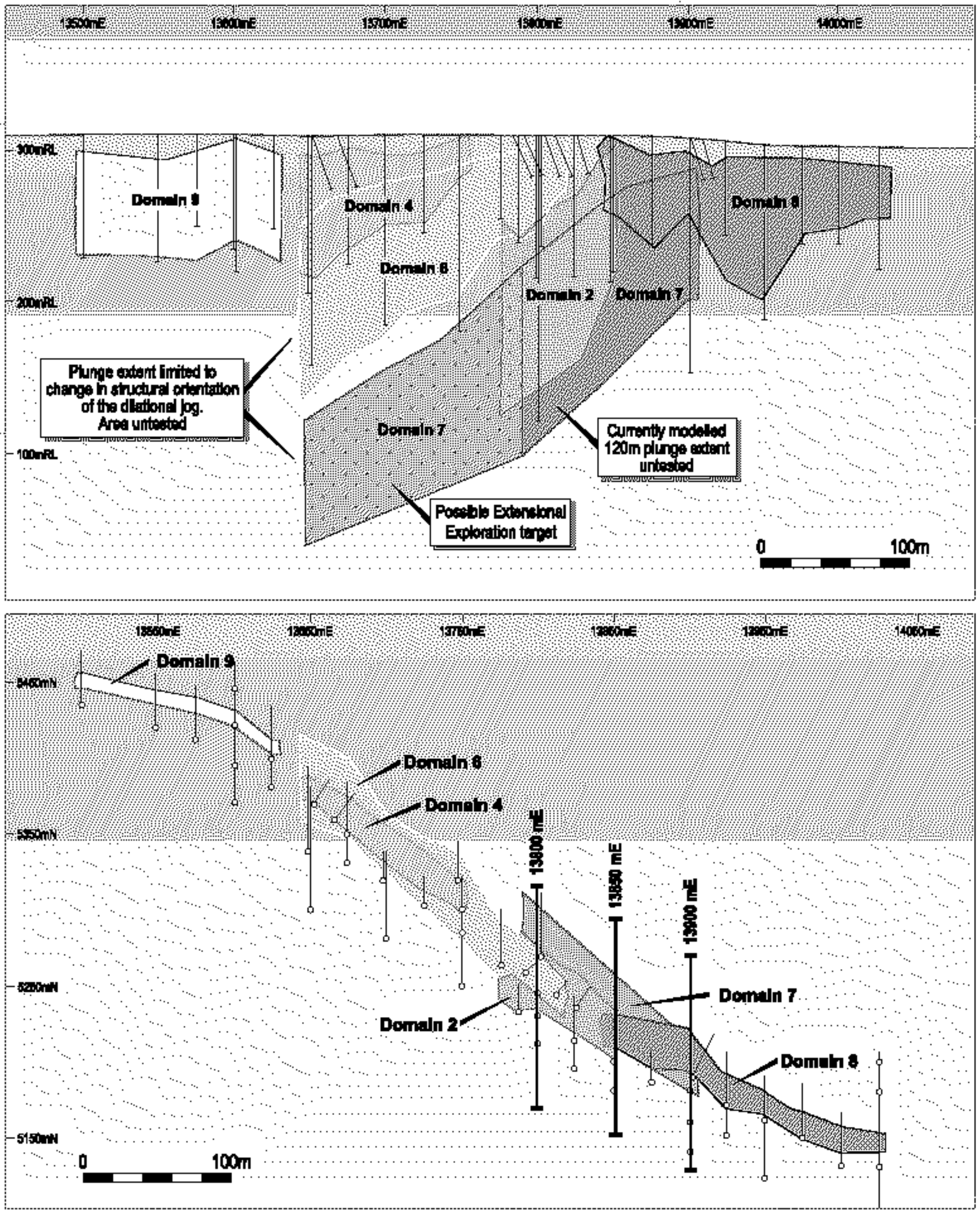

Figure 8 Baron Rothschild Gold Deposit – Longitudinal Section 5300N and Drill Plan

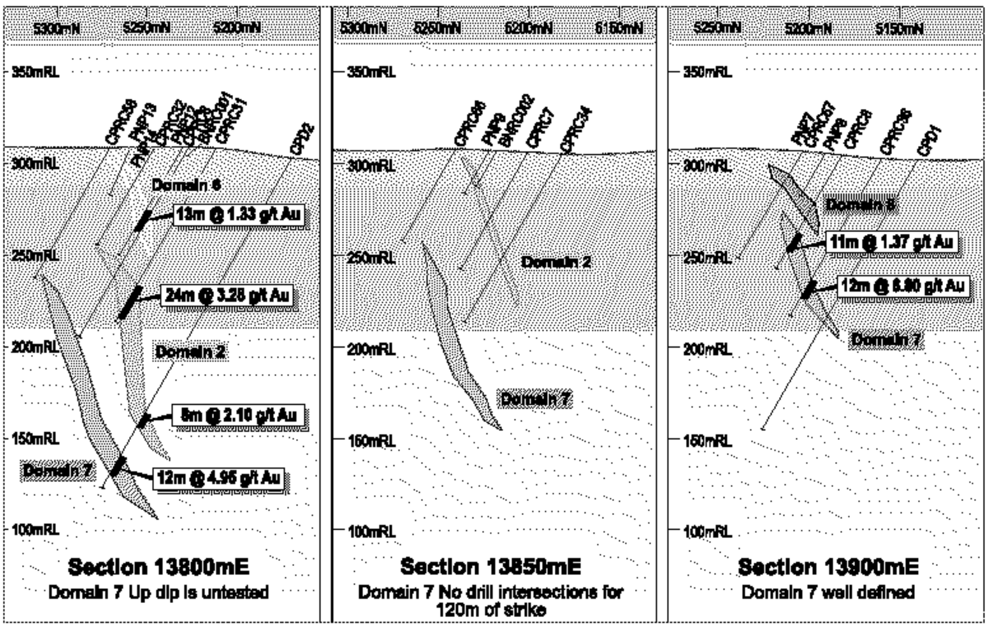

Figure 9 Baron Rothschild Gold Deposit –
Drill Sections 13800mE, 13850mE and 13900mE

The Baron Rothschild gold resource occurs within a dilatational jog with the main zone of mineralisation occurring over a strike of 500 metres. The east and west tails of the dilation zone have anomalous gold geochemistry, however the overall tenor of the values is low. The mineralisation is associated with intense pyrite-pyrrhotite replacement of the BIF's and in quartz veining within the felsic and mafic host rocks.

In October 2005 Royal Resources contracted a Perth based specialist resource consultancy to "geologically interpret and wireframe the Baron Rothschild gold deposit, create a block model and estimate using Ordinary Kriging, validate the model and provide routine grade tonnage reporting"

The Baron Rothschild resource was modelled as a series of parallel lenses (6 domains) with an "en echelon" form, the main gold bearing lodes striking 300°-310° dipping steeply at 70° / 210° and a plunge to the north west of 30°. A Royal Resources specified lower cut of 0.5 g/t gold was used for geological interpretation and solid wireframing

The estimated total inferred resource of the Baron Rothschild deposit is 800,465 tonnes at 2.39 g/t gold for 61,560 ounces. (JORC compliant)

The geological modelling identified exploration opportunities not previously recognised or interpreted from the drillhole data. The Domain 7 mineralised block identified shows that there are two drillhole intersections spaced 120 metres apart that have recorded intersections of 12 metres at 4.95 g/t gold and 12 metres at 6.8 g/t gold. The geological data and structural setting indicate that this domain has the potential for high grade ore and is a prospective exploration target.

The planned exploration of the Baron Rothschild gold resource will be to test the continuity of this zone over the 120 metres of strike and further test the down plunge continuation of the zone.

5.5 WILDCAT PLATINUM AND PALLADIUM PROSPECT – BARON INTRUSIVE COMPLEX

In 1999 during the routine drill testing of a gold in laterite soil anomaly about 1.0 kilometre north of the Baron Rothschild gold resource, drill chip samples were routinely tested for platinum and palladium. Drill hole PYB009 returned an intercept of 6 metres assaying 0.7 g/t platinum and palladium at the bottom of the hole. A number of adjacent holes also returned anomalous values. A more detailed soil sampling program subsequently identified a large amplitude platinum + palladium anomaly extending for a distance of 2.2 kilometres metres to the east of the discovery hole.

Detailed geological mapping and aeromagnetic imaging identified the mafic / ultramafic layering of the intrusive – the Baron Intrusive Complex – and was recognized as being very similar to the Fields Find Intrusive Complex. The intrusive is approximately 9.0 kilometres in length and has only partly been tested for PGE mineralisation. The main exploration target is the contact between the ultramafic (pyroxenite) and mafic (gabbro) transition with disseminated PGE mineralisation occurring within the gabbro.

The prospective mafic / ultramafic contact extends over a distance of 9.0 kilometres and has anomalous soil values of up to 185ppb platinum and 55ppb palladium. Five (5) RC drillholes have tested this prospect identifying strong PGE anomalism in both weathered and fresh gabbro – hole BNRC005 intersected 48 metres of 0.55ppm platinum + palladium to end of hole.

Only 800 metres of the gabbro / pyroxenite contact has been tested by drilling. A number of areas have been identified for further assessment including an area where airborne magnetics data indicate a zone of folding of the mafic / ultramafic contact and where soil geochemistry has identified a moderate platinum + palladium anomaly.

5.6 GEOLOGY AND MINERALISATION

The project area is located on the eastern limb of the Archaean Warriedar Greenstone Belt which comprises a layered succession of mafic and ultramafic lavas and intrusives, clastic and sedimentary rocks and felsic volcanic and intrusive rocks. The local stratigraphy includes sequences of fine grained mafic and felsic volcanics with interbedded BIF units. Porphyritic granite intrudes the greenstone sequence along the eastern boundary of the project area.

The mafic rock sequences comprise tholeiitic basalt and gabbro, with some units displaying differentiated horizons of peridotite and some clino-pyroxenite. Occasional chert, jaspilitic BIF horizons and sediments indicate that much of the sequence is extrusive. Conformably overlying the mafic sequence is a package of felsic schist and volcanogenic rocks, with lesser intercalated ultramafic horizons and minor BIF.

Gold mineralisation within the project area is associated with intense pyrite and pyrrhotite replacement of BIF's and in quartz veins within the felsic and mafic host rocks.

5.7 CONCLUSIONS

Prior exploration in the Baron area has identified a significant gold resource at the Baron Rothschild prospect and a layered mafic / ultramafic intrusive – the Baron Intrusive Complex – where strongly anomalous PGE mineralisation has been recorded.

Recent computer modelling of all drill hole data for the Baron Rothschild gold resource has identified previously unrecognized structural trends that are considered to have been an important influence on location of the gold mineralisation. The interpreted plunges of the ore shoots below the existing drilling are prospective exploration targets.

The Baron Intrusive Complex has been identified as a layered mafic / ultramafic intrusive having comparable geology and geochemistry to the Fields Find Intrusive Complex. The gabbro / pyroxenite contact is strongly anomalous in PGE's and extends over a strike of about 9.0 kilometres. This contact has only been drill tested over 800 metres of strike.

5.8 PLANNED EXPLORATION

The recent computer modeling of the Baron Rothschild gold resource has identified ore zones that have an interpreted plunge to the south-west. Previous drilling did not test these ore zones and Royal Resources propose to evaluate these with targeted RC and diamond drilling.

The Wildcat platinum and palladium prospect strikes over a distance of approximately 9.0 kilometres. Royal Resources propose to target this prospective gabbro / pyroxenite contact with geophysics to locate areas of enhanced mineralisation. RC and diamond drilling is planned to test any identified targets.

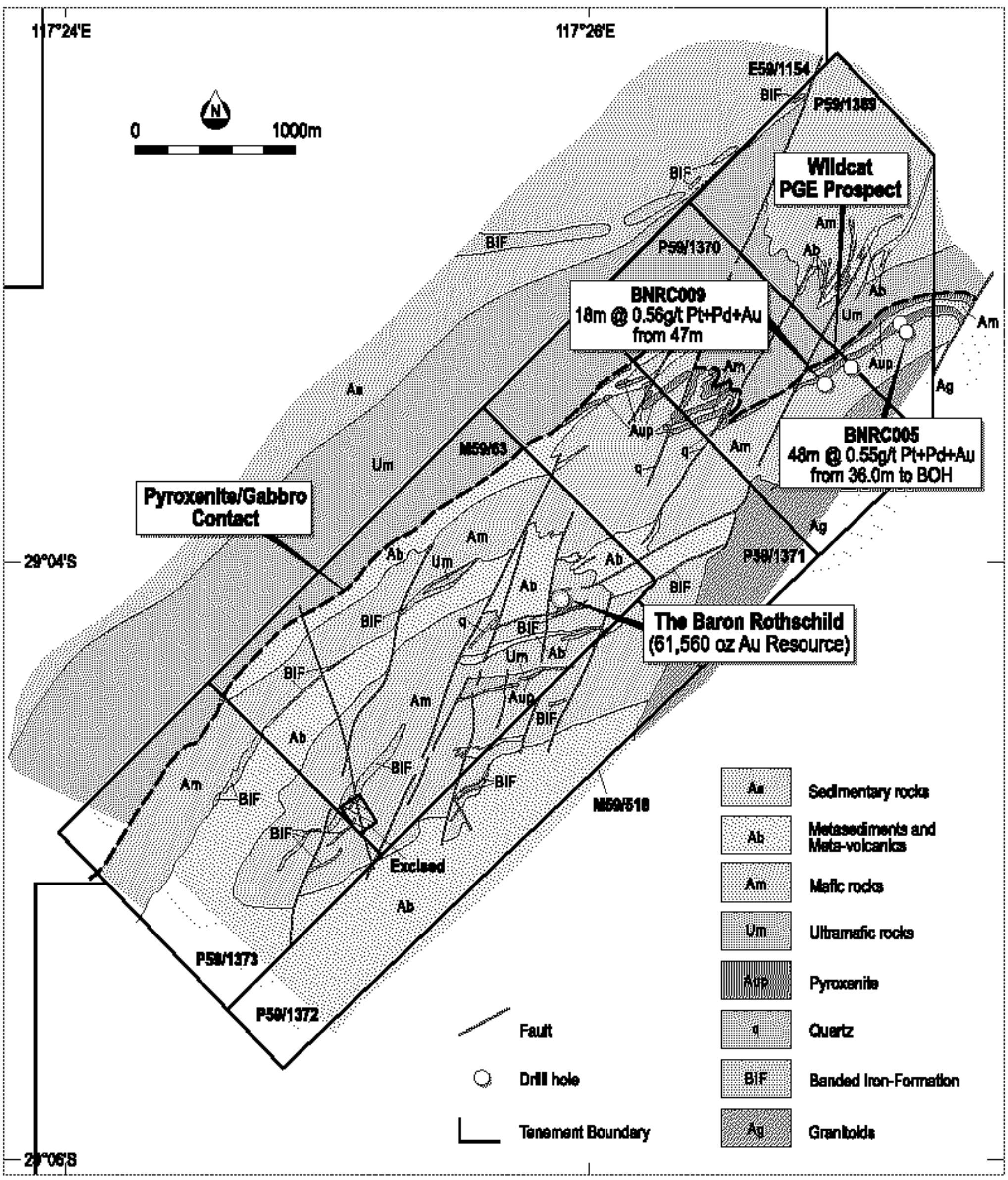

Figure 10 Wildcat Project Geology with Prospect Locations

6: TALLERING PROJECT

(ROYAL RESOURCES 90%)

6.1 INTRODUCTION

The Tallering Project comprises one tenement covering 112 square kilometres and is located 50 kilometres north northeast of the town of Mullewa and about 440 kilometres north of Perth. The tenement is located between two significant resource projects - immediately west is the Tallering Peak iron ore mining operations and 15 kilometres to the east and along strike is the advanced gold and base metal Snake Well Project. Published indicated and inferred resources on the Snake Well Project as of June 2005 are 2.85 million tonnes at 2.0 g/t (cut) gold for 160,000 ounces - tonnages and grade rounded. Exploration is continuing in the region to locate additional gold resources and prospective base metal targets.

6.2 TENEMENT DETAILS

The Tallering Project comprises one Exploration Licence covering an area of about 112 square kilometres. The tenement is subject to a 10% free carried interest held by K. Mitting. Royal Resources has the option to acquire the remaining interest for A$100,000.

6.3 EXPLORATION HISTORY

There are numerous old prospecting shafts within the tenement and surrounding areas. There is a deep weathering profile throughout much of the tenement area and previous exploration techniques are considered to have been ineffective in testing the area for gold. The tenement has also been explored for kaolin and base metals - VMS style mineralisation.

6.4 GEOLOGY AND MINERALISATION

Tallering Greenstone Belt underlies the project area and is a small Archaean succession about 25 kilometres east of the major crustal structure of the Darling Fault. The geology consists of the Gabanintha Formation that comprises a bimodal succession of mafic and ultramafic rocks, felsic volcanic, volcaniclastic and sedimentary rocks. The Gabanintha Formation is overlain by the Windanning Formation which comprises units of BIF and grey-white chert units interlayered with felsic volcanic, volcaniclastic and volcanogenic rocks and minor basalt.

The regional geological trend is to the north-east with the mafic and felsic schist, mafic volcanic and intrusives bounded by gneiss to the northwest and granite to the southeast. The greenstone sequence in this area is up to 1.5 kilometres thick. Gold mineralisation is generally associated with quartz veining and as in the Snake Well area gold is also found in the surface laterites.

6.5 CONCLUSIONS

The Tallering Project lies between the Tallering Peak iron ore operations and the Snake Well project. Very little detailed modern exploration has been undertaken over the Tallering Project area and there are a number of gold anomalies previously identified that require more detailed assessment.

6.6 PLANNED EXPLORATION

Exploration of the Tallering Project is to include detailed airborne magnetics to primarily locate potential strike extensions of the Snake Well mineralised structures, geochemical sampling and geological mapping. Any new anomalies, and the previously identified anomalies, will be investigated and followed up with detailed geochemical sampling, geological mapping and drilling.

Table 6 Tenement Details for the Tallering Project

TENEMENT	APPLICATION DATE	APPROVAL DATE	EXPIRY DATE	AREA BLOCKS	AREA HECTARES (HA)
E59/1117	30-Jul-02	07-Sept-04	06-Sept-09	37	

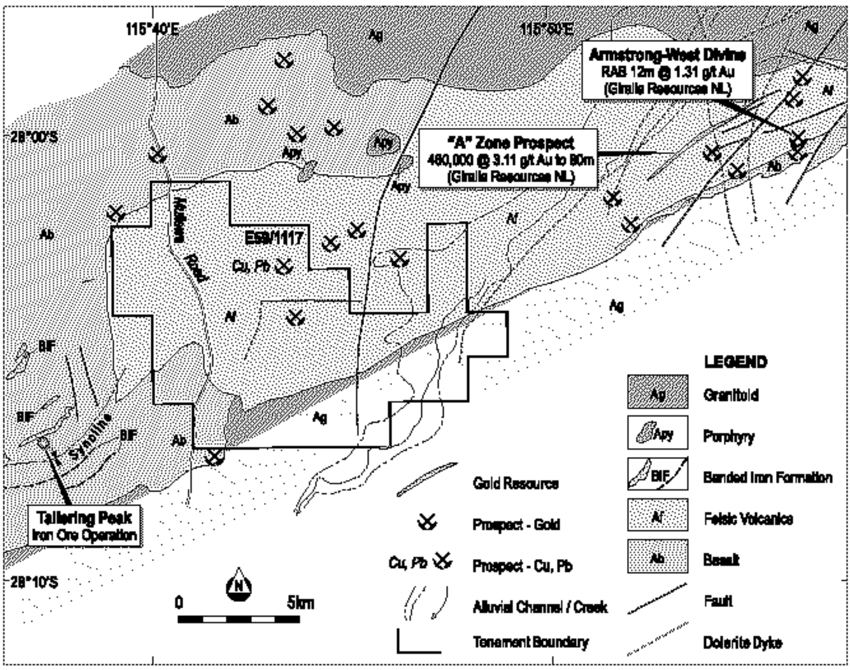

Figure 11 Tallering Project with Prospect Locations

7: WATER TANK PROJECT

(ROYAL RESOURCES 100%)

7.1 INTRODUCTION AND SUMMARY

The Water Tank project comprises three Prospecting Licenses to be replaced by one Mining Licence located in an area of sand and a salt lake (Lake Dundas) 5 kilometres east of Norseman. The tenements contain a number of prospective fault structures that are important in localising gold mineralisation in the Norseman area. The Norseman field has produced more than 5 million ounces of gold and new discoveries are being made despite almost 100 years of continuous mining.

Thundelarra discovered a new mineralised structure beneath 20 metres of transported cover at the Jezabeel Prospect in 2003. A vertical aircore drilling program defined a regolith anomaly of approximately 700 metres in length associated with broad zones of biotite alteration and low order gold mineralisation (500ppb). A follow-up reverse circulation drilling programme returned best intercepts of 6 metres at 2.11 g/t gold from 24 metres and 8 metres at 3.24 g/t gold from 32 metres.

Table 7 Tenement Details for the Water Tank Project

TENEMENT	APPLICATION DATE	APPROVAL DATE	EXPIRY DATE	AREA BLOCKS	AREA HECTARES (HA)
P63/713	25-Oct-91	03-Dec-91	Grant of M63/333		120.00
P63/714	25-Oct-91	03-Dec-91	Grant of M63/333		110.00
P63/715	25-Oct-91	03-Dec-91	Grant of M63/333		120.00
M63/333	28-Nov-95	Pending			350.00

7.2 TENEMENT DETAILS

Three Prospecting Licenses, numbered P63/713 to P63/715 inclusive to be replaced by one Mining Lease application, numbered M63/333, for 350 ha (3.50 square kilometres).

7.3 EXPLORATION HISTORY

Exploration within and areas around the project has been intermittent. Between 1986 and 1991, previous explorers carried out rockchip sampling, ground magnetics surveys and limited RC drilling along the northern extent of the Water Tank project area and reported only weakly anomalous results up to 4m at 0.29 g/t gold.

From 1991 to 2002 previous explorers undertook gridding, soils sampling (396 samples), rockchip sampling (1 sample), RAB drilling (44 holes for 931 metres), aircore drilling (190 holes for 5964 metres), RC drilling (23 holes for 1653.5 metres) reconnaissance geological mapping and a detailed aeromagnetic survey at 25 metre line spacing and 20 metre flying height.

The soil sampling program identified two anomalies in the southern portion of the tenements, Jezabeel and Ethereal. Low order gold anomalies were also identified in the central tenement, the Rainbird and Rainbird Extended Prospects, and in the northern tenement, the Empire Rose and Sister Olive Prospects. Follow-up first pass RC drilling has been carried out on the Jezabeel Prospect, the Rainbird Prospect and the Empire Rose Prospect.

7.4 GEOLOGY AND MINERALISATION

The Water Tank Project is underlain by rocks interpreted to be thrust repetitions of the Woolyeenyer Formation. The Woolyeenyer comprises tholeiitic to high-magnesium basalt, pillow basalt and intrusive equivalents, that is, dolerite and gabbro. The Nogangyer Formation occurs on the western edge of the tenements. This formation consists of BIF, quartzites, sandstones and siltstones that have undergone various degrees of metamorphism. The Penneshaw Formation is interpreted to occupy the eastern area of P63/715. The rocks here consist of felsic schist intercalated with mafic units. These units are interpreted to have a steep dip to the east.

Prominent northwest and north-northwest trending lineaments can be seen in the aeromagnetic data. The most prominent of these is the Princess Royal Fault that transects P63/713. The Princess Royal Fault is believed to be one of the main controls on the localisation of the mineralisation for the North Royal Mine (>1million ounces). Movement along this structure in areas of competency contrast is thought to have led to the formation of open spaces allowing gold bearing fluids to penetrate and form economic gold bearing quartz veins.

Gold mineralisation, interspersed with minor sulphides, is often associated with biotite alteration in the selvedges of the quartz veins. The quartz veins often have different orientations to that of the controlling structures. North-south orientations are common in this area such as the Gladstone resource (119,000 ounces) located about 1.5 kilometres away on Croesus Mining NL tenements. Veins may also trend north-northwest but the mineralisation may have an overall north-northeast trend. This orientation occurs at the Daisy Mine about 2.0 kilometres to the east of the project area where mining produced 60,000 ounces of gold. It is also possible to have an east-west trend such as that found at the Norseman Bullen Mine.

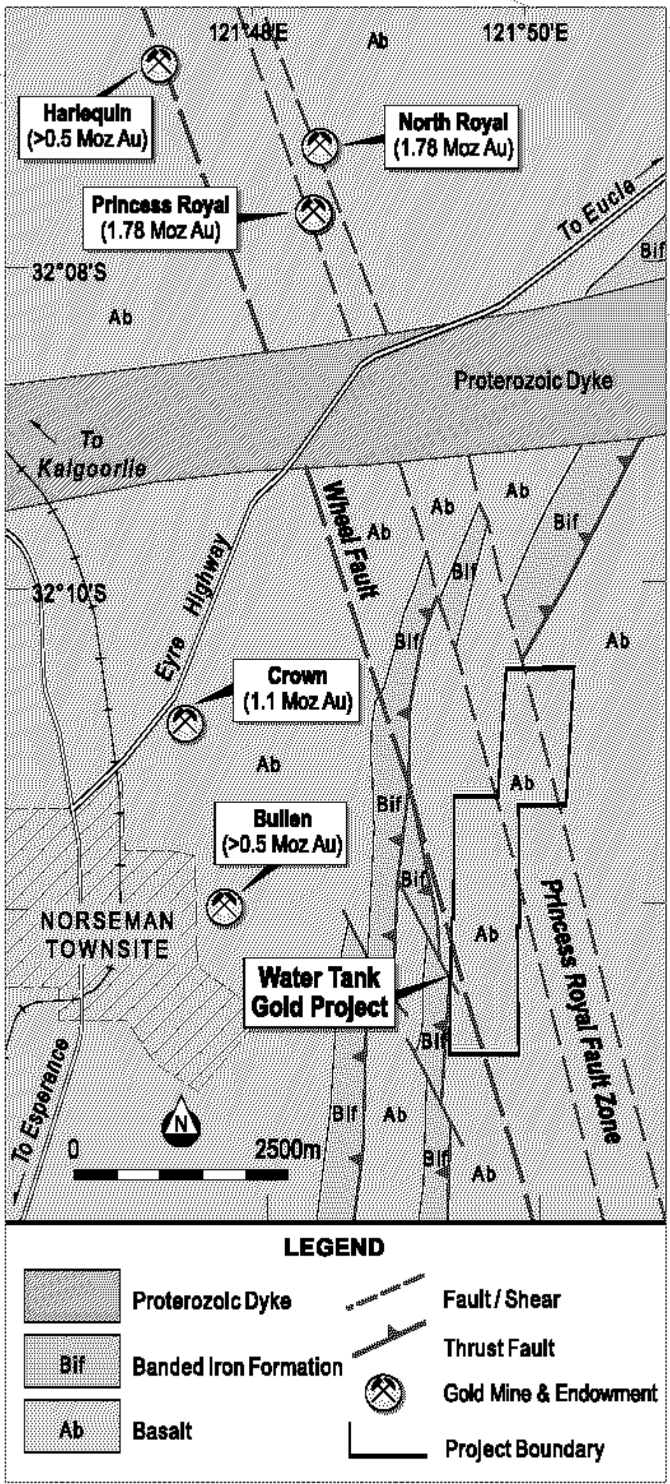

Figure 12 Water Tank Project Regional Setting

The Jezabeel Prospect is associated with a broad zone of biotite alteration, up to 700 metres along a north-northwest strike and 70 metres in width. The prospect is associated with the Wheel Fault and the interpreted boundary between meta-tholeiitic basalt and meta-pelitic and granitic rocks. Alteration also has an apparent north-easterly trend that may be coincident with cross-cutting structures. Initial RC drilling of the prospect recorded intersections of 6 metres at 2.11 g/t gold from 24 metres and 8 metres at 3.24 g/t gold from 32 metres.

The Ethereal Prospect is associated with the geological contact between interpreted felsic schist and foliated mafic. The soil anomaly has a strike of 450 metres at >50ppb gold in soils and northerly and north-westerly components to its strike. There is an extensive zone of biotite alteration, striking northeast, with dimensions of 330 metres by 70 metres. Aircore drilling has recorded intercepts of 2 metres at 2.44 g/t gold and 4 metres at 0.68 g/t gold within weathered mafics.

The Rainbird and Rainbird Extended Prospects are located in the central tenement (P63/714) and are overlain by up to 10 metres of lake sediments. The geology of the area has been interpreted to be ultramafics with intercalated basalt and schist. The anomalies are associated with the intersection of an interpreted northwest trending brittle fault and a major faulted stratigraphic boundary. The Rainbird prospect has a strike length of 320 metres and is still open along strike and down dip. The Rainbird Extended Prospect has a soil anomaly up to 900 metres long and 50 metres wide at the >25ppb gold level.

The Empire Rose Prospect is located in the southern portion of P63/713 and is overlain by up to 10 metres of Tertiary sediments. The mineralisation occurs within a 20 metre wide zone of sheared mafic rocks with significant biotite alteration and quartz veining. This is interpreted as a west-dipping mineralised shear with both hanging-wall and footwall veining. The structure is comparable to the mineralised intersections found within the nearby Daisy Mine and also occurs close to the interpreted position of the Princess Royal Fault. The best drillhole intersections include 1m at 9.2 g/t from 70 metres and 1 metre at 2.74 g/t gold from 69 metres. A strike length of at least 100 metres has been identified however is still open along strike and down dip

7.5 CONCLUSIONS

Soil sampling combined with aircore and RC drilling has established the presence of at least three zones of anomalous gold mineralisation that represent structures with the potential to host significant gold mineralisation. Each structure has been partially tested however they remain open at depth and along strike. All anomalies are obscured by 10-20 metres of Tertiary cover and two are located beneath active saline lakes systems.

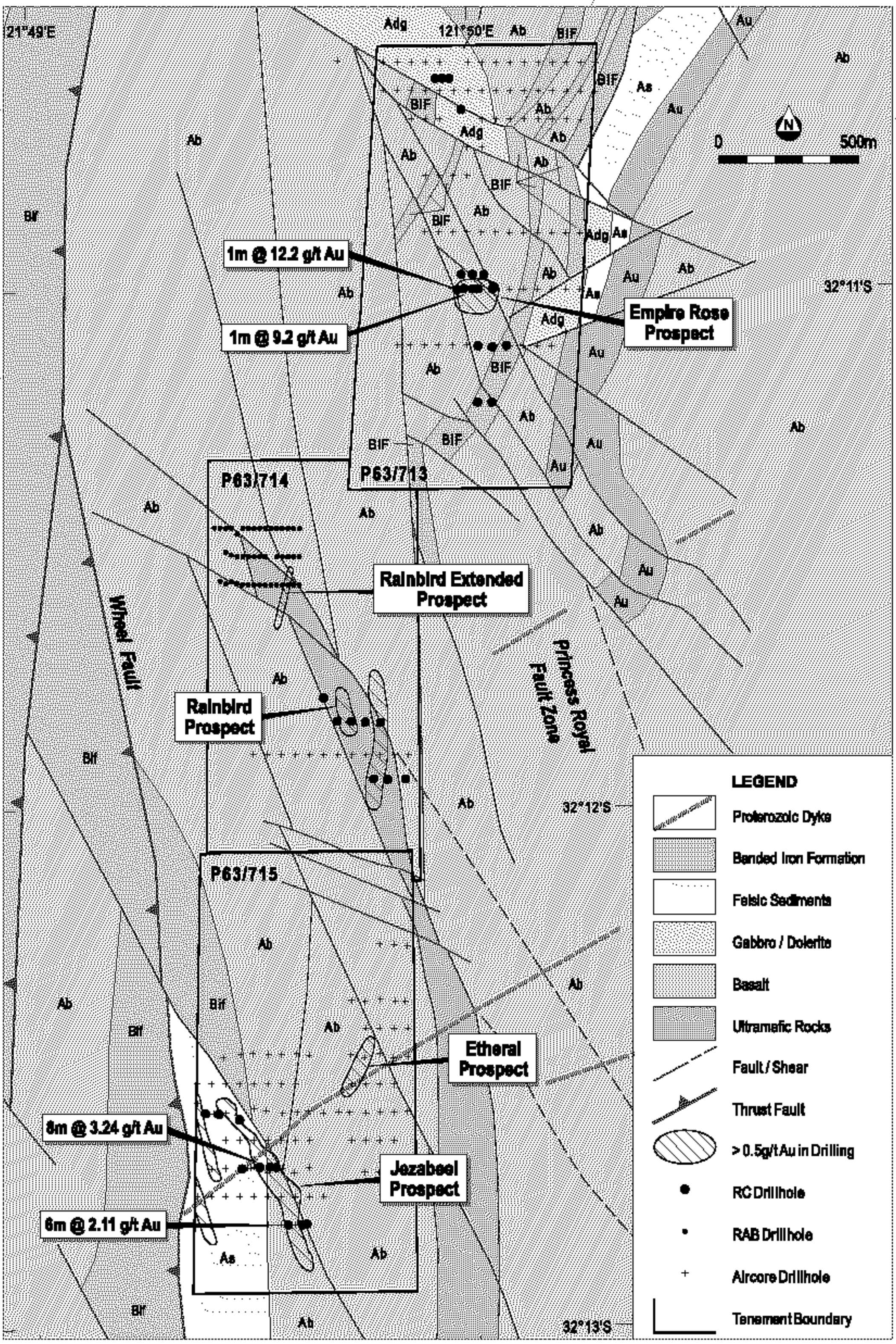

Figure 13 Water Tank Project Drilling and Prospect Geology

The anomalies are comparable at this stage of exploration with the Daisy and Gladstone gold deposits of Croesus Mining NL.

The proximity to existing significant deposits, the location within a historically proven productive mineral field, the favourable structural and geological setting of the prospects, indicates that the Water Tank project has a high potential for developing a significant gold resource.

7.6 PLANNED EXPLORATION

Each of the prospects in the Water Tank project area is at a stage where infill drilling is required to locate the bedrock source of the gold anomalism. Proposed exploration will include RC drilling and diamond coring.

8: PRAIRIE DOWNS PROJECT

(ROYAL RESOURCES 100%)

8.1 INTRODUCTION AND SUMMARY

The Prairie Downs project is located 15 kilometres west of Newman townsite and 8 kilometres west of the world class Mount Whaleback iron ore mine in the Pilbara region. The project covers an area of approximately 88 square kilometres and comprises one granted Exploration Licence and 2 smaller Exploration Licence Applications. The area has prospectivity for iron ore resources and past exploration has identified a number of high order stream-sediment gold anomalies that are considered to be draining an epithermal vein system within the Proterozoic Fortescue Group rocks. The absence of any detailed exploration, particularly on the untested gold anomalies and their proximity to favourable structural features are encouraging for locating significant gold resources.

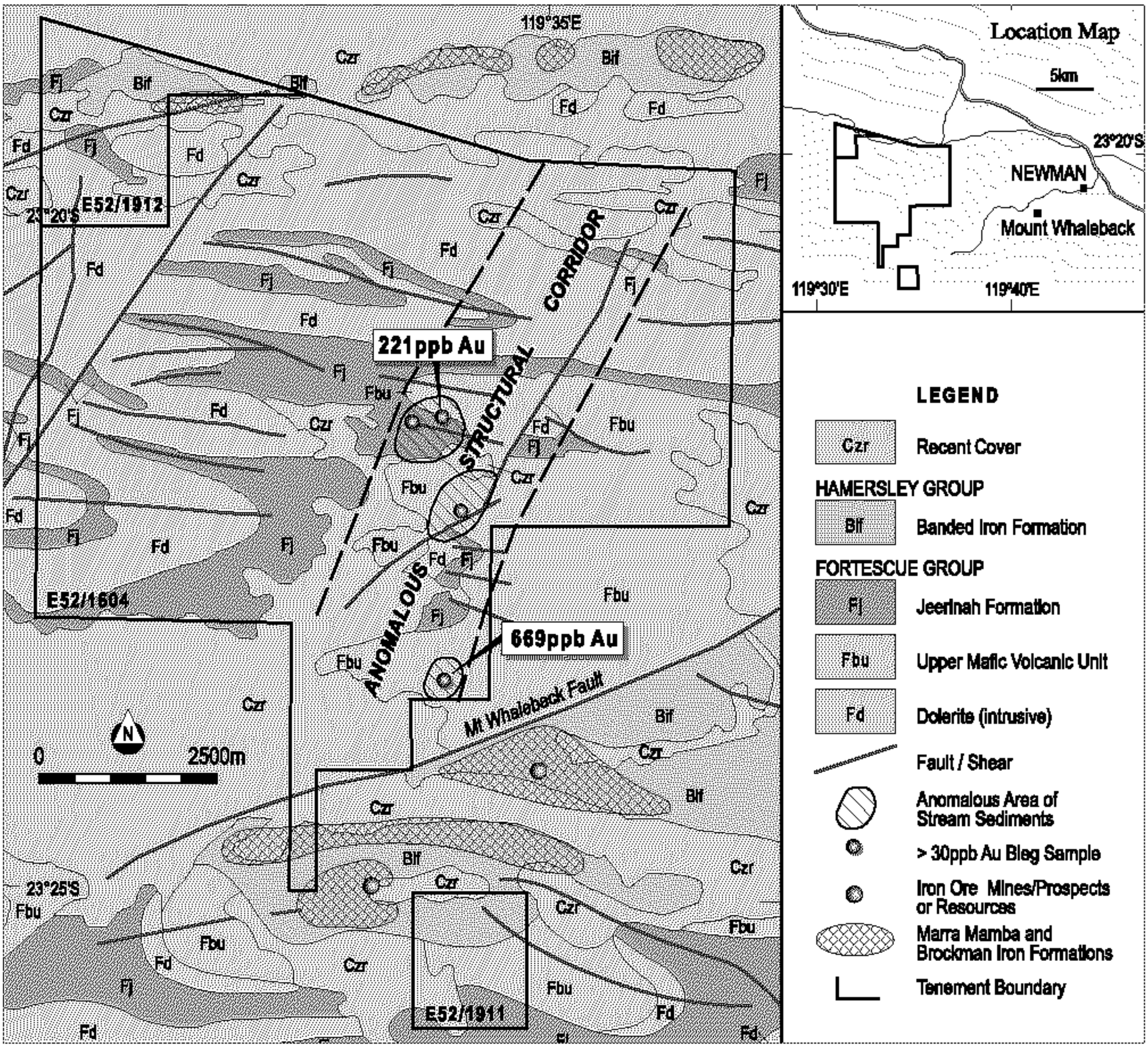

Figure 14 Prairie Downs Project Geology

Table 8 Tenement Details for the Prairie Downs Project

TENEMENT	APPLICATION DATE	APPROVAL DATE	EXPIRY DATE	AREA (BLOCKS)	AREA HECTARES (HA)
EL52/1604	08-Jan-02	09-Aug-05	08-Aug-10	26	
E52/1911	03-Oct-05	Pending		1	
E52/1912	03-Oct-05	Pending		4	

8.2 TENEMENT DETAILS

The project comprises one granted Exploration Licence E52/1604 and two pending applications – ELA52/1911 and ELA52/1912. The entire project is located within a single Native Title claim 98/064 lodged by the Nyiyaparli group.

8.3 EXPLORATION HISTORY

Previous exploration in the area around the Prairie Downs project has mainly been directed towards iron ore resources as the major world class Mt Whaleback Iron Ore Mine is located about 8 kilometres to the east of the project area. In the 1970s the main exploration focus was for prospective uranium-gold-copper mineralisation. This latter work included stream sediment geochemical surveys in the western portion of the project area however overall there was little gold or base metal work completed.

To the east of the Mt Whaleback fault previous explorers carried out base metal exploration between 1993 and 1995. Mapping identified stratabound copper mineralisation along a 2 kilometre strike within a dolomite but was not assessed for its gold potential. Epithermal style veining was identified in an area on the western flank of the Whaleback fault. Rock chip sampling returned values of up to 1.7 g/t gold, 40 g/t silver and 2.49% lead within quartz veins. The anomalous zone is approximately 300 metres by 500 metres and is overlain by recent sediments.

Further regional exploration was carried out over part of the current tenement for Archaean lode style gold deposits of a Plutonic style. Exploration included regional Bleg (Bulk leach extractable gold) and surface lag stream sediment sampling with approximately 20 samples collected within the present tenement. This was followed by geological reconnaissance and air photo geological mapping. Three zones of anomalous gold were identified in the tenement with maximum values of 639ppb, 42ppb and 221ppb. These anomalies were taken from drainage channels off the Fortescue Group rocks.

8.4 GEOLOGY AND MINERALISATION

The project is located on the southern margin of the Hamersley Basin; a late Archaean to Proterozoic sequence of rocks developed on the southern margin of the Pilbara Craton.

The Fortescue Group consists of chert, mudstone, siltstone, sandstone, dolomite, pyroclastic and mafic volcanic units, komatiites and breccia zones. The sequence is intruded by mafic sills. The Fortescue Group rocks are conformably overlain by the Hamersley Group, a thick sequence dominated by BIF, and it is these rocks that are the source rocks for the major iron ore mines of the Pilbara. Within the Prairie Downs project area there are minor occurrences of these BIF units in the north-west and in the tenement window to the south and these areas will be assessed for their iron ore resources.

In addition to the iron ore prospect areas other exploration targets will be assessed for mineralisation comparable to the Telfer style deposits, stratabound sulphide deposits, iron oxide copper gold (Ernest Henry style) breccia deposits and epithermal vein mineralisation.

The recent interpretation of existing data indicates a gold anomalous structural corridor where there has been only minor exploration. Anomalous Bleg sampling is associated with the fold limbs and hinges within an area that has been transected by northwest trending faults.

8.5 CONCLUSIONS

The Prairie Downs tenement has had virtually no detailed exploration conducted on it. There are two areas that are prospective for iron ore resources and these require assessment. Regional exploration has identified three anomalous zones of gold mineralisation from stream sediment sampling within a structural corridor on the north flank of the Mt. Whaleback Fault. There is a high prospectivity for discovery of a significant gold resource in this area.

8.6 PLANNED EXPLORATION

Exploration of the Prairie Downs project will be directed towards the evaluation of the prospective BIF units that are interpreted to trend into the project area. Alongside these studies work will commence on a regional assessment utilising geological mapping, aeromagnetic surveying, rock chip sampling and regional geochemistry.

Yours faithfully,

BRYAN G BOURKE
BSc (Geol), MAIG

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GLOSSARY OF TECHNICAL TERMS

Aeromagnetic A survey made from the air for the purpose of recording magnetic characteristics of rocks.

Agglomerate Pyroclastic rock with a predominance of rounded or sub-rounded fragments larger than 32m diameter.

Anomalous Outlining a zone of potential exploration interest but not necessarily of commercial significance.

Anticline Upward arching fold or rock strata (antonym = syncline).

Auger Drill rods with a spiral flight.

Basalt Fine grained volcanic rock composed primarily of plagioclase feldspar and mafic minerals.

Base metal Generally a metal inferior in value to the precious metals, e.g. copper, lead, zinc, nickel.

Bedding A rock surface parallel to the surface of deposition.

Bedrock Any solid rock underlying unconsolidated material.

B.I.F. (BIF) Banded Iron Formation: A chemical sedimentary rock composed of silica and iron oxide rich layers.

BLEG Bulk Leach Extractable Gold, an analytical technique measuring gold extractable by bulk leaching.

Breccia Rock consisting of angular fragments in a finer grained matrix.

Chert A compacted, siliceous rock of organic or precipitated origin.

Clastic A sedimentary rock composed of broken fragments of pre-existing rocks.

Clinopyroxene A group name for monoclinic pyroxenes. Abbrev. cpx. Syn: monopyroxene. CF: orthopyroxene.

Costeaning Trenching.

Diamond drilling Rotary drilling using diamond impregnated bits, to produce a solid continuous core sample of the rock.

Dip The angle at which a rock layer, fault of any other planar structure is inclined from the horizontal.

DSO Direct Shipping Ore – iron ore, mainly hematite, that requires no further processing.

Disseminated Fine particles of the ore mineral dispersed through the enclosing rock.

Dolerite A medium grained intrusive rock mainly composed of feldspar and pyroxene.

Dollied Term for crushing rock to powder in an iron pot to sample or recover gold.

Dolomite A mineral, CaMg(CO3)2, commonly with some Fe replacing Mg, then known as ankerite.

Extrusive Magmatic material poured out or ejected at the earth's surface.

Felsic Descriptive of an igneous rock which is predominantly of light coloured minerals.

Foliated The laminated structure resulting from the parallel arrangement of different minerals.

Footwall Rocks underlying mineralisation.

Gabbro A coarse grained rock consisting of plagioclase and mafic minerals.

Geochemical To do with chemical properties of the earth.

Gneiss A metamorphic rock with compositional banding of light and dark minerals often of granitic composition.

Gossanous Gossan like.

Granitoid A general field term for coarse grained rocks containing quartz and feldspars.

Greenstone belt Elongate belts in Precambrian terrain characterised by major zones of altered or metamorphosed basic igneous rocks.

Ground Magnetics Measuring the earth's magnetic field on the ground.

Hanging wall Rocks overlying mineralisation.

Hematite Ore mineral of iron – Fe2O3

HQ Refers to drill core size of 61mm (from 92mm diameter hole).

Indicated A resource sampled by drillholes, underground openings, or other Resource sampling procedures at locations too widely spaced to ensure continuity and where geoscientific data are known with a reasonable level of reliability.

Induced Polarisation (IP) Method of geophysical survey where an electric current is introduced to the substrate.

Inferred Resource A resource inferred from geoscientific evidence, drillholes, underground openings or other sampling procedures where lack of data is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability.

Intrusive Having, while fluid, been injected into the earth's crust and solidifying before reaching the surface.

Ironstone A concretionary, often pebbly, weathering product composed mainly of iron oxides.

Jaspilite A rock consisting of red jasper and iron oxides also known as a Banded Iron Formation or BIF.

Komatiite Mafic to ultramafic igneous rock of high magnesium content; also komatiitic.

Lag sampling Another name for soil sampling where the surface (lag) is sampled.

Landsat An unmanned satellite designed to provide multi spectral imagery of the earth's surface.

Lenticular Lens or almond shaped.

Lithologies Rock (or lithology) types.

Magnetite Iron ore mineral - Fe_3O_4.

Mafic A loosely used group name for silicate minerals that are rich in iron and magnesium, and for rocks in which these minerals are abundant.

Massive Sulphides A mass of rock exceeding 40% sulphide minerals.

Metamorphism The mineralogical, structural and chemical changes induced within solid rocks through the actions of heat, pressure or the introduction of new chemicals. Rocks so altered are prefixed "meta" as in "metabasalt".

Metapelitic Metamorphosed clay-rich sediment.

Mudstone Generic term to include silt, clay, siltstone, claystone, shale.

NQ Core size from 47 to 50mm within 76mm hole.

Peridotite Ultrabasic igneous rock type composed of olivine and minor pyroxene.

Phyric A form denoting porphyritic.

Plagioclase A common feldspar mineral.

Plunging Refers to the dip (or plunge) of an ore zone.

Porphyritic A term describing igneous rocks containing relatively large crystals set in a finer grained groundmass (called a porphyry qv).

Pyrite A mineral compound of iron and sulphur, FeS_2 "Fools Gold"

Pyroclastic A fragment of volcanic rock, resulting from explosive activity or eruption.

Pyrrhotite An iron and sulphur mineral also known as magnetic pyrites.

Quartz A very common mineral composed of silicon dioxide-SiO_2.

Quickbird An unmanned satellite designed to provide multi spectral imagery of the earth's surface.

RAB Rotary Air Blast (as related to drilling)—a drilling technique in which the sample is returned to the surface outside the rod string by compressed air.

RC Reverse Circulation (as relating to drilling)— a drilling technique in which the cuttings are recovered through the drill rods thus minimising sample losses and contamination.

Sandstone	Cemented or otherwise compacted detrital sediment composed predominantly of quartz grains.
Serpentinite	Rock type consisting of altered olivine and pyroxene.
Shear	Generic term for a zone of faulting along strike.
Sill	A sheet like body of igneous rock that is conformable with the layers it intrudes.
Siltstone	A very fine-grained clastic rock composed predominantly of silt sized particles.
Splay fault	A secondary shear or fault divergent from the principal structure.
SPOT image	Name for the French LandSat system.
Stockwork	An interlocking system of small veins or lodes.
Stratabound	Lying within a particular rock stratum.
Stratigraphy	The succession of superimposition of rock strata. Composition, sequence and correlation of stratified rock in the earth's crust.
Strike	The direction or bearing of the outcrop of an inclined bed or structure on a level surface.
Strike Length	The length along the direction the lithology is trending.
Subcrop	The surface expression of a mostly concealed rock layer.
Sulphide	A group of minerals in which one or more metals is found in combination with sulphur.
Syncline	A fold where the rock strata dip inwards towards the axis (antonym: anticline).
Syntectonic	Relating to structural features of the earth.
Tailings	The portion of treated ore regarded as too poor to be treated further.
Tourmaline	A mineral occurring in igneous and metamorphic rocks.
Tremolite	A type of amphibole : Common rock forming minerals composed of silicates rich in magnesium iron, aluminium, calcium and sodium.
Ultramafic	Synonymous with ultrabasic. Igneous rocks with very high magnesium and iron content containing less than 45% silicon dioxide.
VMS	Volcanogenic Massive Sulphides.
Volcaniclastic	Derived from volcanic action

CHEMICAL SYMBOLS

Ag	Silver
As	Arsenic
Au	Gold
Cu	Copper
Fe	Iron
Ni	Nickel
Pb	Lead
Pt	Platinum
Pd	Palladium
PGE	Platinum Group Elements
Zn	Zinc

ABBREVIATIONS

g	gram
kg	kilogram
km	kilometre
km^2	square kilometre
m	metre
t	tonne
oz	troy ounce - equivalent to 31.103 grams.
ppm	parts per million
ppb	parts per billion

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6 INDEPENDENT ACCOUNTANT'S REPORT

3 February 2006

The Directors
Royal Resources Limited
Suite 2 Level 3 IBM Building
1060 Hay Street
WEST PERTH WA 6005

Dear Sirs

RE: INDEPENDENT ACCOUNTANT'S REPORT

1. INTRODUCTION

This report has been prepared at the request of the Directors of Royal Resources Limited ("Royal" or "the Company") for inclusion in a Prospectus to be dated on or around 3 February 2006 ("the Prospectus") relating to the proposed issue by Royal of 14,470,000 shares at 20 cents each to raise $2,894,000. The issue is to by way of a non-renounceable rights issue to the shareholders of Royal on the basis of one new share for every two shares held together with one free attached 2007 share options and one free attached 2009 options. The Company reserves the right to have an additional public offer for a further 5,650,000 shares by way of a Public Offer to raise and additional $1,130,000 (and issue one free attaching 2007 option and one free attaching 2009 option). The minimum subscription has been set at $2,894,000.

2. BASIS OF PREPARATION

This report has been prepared to provide investors with information on historical results, the assets and liabilities of Royal and the pro-forma assets and liabilities of Royal as noted in Appendix 3. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporation Act 2001. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Stanton Partners has not been requested to consider the prospects for Royal, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, have not done so, nor purports to do so. Stanton Partners accordingly, takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Section 8 of the Prospectus.

3. BACKGROUND

Royal was incorporated on 23 February 2004 as United Gold Limited with one share on issue to Thundelarra Exploration Limited ("Thundelarra"). The Company changed its name to Royal after receiving shareholder approval on 23 January 2006. On 24 February 2004, Thundelarra announced the proposal to sell the gold assets of Thundelarra to United Gold (as it was then called) for 19,350,000 shares at a deemed issue price of 10 cents per share. The shares were issued to Thundelarra who undertook an in-specie return of capital and distributed 18,464,486 United Gold shares to its shareholders.

The tenement areas acquired since incorporation are known as:

- Rothsay - Southern Murchison - 70% interest.
- Pinyalling Hills Project (part of Fields Find) - 100% iron ore project in the mid west iron ore province of Western Australia.
- Water Tank (100%) - Norseman (a royalty of 1.25% gross production on all gold, silver and other minerals produced in commercial quantities from the tenements is payable).

- Fields Find 100%- Southern Murchison. A royalty is payable to its previous joint venture partner of $1 per tonne of ore mined up to a value of $600,000. A royalty of $5 per tonne on the first 50,000 ounces is also payable on gold produced from two of the tenements.
- Warriedar - Southern Murchison. This project is subject to a farm out with Gindalbie Gold NL, whereby Gindalbie Gold NL sole funds exploration until a 50,000 oz gold resource is defined and may earn a 60% interest.
- Baron 100%– a gold project near the East Fields Mining Centre.
- Tallering - Southern Murchison. A 90% interest. A 10% free carried interest is held by K Mitting.
- Prairie Downs - East Pilbara

In June and July 2004, the Company issued a total of 4,590,000 shares (and 2,295,000 free attached options) at 10 cents each to raise a gross $459,000. In January 2006, the Company issued a further 5,000,000 shares (and 2,500,000 free attaching options) to new seed investors to raise a further $500,000 so that as at 31 January 2006 the number of shares on issue is 28,940,001. In January 2006, a total of 4,000,000 share options (1,000,000 each) were granted to the Directors of the Company following approval of shareholders on 23 January 2006.

Potential investors should read the Prospectus in full that includes an Independent Geologist's Report and a Solicitors' Report on mining tenements. We make no comments as to ownership or values of the mineral tenement interests of Royal. Further details on all significant contracts entered into by the Company since incorporation are referred to the Solicitor's Report in Section 7 of the Prospectus and the Material Contracts Section 9 of the Prospectus.

4. SCOPE OF EXAMINATION

You have requested Stanton Partners to prepare an Independent Accountant's Report on:

(i) The results (income statement) of Royal for the period from incorporation to 30 June 2005 and the six months ended 31 December 2005;

(ii) The balance sheet of Royal as at 31 December 2005;

(iii) The pro-forma balance sheet of Royal at 31 December 2005 adjusted to include funds to be raised by the Prospectus and the completion of transactions referred to in note 2 of Appendix 3;

The financial information referred to above has not been audited (except for the results for the year ended 30 June 2005), however has been subject to audit review. The directors of Royal are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions. We have however examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this report. The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion. Our examination included:

(i) Discussions with directors of Royal;

(ii) Review of contractual arrangements;

(iii) A review of publicly available information; and

(iv) A review of work papers, accounting records and other documents.

5. OPINION

In our opinion, the pro-forma balance sheet as set out in Appendix 2 presents fairly, the pro-forma Balance Sheet of Royal as at 31 December 2005 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3. No opinion is expressed on the historical results, as shown in Appendix 1, except to state that nothing has come to our attention which would require any further modification to the financial information in order for it to present fairly, the results of the periods identified.

To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 31 December 2005, that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. OTHER MATTERS

At the date of this report, Stanton Partners does not have any material interest in Royal either directly or indirectly, or in the outcome of the offer. Stanton Partners were appointed as auditors of Royal in April 2004. Stanton Partners were not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Stanton Partners consents to the inclusion of this report (including Appendices 1 to 3) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully

STANTON PARTNERS

J P Van Dieren FCA
Partner

INDEPENDENT ACCOUNTANT'S REPORT (CONT)

APPENDIX 1 - INCOME STATEMENTS

	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2005 $	AUDITED 23 FEBRUARY 2004 TO 30 JUNE 2005 $
Operating Revenue	-	19,917
Prospectus costs	-	(209,415)
Depreciation	(6,399)	(15,995)
Exploration costs written off	(50,748)	(125,627)
Operating costs	(4,612)	(67,466)
Net (loss) before tax	(61,759)	(398,586)
Income tax expense attributable to net loss	-	-
Net (loss) after tax	(61,759)	(398,586)

APPENDIX 2 - UNAUDITED BALANCE SHEETS

	NOTE	UNAUDITED 31 DECEMBER 2005 $	PRO-FORMA UNAUDITED 31 DECEMBER 2005 $
Current Assets			
Cash assets	3	46,275	2,413,232
Receivables		9,230	9,230
Prepaid capital raising costs	4	6,876	-
Total Current Assets		62,381	2,422,462
Non Current Assets			
Exploration expenditure	5	2,421,210	2,421,210
Fixed assets	6	73,983	73,893
Total Non Current Assets		2,495,193	2,495,193
Total Assets		2,557,574	4,917,655
Current Liabilities			
Payables	7	50,000	-
Owing to Thundelarra	8	578,919	-
Total Current Liabilities		628,919	-
Total Liabilities		628,919	-
Net Assets		1,928,655	4,917,655
Equity			
Issued Capital	9	2,394,000	5,393,000
Option Reserve	9	-	352,400
Accumulated losses	10	(465,345)	(827,745)
Total Equity		1,928,655	4,917,655

To be read in conjunction with Appendix 3

APPENDIX 3

NOTES TO THE INCOME STATEMENTS AND BALANCE SHEETS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The audited and unaudited Income Statements and unaudited Balance Sheets have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and Australian equivalents of International Financial Reporting Standards ("A-IFRS") and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values.

(b) Income Tax

The Company adopts the balance sheet method of tax effective accounting in accordance with the Australian Equivalent of International Financial Reporting Standards pertaining to Income Tax. Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless they are highly probable of realisation of the benefit. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation, the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and that the Company will comply with the conditions of deductibility imposed by the law.

(c) 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 is 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 will 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.

(d) Accounts Payable

Accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.

(e) Recoverable Amount of Non Current Assets

The carrying amounts of non-current assets are reviewed annually by Directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows are discounted to present values in determining recoverable amounts.

(f) Operating Revenue

Revenue represents interest received and reimbursements of exploration expenditures.

(g) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	15% to 37.5%
Motor vehicle	15%

(h) Issued Capital

Issued capital is recognised at the fair value of the consideration received by the Company. Any transaction costs on the issue of shares are recognised directly in equity as a reduction of the share proceeds received.

(i) Equity Based Compensation

The Company expenses equity based compensation such as share and option issues after ascribing a fair value to the shares and/or options issued. If options vest at date of grant, the expense is taken up at date of grant and a corresponding Option Reserve is credited.

2. **ACTUAL AND PROPOSED TRANSACTIONS TO ARRIVE AT PRO-FORMA UNAUDITED BALANCE SHEET**

Actual and proposed transactions adjusting the 31 December 2005 unaudited Balance Sheet of Royal in the pro-forma Balance Sheet of Royal are as follows:

(a) The issue of 5,000,000 ordinary shares (and 2,500,000 free attached share options) to new seed capitalists to raise a gross $500,000;

(b) The issue of a minimum of 14,470,000 ordinary shares at 20 cent (and 28,940,000 free attaching share options) each pursuant to the Prospectus to raise a gross $2,894,000;

(c) The repayment of 31 December 2005 payables of $50,000, the amount owing to Thundelarra of $578,919 and the incurring of further administration costs of $10,000;

(d) The incurring of further capital raising costs of $388,124 and the transfer of prepaid capital raising costs ($6,876) against issued capital (total capital raising costs of $395,000, including $30,000 for the January 2006 seed capital raising); and

(e) The expensing of the 4,000,000 share options granted to the four directors in January 2006 at a deemed total cost of $352,400.

		NOTE 2	UNAUDITED 31 DECEMBER 2005 $	UNAUDITED PRO-FORMA 31 DECEMBER 2005 $
3.	**CASH ASSETS**			
	The movements in cash at bank and on hand are as follows:			
	Unaudited 31 December 2005		46,275	46,275
	Issue of shares to seed investors	(a)	-	500,000
	Issue of shares pursuant to the Prospectus	(b)	-	2,894,000
	Payment of payables, Thundelarra debt and administration costs	(c)	-	(638,919)
	Further capital raising costs	(d)	-	(388,124)
			46,275	2,413,232
4.	**PREPAID CAPITAL RAISING COSTS**			
	Balance at 31 December 2005		6,876	6,876
	Further capital raising costs	(d)	-	388,124
	Transfer against consolidated equity	(d)	-	(395,000)
			6,876	-
5.	**EXPLORATION EXPENDITURE**			
	Costs to 31 December 2005		2,421,210	2,421,210
			2,421,210	2,421,210
6.	**FIXED ASSETS**			
	Plant and equipment, at cost		39,332	39,332
	Accumulated depreciation		(8,942)	(8,942)
			30,390	30,390
	Motor Vehicles, at cost		55,528	55,528
	Accumulated depreciation		(11,935)	(11,935)
			43,593	43,593
			73,983	77,983
7.	**PAYABLES**			
	Owing at 31 December 2005		50,000	50,000
	Less: Repaid	(c)	-	(50,000)
			50,000	-
8.	**OWING TO THUNDELARRA**			
	Owing at 31 December 2005		578,919	578,919
	Less: Repaid	(c)	-	(578,919)
			578,919	-

The Company may borrow further funds from Thundelarra or Thundelarra may incur further costs on behalf Royal subsequent to 31 December 2005. Any further sums payable will be paid out of the proceeds of the capital raising pursuant to the Prospectus.

	NOTE 2	UNAUDITED 31 DECEMBER 2005 $	UNAUDITED PRO-FORMA 31 DECEMBER 2005 $
9. ISSUED CAPITAL			
a) Share Capital			
1 share on incorporation		-	-
19,350,000 shares to Thundelarra to acquire tenements		1,935,000	1,935,000
4,590,000 shares to seed investors		459,000	459,000
5,000,000 shares to new investors	(a)	-	500,000
14,470,000 shares at 20 cents each	(b)	-	2,894,000
		2,394,000	5,788,000
Less: share issue costs	(d)	-	(395,000)
Pro-forma (43,410,001 shares)		2,394,000	5,393,000

In the event that the Public Offer is fully accepted pursuant to the Prospectus ($1,130,000), the number of shares would increase to 49,060,001, the issued capital would increase by $1,060,000 (assuming total capital raising costs of $435,000 relating to the IPO) to $6,453,000 and cash assets would increase to $3,473,232.

	NOTE 2	UNAUDITED 31 DECEMBER 2005 $	UNAUDITED PRO-FORMA 31 DECEMBER 2005 $
b) Share Options			
Option Reserve			
Issue of 4,000,000 share options to directors	(e)	-	352,400

On issue
4,795,000 options, exercisable at 20 cents per share, on or before 11 July 2009.
4,000,000 options exercisable at 20 cents each, on or before 31 January 2011.

Proposed to be issued
14,470,000 options exercisable at 20 cents each, on or before 11 November 2007.
14,470,000 options exercisable at 20 cents each, on or before 11 July 2009.
A further 5,650,000 2007 options and 5,650,000 2009 options may be granted if the 5,650,000 shares are issued pursuant to public issue oversubscriptions.

The 4,000,000 options were valued using the Black Scholes option valuation methodology and the key assumptions used were an 80% volatility rate, a 20 cent market value for the shares, a risk free interest rate of 5.385%, a term for the options of 5 years and applying a 35% discount reflecting a risk that the Company's proposed ASX listing will be unsuccessful or unduly delayed and/or a risk that the options will be unlisted.

	NOTE 2	UNAUDITED 31 DECEMBER 2005 $	UNAUDITED PRO-FORMA 31 DECEMBER 2005 $
10. ACCUMULATED LOSSES			
Accumulated losses as at 31 December 2005		465,345	465,345
Administration costs	(d)	-	10,000
Options issued to directors	(e)	-	352,400
Accumulated losses (pro-forma)		465,345	827,745

11. CONTINGENT LIABILITIES AND COMMITMENTS

Royalty payments may be payable if certain conditions are met in the future. The Company's mining tenements may be subject to native title applications in the future. At this stage it is not possible to quantify the impact (if any) that native title may have on the operations of the Company. The Solicitor's Report in Section 7 of the Prospectus refers to native title issues. Other than the above commitments and contingencies and the exploration commitments referred to in Section 1.3 of the Prospectus, the Directors of Royal consider that there are no other material contingencies or commitments outstanding as at 31 December 2005 or at the date of this report.

12. EXPLORATION COMMITMENTS

For details on proposed exploration commitments on mineral tenements, refer to the Independent Consulting Geologist's Report in Section 5 the Prospectus and Section 1.3 of the Prospectus.

13. RENTAL OF PREMISES COMMITMENTS

The Company has plans to rent premises after listing on the ASX or enter into a rental sharing agreement with Thundelarra.

14. MANAGEMENT CONTRACTS

There are no management contracts in place as at 31 December 2005 or at the date of this report. The Company will seek to provide full time management once the Company obtains a listing on the ASX. The aggregate maximum payable to directors for directors' fees has been set at $200,000.

15 AUSTRALIAN EQUIVALENT OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

There have been no financial affects to the financial information to 30 June 2005 as a result of adoption of the Australian Equivalents of International Financial Reporting Standards ("A-IFRS"). The accounting policies noted above are in accordance with A-IFRS. For the year ended 30 June 2006, an Option Reserve will be created and an expense incurred of $352,400 to account for the fair value of share options granted to Directors in January 2006 (refer note 9 above).

BLAKISTON & CRABB
SOLICITORS

7 SOLICITORS REPORT ON TENEMENTS

3 February 2006

The Directors
Royal Resources Limited
Level 3, IBM Building
1060 Hay Street
WEST PERTH WA 6005

Dear Sirs

SOLICITORS' REPORT ON TENEMENTS

This report is prepared for inclusion in a prospectus to be dated on or about 3 February 2006 to be issued by Royal Resources Limited **(Company)**:

(a) a pro-rata non-renounceable issue of 14,470,000 ordinary shares on the basis of one share for every two shares held on record date, at an issue price of 20 cents per share, together with one free attaching 2007 Option and one free attaching 2009 Option, for every share issued to raise up to $2,894,000; and

(b) for an additional public offer of 5,650,000 fully paid ordinary shares in the capital of the Company at an issue price of 20 cents per share, together with one free attaching 2007 option and one free attaching 2009 option to raise up to $1,130,000.

The report relates to the Western Australian mining tenements listed in the Schedule of Mining Tenements in which the Company holds an interest **(Mining Tenements)**, which together with the Notes and Footnotes to the Schedule of Mining Tenements form part of this report. The interest of the Company in the Mining Tenements is held pursuant to a Sale Agreement between the Company and Thundelarra Exploration Limited ACN 085 782 994 which is summarised in section 9.4 of the Prospectus.

1. SEARCHES

We have conducted the following searches:

(a) searches of the Western Australian Mining Tenements in the Register maintained by the Department of Industry and Resources **(WA Department)** pursuant to the *Mining Act, 1978* of Western Australia **(WA Mining Act)** on 9 and 23 January 2006; and

(b) quick appraisal searches of the Mining Tenements obtained on-line from the WA Department dated 9 and 23 January 2006 and searches of the summaries of native title claims maintained by the National Native Title Tribunal **(NNTT)** on 25 January 2006.

We have perused the material contracts which relate to the Mining Tenements and which are summarised in section 9.4 of the Prospectus **(Material Contracts)**. We confirm that those summaries are a true and correct summary of the Material Contracts. Those of the Material Contracts which are not yet stamped are being lodged for assessment of stamp duty with the Office of State Revenue.

Where the schedule of Mining Tenements refers to Mining Tenements in which the Company is not recorded as being registered as the holder of a legal interest, we have been advised by the Company that steps have been taken or will be taken where possible in relation to those Mining Tenements to register or otherwise protect the Company's interest by the lodgement of caveats.

On the basis of the searches and our perusal of the Material Contracts, subject to the enforceability of such Material Contracts, we consider that this report provides an accurate statement as to the status of the Mining Tenements as at 23 January 2006 and of the Company's interests therein.

2. MINING TENEMENTS GENERALLY

The Mining Tenements comprise prospecting licences, exploration licences, mining leases and one miscellaneous licence granted or applied for under the WA Mining Act.

A prospecting licence remains in force for a period of 4 years and then expires. The WA Mining Act confers on the holder of a prospecting licence which is in force, the right to apply for and, subject to the WA Mining Act, have granted one or more mining leases over any part of the land the subject of that licence.

An exploration licence remains in force for a period of 5 years and may, in certain circumstances, be extended by a further period or periods of one or two years on application. At the end of the third and fourth years of the term of an exploration licence the holder must relinquish not less than half of the area of the licence. No legal or equitable interest in or affecting an exploration licence can be transferred or otherwise dealt with during the first year of its term without the prior written consent of the Minister. The area comprising one graticular block will range from approximately 2.8 km^2 to 3.3 km^2 depending on where it is located in the State. Amendments to the WA Mining Act which will take effect in February 2006 **(Mining Act Amendments)** will significantly alter the terms and conditions attached to exploration licences applied for after the commencement of the Mining Act Amendments. As all of the Mining Tenements were applied for or granted prior to this date the Mining Act Amendments will not alter the terms and conditions attached to the Mining Tenements.

The WA Mining Act confers on the holder of an exploration licence which is in force, the right to apply for and, subject to the WA Mining Act, have granted one or more mining leases over any part of the land the subject of that licence. The WA Mining Act Amendments referred to above will limit the ability to apply for mining leases to instances where the Director, Geological Survey is satisfied that significant mineralisation exists or where a mining proposal has been prepared. Significant mineralisation is defined by the WA Mining Act (as amended) as a deposit of minerals where there is a reasonable prospect of those minerals being obtained by mining operations. A mining proposal is a document which sets out in detail the mining operations proposed to be carried out on the area of the application.

A mining lease remains in force for a period of 21 years and may be renewed for successive periods of 21 years. In the case of mining leases the period of 21 years commences from the date of notification by the Minister. No legal or equitable interest in or affecting an mining lease can be transferred or otherwise dealt with, or sub-lease entered, without the prior written consent of the Minister.

A miscellaneous licence is an ancillary title giving the holder of mining or exploration titles the rights to construct infrastructure necessary for associated mining operations. The miscellaneous licence comprising on of the Mining Tenements has been granted for the purpose of a pipeline and bore. Miscellaneous licences remain in force for periods of 5 years and are renewable.

Mining tenements in Western Australia are granted subject to various conditions prescribed by the WA Mining Act including payment of rent, expenditure and reporting requirements and standard environmental conditions.

Mining tenements in Western Australia are also subject to statutory requirements of certain other Acts including the *Aboriginal Heritage Act 1972, Environmental Protection Act 1986, Rights in Water and Irrigation Act 1914 and Conservation and Land Management Act 1984.*

3. ABORIGINAL HERITAGE

There may be sites of Aboriginal heritage or significance located on the land on which the Mining Tenements are situated.

The Aboriginal Heritage Act 1972 Western Australia **(WA Heritage Act)** applies to the Mining Tenements and makes it an offence to, among other things, alter or damage an Aboriginal site or object on or under an Aboriginal site. A site is defined to include any sacred, ritual or ceremonial site which is of importance and special significance to persons of Aboriginal descent. There is no requirement or need for a site to be registered in any public manner or, indeed, be in any way acknowledged as an Aboriginal site for it to qualify as an Aboriginal site for the purposes of the WA Heritage Act.

The Aboriginal and Torres Strait Islanders Heritage Act (1984) **(Commonwealth Heritage Act)** also applies to all of the Mining Tenements and is aimed at the preservation and protection from desecration of significant Aboriginal areas and significant Aboriginal objects. An area or object is found to be desecrated if it is used or treated in a manner inconsistent with Aboriginal tradition.

We have not undertaken searches to ascertain if any Aboriginal sites have been registered in the vicinity of the Mining Tenements under any of these Acts as there is no obligation to register sites and in any event the exact location of the sites is not ascertainable from such searches. Further, these enquiries are generally done by the mining company after the mining tenure applied for is granted and once a particular work programme has been determined.

To ensure that that it does not contravene any of these Acts while carrying out operations on the Mining Tenements, the Company would need to conduct heritage surveys to determine if any Aboriginal sites exist within the area of the Mining Tenements and, if so, would need to ensure that any interference with such

Aboriginal sites is in strict conformity with the provisions of the WA Heritage Act and the Commonwealth Heritage Act.

4. NATIVE TITLE - GENERALLY

On 3 June 1992 the High Court of Australia held in *Mabo -v- Queensland* that the common law of Australia recognises a form of native title. In order to maintain a native title claim the persons making such claim must show that they enjoyed certain customary rights and privileges in respect of a particular area of land and that they have maintained their traditional connection with that land. Such a claim will not be recognised if the native title has been extinguished, either by voluntary surrender to the Crown, death of the last survivor of a community entitled to native title, abandonment of the land in question by that community or the granting of an "inconsistent interest" in the land by the Crown. An example of inconsistent interest would be the granting of a freehold or some types of leasehold interest in the land. The granting of a lesser form of interest will not extinguish native title unless it is wholly inconsistent with native title.

The Commonwealth Parliament responded to the Mabo decision by passing the *Native Title Act 1993* **(Commonwealth Act)**. Among other things, the Commonwealth Act:

(a) regulates the recognition and protection of native title;

(b) confirms the validity of titles granted by the Federal Government prior to the commencement of that Act on 1 January 1994;

(c) specifies the procedures to be complied with for certain future acts which affect native title; and

(d) specifies the procedures by which Aboriginal peoples can claim native title and by which people determined to hold native title holders can claim compensation.

The Commonwealth Act was extensively amended in 1998 by the *Native Title Amendment Act 1998*. These amendments include the validation of any titles that may have been invalidly granted over pastoral leases and certain other leasehold interests during the period 1 January 1994 to 23 December 1996. Other significant amendments include a revised threshold test for the acceptance of native title claims, confirmation of extinguishment of native title by the grant of "exclusive possession" pastoral leases and certain other leasehold interests and provisions intended to deal with overlapping claims.

The Western Australian Government has implemented the *Titles (Validation) and Native Title (Effect of Past Acts) Act 1995* which adopts the Commonwealth Act in Western Australia.

The majority of the High Court concluded in the recent *Ward* decision (8 August 2002) that, among other things:

- native title has been wholly extinguished in respect of land the subject of freehold, public works or other previous "exclusive possession" acts, and in respect of minerals and petroleum which are vested in the Crown, as well as various other grants and vestings; and
- native title has been partially extinguished as a result of the grant of "non-exclusive possession" pastoral leases and mining leases, and also as a result of the creation of certain reserves.

We have not researched the underlying land tenure in respect of the Mining Tenements in order to determine the extent of extinguishment for the purposes of this report.

5. NATIVE TITLE - NATIVE TITLE CLAIMS

Persons claiming to hold native title may lodge an application for determination of native title (being a native title claim) with the Federal Court. Applications which are lodged with the Federal Court will be referred to the NNTT for the purposes of registration of the claim.

If the Native Title Registrar is satisfied that a claim meets the registration requirements set out in the Commonwealth Act **(the "Registration Test")** it will be entered on the Register of Native Title Claims maintained by the NNTT **(Register)**. Claimants of registered claims are afforded certain procedural rights under the Commonwealth Act including the "right to negotiate" discussed further below.

Claims which fail to meet the Registration Test are recorded on the Schedule of Applications Received maintained by the NNTT. Such claims may be entered on the Register at a later date if additional information is provided by the claimant that satisfies the Registration Test. Claims which are deregistered will lose the right to negotiate from the date of deregistration but will still remain on foot in the Federal Court until such time as they are determined by the Court.

Most of the Mining Tenements relates to land which is currently the subject of a registered native title claim. These claims are identified in the Notes to the Schedule of Mining Tenements attached to this report. The fact that a claim has been lodged does not necessarily mean that native title exists over the area claimed, nor does the absence of a claim necessarily indicate that no native title exists over that area. The existence of native title will be established in due course as the claims are determined by the Federal Court. We have not undertaken the considerable historical, anthropological and ethnographic work that would be required to determine the possibility of any further claims in respect of the area of the Mining Tenements being made in the future.

6. NATIVE TITLE – VALIDITY OF TITLES

(a) Granted Tenements

(i) Tenements granted prior to 1 January 1994

Under the *Titles (Validation) and Native Title (Effect of Past Acts) Act 1995* the grant of mining tenements granted in Western Australia prior to 1 January 1994 has been validated to the extent that the grant may have been invalid as a result of the existence of native title. Mining Leases 59/63, 59/39 and 59/40, Miscellaneous Licence 59/29 and Prospecting Licences 59/1186, 63/713, 63/714 and 63/715 were granted prior to 1 January 1994 and accordingly have been validated pursuant to this Act.

(ii) Tenements granted after 1 January 1994

The grant of a mining tenement is an act that is capable of affecting, and which may affect, native title. The future act processes of the Commonwealth Act provide a mechanism for achieving the valid grant of a mining tenement in terms of native title.

The Western Australian Parliament passed the *Titles Validation Amendment Act 1999* which confirmed the validity of certain acts made by the State of Western Australia between 1 January 1994 and 23 December 1996, provided such acts had met various conditions set out in the Commonwealth Act. Exploration Licences 59/631 and 59/633 and Prospecting Licences 59/1369, 59/1370, 59/1371, 59/1372 and 59/1373 were granted during this period and would appear to have been validated by this Act but we have not undertaken independent inquiries to confirm that this is the case.

Mining Tenements granted since 23 December 1996 which are affected by native title rights and interests will be valid provided the applicable processes prescribed by the Commonwealth Act were complied with. We understand that it has been the practice of the Western Australian Government to comply with these processes but we have not undertaken any independent inquiries to confirm that this is the case.

(b) Future Tenement Grant

As stated above, the valid grant of any of the Mining Tenements which may affect native title requires full compliance with the provisions of the Commonwealth Act in addition to compliance with the usual procedures under the relevant State's mining legislation. The primary procedure prescribed under the Commonwealth Act is the "right to negotiate" process. Other procedures may apply to low-impact or infrastructure mining titles in some instances.

The right to negotiate process involves the publishing of a notice of the proposed grant of a tenement followed by a minimum 6 month period of negotiation between the relevant State Government, the tenement applicant and the relevant registered native title claimant. If agreement is not reached to enable the grant to occur, the matter may be referred to arbitration before the NNTT, which has a further 6 months to reach a decision. The decision of the NNTT may be reviewed by the relevant Federal Minister.

The Commonwealth Act provides that, in relation to the grant of mining tenements in certain areas, a State law can operate in lieu of the right to negotiate process of the Commonwealth Act. These areas are principally areas covered by pastoral leases. The Western Australian Government has not successfully introduced such alternative procedures.

The right to negotiate process does not have to be pursued in cases where an indigenous land use agreement **(ILUA)** is negotiated with the relevant Aboriginal people and registered with the NNTT. In such cases, the procedures prescribed by the ILUA must be followed to obtain the valid grant of the tenement. These procedures will vary depending on the terms of the relevant ILUA.

Similarly, the right to negotiate process will not apply if a tenement application is one to which the expedited process applies. Following the recent introduction by the WA State Government of Standard Regional Heritage Template Agreements (SRHA), the majority of prospecting and exploration licence applications are being successfully processed through the expedited procedure on the basis that the applicant for the licence has signed a SRHA.

(c) Renewals

As with the grant of mining tenements, renewals of mining tenements granted prior to 1 January 1994, to the extent the renewals were invalid due to native title, have been validated by legislation. Renewals granted between 1 January 1994 and 23 December 1996 have been similarly validated provided certain statutory criteria have been met.

Renewals made after 23 December 1996 of tenements validly granted before that date will not be subject to the right to negotiate process provided:

(i) the area to which the earlier right is made is not extended;

(ii) the term of the new right is not longer than the term of the earlier right; and

(iii) the rights to be created are not greater than the rights conferred by the earlier grant.

There is doubt as to whether the right to negotiate process applies to second and subsequent renewals but this matter is yet to be determined by the courts. Other than as stated above, renewals of mining tenements are subject to the same right to negotiate (or alternate State) process as is described in 6(b) above.

7. RISK FACTORS

The existence of native title and/or native title claims in relation to the land the subject of the Mining Tenements may have an adverse impact on the Company's activities and its ability to fund those activities. It is impossible at this stage to quantify the impact that these matters may have on the Company's operations but the main risks include:

(a) Delays in obtaining the grant of renewals or conversions of the Mining Tenements, or further applications, as a result of the right to negotiate (or alternative State) process as this process can take as long as 2 years. Further, if the parties to the right to negotiate process can not reach agreement the matter may be referred to the NNTT for arbitration. The NNTT may determine that the application cannot be granted or only granted on conditions unacceptable to the Company.

(b) Compensation may be payable by the Company as a result of agreements made pursuant to the right to negotiate or alternative process or as a result of a compensation order made by the Federal Court in the event native title has been determined to exist. The amount of such compensation is not quantifiable at this stage.

(c) If native title is found to exist the nature of the native title may be such that consent to mining is required from the native title holders but is withheld or only granted on conditions unacceptable to the Company.

(d) The risk that Aboriginal sites exist on the land the subject of the Mining Tenements, the existence of which sites may preclude or limit mining activities in certain areas of the Mining Tenements. Further, the disturbance of such sites may be an offence under the applicable legislation, exposing the Company to fines and other penalties.

8. QUALIFICATIONS

While the status of the Mining Tenements is dealt with in detail in the Schedule, the Notes and the Footnotes we point out by way of summary, that:

(a) we have assumed the results of the searches which we have made or caused to be made of the Register established and maintained pursuant to the WA Mining Act and our enquiries are accurate;

(b) we have relied on the accuracy of the Registers maintained by the WA Department and the NNTT; and

(c) the holding of the Mining Tenements is subject to compliance with their terms and conditions and the provisions of the WA Mining Act.

9. CONSENT

This report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Blakiston & Crabb have consented to the inclusion of this report in the Prospectus in the form and context in which it is included and have not withdrawn that consent before the lodgement of the Prospectus with ASIC.

Yours faithfully

Blakiston + Crabb

Blakiston & Crabb

TENEMENT NUMBER & TYPE	HOLDER/ APPLICANT	SHARES HELD	STATUS	COMMENCEMENT DATE	EXPIRY DATE	REGISTERED ENCUMBRANCES & PERFORMANCE BONDS	NOTES
BARON - FIELDS FIND - PINYALLING PROJECTS							
M59/63	RRL	100/100	Granted	13/10/1987	12/10/2008	Nil	1,2,3,4, 55
P59/1369	RRL	100/100	Granted	21/02/1995	20/02/1999	Nil	5, 55, 60
P59/1370	RRL	100/100	Granted	21/02/1995	20/02/1999	Nil	5, 55, 60
P59/1371	RRL	100/100	Granted	21/02/1995	20/02/1999	Nil	5, 55, 61
P59/1372	RRL	100/100	Granted	21/02/1995	20/02/1999	Nil	5, 55
P59/1373	RRL	100/100	Granted	21/02/1995	20/02/1999	Nil	5, 55
M59/518	RRL	100/100	Pending	Applied for 18/02/1999		Nil	55
E59/1108	RRL	100/100	Granted	15/04/2003	14/04/2008	Nil	6,7,8, 55
E59/631	RRL	100/100	Granted	29/08/1995	28/08/2006	Nil	9,10, 14, 47, 55
E59/633	RRL	100/100	Granted	19/10/1995	18/10/2003	Nil	11, 44, 48, 55
E59/846	RRL	100/100	Granted	01/07/1999	30/06/2004	Nil	33, 49, 55
P59/1186	RRL	100/100	Granted	23/03/1993	22/03/1995	Nil	12, 55
M59/456	RRL	100/100	Pending	Applied for 20/03/1997		Nil	55
E59/1154	THX	100/100	Pending	Applied for 18/02/2004		Nil	55
E59/1155	RRL	100/100	Granted	06/10/2005	05/10/2010	Nil	55
M59/597	RRL	100/100	Pending	Applied for 18/03/2004		Nil	55
M59/598	RRL	100/100	Pending	Applied for 15/04/2004		Nil	55
M59/708	RRL	100/100	Pending	Applied for 19/01/2006		Nil	55
M59/709	RRL	100/100	Pending	Applied for 19/01/2006		Nil	
M59/615	RRL	100/100	Pending	Applied for 10/11/2004		Nil	55
M59/616	RRL	100/100	Pending	Applied for 10/11/2004		Nil	55
M59/617	RRL	100/100	Pending	Applied for 10/11/2004		Nil	55
WARRIEDAR PROJECT							
E59/723	RRL GGNL	40/100 60/100	Granted	16/01/1997	15/01/2004	Nil	45, 51, 55
M59/581	RRL GGNL	40/100 60/100	Pending	Applied for 12/03/2003		Nil	55
E59/849	RRL GGNL	40/100 60/100	Granted	21/01/2000	20/01/2005	Nil	46
M59/583	RRL GGNL	40/100 60/100	Pending	Applied for 22/05/2003		Nil	Nil
E59/850	RRL GGNL	40/100 60/100	Granted	15/12/1999	14/12/2004	Nil	15,16, 52, 54
E59/887	RRL GGNL	40/100 60/100	Granted	09/10/2002	08/10/2007	Nil	17, 53, 55
E59/888	MWL	100/100	Pending	Applied for 28/07/1998		Nil	55
E59/935	RRL GGNL	40/100 60/100	Granted	20/01/2003	19/01/2008	Nil	13, 18, 19, 24, 30, 55
M59/618	RRL GGNL	40/100 60/100	Pending	Applied for 13/12/2004		Nil	Nil
M59/619	RRL GGNL	40/100 60/100	Pending	Applied for 13/12/2004		Nil	Nil

TENEMENT NUMBER & TYPE	HOLDER/ APPLICANT	SHARES HELD	STATUS	COMMENCEMENT DATE	EXPIRY DATE	REGISTERED ENCUMBRANCES & PERFORMANCE BONDS	NOTES
WARRIEDAR PROJECT Continued							
M59/665	RRL GGNL	40/100 60/100	Pending	Applied for 19/12/2005		Nil	Nil
M59/666	RRL GGNL	40/100 60/100	Pending	Applied for 19/12/2005		Nil	Nil
M59/667	RRL GGNL	40/100 60/100	Pending	Applied for 19/12/2005		Nil	Nil
PRAIRIE DOWNS PROJECT							
E52/1604	RRL	100/100	Granted	09/08/2005	08/08/2010	Nil	20, 56, 57, 62
PRAIRIE SOUTH PROJECT							
E52/1911	RRL	100/100	Pending	Applied for 03/10/05		Nil	Nil
NEWMAN PROJECT							
E52/1912	RRL	100/100	Pending	Applied for 03/10/05		Nil	57
TALLERING PROJECT							
E59/1117	RRL	100/100	Granted	07/09/2004	06/09/2009	Nil	58, 63
WATERTANK PROJECT							
P63/713	RRL	100/100	Granted	03/12/1991	02/12/1993	Bond PE 5610 for $6,000	21, 59
P63/714	RRL	100/100	Granted	03/12/1991	02/12/1993	Nil	21, 22, 59
P63/715	RRL	100/100	Granted	03/12/1991	02/12/1993	Nil	21, 23, 59
M63/333	RRL	100/100	Pending	Applied for 28/11/1995		Nil	59
ROTHSAY PROJECT							
M59/39	CWG THX	30/100 70/100	Granted	4/12/1986	03/12/2007	Agreement 37H/001 Bond PE 877 for $10,000	4, 25, 26, 27, 28, 29
M59/40	CWG THX	30/100 70/100	Granted	4/12/1986	03/12/2007	Agreement 37H/001 Bond PE 8774 for $10,000	25, 26, 28, 32, 34, 35, 36
L59/24	CWG RRL	30/100 70/100	Granted	22/08/1989	21/08/2004	Agreement 37H/001 Agreement 95H/001	37, 38, 39, 40, 41, 42, 43, 55
ROTHSAY EAST PROJECT							
E59/1234	RRL	100/100	Pending	Applied for 01/12/05		Nil	Objection MM57/05 6 by CWG

KEY

Tenement types

E = Exploration Licence
L = Miscellaneous Licence
M = Mining Lease
P = Prospecting Licence

Parties

CWG = Central West Gold NL ACN003 078 591

GGNL = Gindalbie Gold NL ACN 060 857 614

MWL = Mawson West Limited ACN 072 595 576 (formerly Futurexone Ltd, formerly Resource Exploration Ltd)

THX = Thundelarra Exploration Ltd ACN 085 782 994

ENCUMBRANCES

Agreement 37H/001 = Farmin & Joint Venture between CWG and THX registered 19/10/2000.

Agreement 95H/001 = Access Agreement between Gutnick Resources NL, CWG and THX registered 21/5/2001.

NOTES

The following specific notes are in addition to certain standard conditions including the requirement to obtain the approval of the Department of Industry and Resources prior to conducting any ground disturbing activities, and standard rehabilitation conditions including the requirement to remove and replace topsoil on areas disturbed.

1. It is the condition of this licence that there be a complete excision of Mining Lease 59/43 with rights of ingress to and egress from the ground comprised therein being at all times preserved to the Lessee of Mining Lease 59/43.
2. It is a condition of this licence that mining on any road or road reserve be confined to below a depth of 15 metres from the natural surface.
3. It is a condition of this licence that there be no mining on Water Reserve 7752 without the prior written consent of the Minister for Minerals and Energy.
4. It is a condition of this licence that the Lessee submits a plan of proposed operations and measures to safe guard the environment to the State Mining Engineer for his assessment and written approval prior to commencing any developmental productive mining or construction activity.
5. The term of this licence continues by virtue of application for Mining Lease 59/518 under section 49 of the Mining Act.
6. This licence does not include the land the subject of prior Exploration Licences 59/631, 59/835, 59/846, 59/848 and 59/1008. If any of these prior licences expires, are forfeited or surrendered, that land may be included in this Licence.
7. It is a condition of this licence that the prior written consent of the Minister for State Development be obtained before commencing mining on Trigonometrical Station Reserve 11832.
8. It is a condition of this licence that there be no interference with the Geodetic Survey Station K48 and G59-14 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
9. It is a condition of this licence that there be no mining on School Site Reserve 22201 and Water Reserve 5166 without the prior written consent of the Minister for Mines.
10. It is a condition of this licence that there be no interference with Geodetic Survey Station G59-14 and mining within 15 metres thereof being confined to a depth of 15 metres from the natural surface.
11. It is a condition of this licence that the prior written consent of the Minister for Mines be obtained before commencing mining on Water Reserve 15549, Trig Station Reserve 11833 and Sanity Site Reserve 17242.
12. It is a condition of this licence that there be no mining on School Site Reserve 22201 without the prior written consent of the Minister for Minerals and Energy.
13. Access to and from the movement of vehicles within the licence area being restricted to ground or seasonable conditions and routes approved under the program or otherwise agreed by the Regional Environmental Officer, MPR.
14. Application for Extension of Term in respect of this licence is currently pending.
15. It is a condition of this licence that the prior written consent of the Minister for Mines be obtained before commencing mining Emu Proof Fence Reserve 36657.
16. It is a condition of this licence that mining on a strip of land 20 metres wide with any pipeline as the centreline being confined to below a depth of 31 metres from the natural surface and no mining material being deposited upon such strip and the rights of ingress to and egress from the facility be at all times preserved to the owners thereof.
17. It is a condition of this licence that the rights of ingress to and egress from Miscellaneous Licence 59/44 be at all times preserved to the Licensee and there be no interference with the purpose or installations connection to the Licences.
18. Land not included in the grant of this licence includes application for Mining Leases 59/432 and 59/497, Mining Leases 59/420 and 59/458 and Prospecting Licence 59/1222.
19. Part of this licence (an area designated as FNA 4821 and FNA 5071 for a proposed conservation park) is subject to a number of additional conditions relating to the environment, including that prior to any activity involving disturbance to vegetation and soils including:

    (a) Exploration access; and/or

    (b) Exploration sampling;

    the licensee preparing a detailed program for each phase of proposed for written approval of the State Mining Engineer. The State Mining Engineer to consult with the Regional/District Manager, Department of Conservation and Land Management or the Department of Environmental Protection or other government agency (as relevant) prior to approval. This program to describe the environmental impacts and programs for their management and is to include:

(a) maps and/or aerial photographs showing the proposed locations of all ground activities and disturbances;

(b) the purpose, specifications and extent of each activity and disturbance;

(c) descriptions of all vegetation types (in general terms), land forms, and unusual features likely to be disturbed by such proposed disturbances;

(d) details on proposals that may disturb sensitive terrestrial habitats including any declared rate flora and fauna if applicable;

(e) procedures to protect the integrity of special ecosystems such as wetland systems, mangal communities and rainforests areas (and/or associated rainforest monitoring sites) of applicable;

(f) techniques, prescriptions, and timetable for rehabilitation of all proposed disturbances;

(g) undertaking corrective measures for failed rehabilitation;

(h) details of water requirements from within the designated area;

(i) details of refuse disposal; and

(j) proposals for instruction and supervision of personnel and contractors in respect to environmental conditions.

20. This application does not include land known as Mineral Lease 244SA, Exploration Licences 47/280, 52/170 and 52/1483 and a number of General Purpose Leases all to a depth of 15 metres.

21. The term of this licence continues by virtue of application for Mining Lease 63/333 being applied for as a conversion of the licence.

22. This licence does not include land the subject of Prospecting Licence 63/713.

23. Consent to mine on Water Reserve 4798 was given by the Minister for Mines on 4 February 2003 subject to the following conditions:

(a) No activity shall be undertaken which results in the loss of river bank or wet land fringing vegetation in particular vehicular access tracks. Where possible, existing tracks are to be used.

(b) No activity shall be undertaken which unduly disrupts natural drainage or adversely affects the quality or quantity of water in any watercourse, dam, waterhole, spring or subterrain source of supply;

(c) No activity is to be undertaken which prevents or restricts access to or withdrawals of water by authorised users of any existing production bore, well or surface water structures such as dams and rivers;

(d) No activity shall be undertaken which may affect lease holders landowners or managers rights in respect of water quantity and access.

(e) No exploration activities within 100 metres of any other bore, well or dam located on the proposal area, whether publicly or privately owned.

(f) The tenement holder is responsible for the immediate clean up of any spillage of diesel, petrol or other polluting substances to the satisfaction of the Water and Rivers Commission and at the expense of the tenement holder.

(g) All exploratory bore holes must be kept or backfilled on completion of work.

24. At agreed intervals, not greater than 12 monthly, the licensee providing a brief report to the State Mining Engineer outlining the progress of the operation and rehabilitation program and the proposed operations and rehabilitation programs for the next 12 months.

25. It is a condition of this licence that there be no mining on Rothsay Townsite Reserve without the prior written consent of the Minister for Minerals and Energy.

26. It is a condition of this licence that mining on any road or road reserve be confined to below a depth of 15 metres.

27. It is a condition of this licence that there be no interference with Geodetic Survey Station G59-16 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.

28. It is a condition of this licence that the construction and operation of the project and measures to protect the environment be carried out in accordance with the document titled "Notice of Intent, Rothsay Gold Project dated November 1988". Where a difference exists between the above document and the following conditions, then the following conditions shall prevail:

(a) The development and operation of the project being carried out in such a manner so as to create the minimum practicable disturbance to the existing vegetation and natural landform;

(b) All topsoil being removed ahead of all mining operations from sites such as pit areas, waste disposal areas, ore stockpile areas, pipelines, haul roads and new access roads and being stockpiled for later respreading or immediately respread as rehabilitation progresses;

(c) At the completion of operations, all buildings and structures being removed from site or demolished and buried to the satisfaction of the State Mining Engineer;

(d) All rubbish and scrap being progressively disposed of in a suitable manner;

(e) At the completion of operations, or progressively where possible, all access roads and other disturbed areas being covered with topsoil, deep ripped and revegetated with local native grasses, shrubs and trees to the satisfaction of the State Mining Engineer;

(f) Any alteration or expansion of operations within the lease boundaries beyond that outlined in the above documents not commencing until a plan of operations and a programme to safeguard the environment are submitted to the State Mining Engineer for this assessment and until his written approval to proceed has been obtained.

29. The lessee submitting to the State Mining Engineer, a brief annual report outlining the operations and rehabilitation work undertaken in the previous 12 months and the proposed operations and rehabilitation programmes for the next 12 months. This report is to be submitted each year in February.

30. Prior to the cessation of the exploration/prospecting activity in the designated area, the licensee notifying the Regional Environmental Officer, MPR and arranging an inspection as required.

31. It is a condition of this licence that there be no developmental or productive mining operations until the tenement holder has submitted a plan or proposed operation and measures to safeguard the environment to the State Mining Engineer for assessment and written approval has been obtained.

32. Consent to mine on the Rothsay Town Site was given by the Minister for Minerals and Energy on 15 January 1989.

33. The term of this licence continues by virtue of application for Mining Leases 59/615, 59/616 and 59/617 under section 67 of the Mining Act.

34. It is a condition of this licence there be no mining on School Site Reserve 6296 without the private consent of the Minister for Minerals and Energy.

35. It is a condition of this licence there be no mining on Cemetery Reserve Number 6295 and mining within a distance of 140 metres laterally from the reserve being confined to below a depth of 50 metres from the lowest part of the surface of the land with rights of ingress to and egress from the reserve being preserved to the public.

36. It is a condition of this licence there be no interference with geodetic survey station PRJ60 and mining within metres thereof being confined to below a depth of 15 metres from the natural surface.

37. Before operating any installation constructed pursuant to this licence all such installations to be examined by the District Mining Engineer (the Inspector) and approved for operation. The licence to comply with all requirements of the Inspector before such operation, and to maintain all installations in safe and efficient condition.

38. Upon detection of any leak from or damage to the pipeline, the Licencee of this licence shall forthwith:

    (a) Notify the Inspector; and

    (b) Carry out all necessary repairs to rectify same, such repairs to be completed to the satisfaction of the Inspector.

39. Ingress and egress of pastoralists and tenement holders to be preserved by the construction of vehicular access crossings constructed over any pipeline and all pre-existing roadways and tracks that are crossed by any pipeline.

40. Wherever any part of a pipeline and/or access road intersects an existing fence, the holder shall construct a gate having such dimensions and be constructed of such materials and be of such standard as determined by the Inspetor.

41. At the direction of the Inspector the holder of this licence shall clear such area about any pipeline as determined by the Inspector of any dry or other growth considered by the Inspector to be likely to impede access to the pipeline and/or be a potential risk for fire or for any other reason the Inspector may deem it necessary.

42. Upon the expiration of the term of this Licence or any earlier surrender, forfeiture or abandonment thereof, the Licensee of this licence shall forthwith commence and within a reasonable time:

(a) remove all pipes and pipelines constructed pursuant to this licence or having been constructed prior to the grant of this licence and being the subject of this licence; and

(b) cover over all wells and holes in the ground to such degree as safety as determined by the Inspector; and

(c) on such areas as cleared of natural growth by the holder or any of its agents, it shall plant trees and/or shrubs and/or any other plant as shall confirm to the general pattern and type of growth in that area and as directed by the Inspector and properly maintained same until such time as the Forests Department advises that Inspector that the whole of such regrowth is self supporting and the Inspector so advises the Licencee.

43. The Licensee and the Inspector have liberty to apply to the Warden in respect of any dispute or non-compliance with any of the conditions attached to this licence.

44. The term of this licence continues by virtue of application for Mining Leases 59/597 and 59/598 under section 67 of the Mining Act.

45. The term of this licence continues by virtue of application for Mining Lease 59/581 under section 67 of the Mining Act.

46. The term of this licence continues by virtue of application for Mining Lease 59/583 under section 67 of the Mining Act.

47. The grant of this licence does not include any land within Mining Leases 59/330, 59/331, 59/365 and Prospecting Licences 59/1196, 59/1313, 59/1343 and 59/1345.

48. The grant of this licence does not include any land within Mining Leases 59/117, 59/209, 59/248, 59/301, 59/313, 59/314, 59/315, 59/317, 59/318, Gold Mining Lease 59/1660, Prospecting Licences 59/1035, 59/1047, 59/1074 and Exploration Licence 59/410.

49. The grant of this licence does not include any land within Prospecting Licences 59/1186, 59/1375 to 59/1384 and 59/1475.

50. The grant of this licence does not include any land within Exploration Licences 59/631, 59/633 and 59/846.

51. The grant of this licence does not include any land within Prospecting Licence 59/1138.

52. The grant of this licence does not include any land within Exploration Licence 59/403, Mining Leases 59/39 and 59/242.

53. The grant of this licence does not include any land within Mining Leases 59/406 and 421.

54. The term of this licence continues by virtue of application for Mining Leases 59/618 and 59/619 under section 67 of the Mining Act.

55. This tenement is subject to the Badimia People registered native title claim WC96/98.

56. No interference with the use of Aerial Landing Ground and mining thereon being confined to below a depth of 15 metres from the natural surface.

57. This tenement is subject to the Nyiyaparli registered native title claim WC99/4.

58. This tenement is subject to the Mullewa Wadjari Community registered native title claim WC96/93 and the Wajarri Elders registered native title claim WC01/3.

59. This tenement is subject to the Ngadju registered native title claim WC99/2.

60. Part of the area of this tenement is subject to special prospecting licence 59/1502 held by Christopher Leslie Barrett.

61. Part of the area of this tenement is subject to special prospecting licence 59/1501 held by Christopher Leslie Barrett.

62. Consent to mine on Newman Water Reserve granted subject to a number of conditions, including conditions that all Mining Act activities within Public Drinking Water Source Areas being prohibited unless prior written approval has been obtained from theWater and Rivers Commission and that all such activities are prohibited within a 300 metre radius of any observation well in Public Drinking Water Source Priority P1, P2 and P3 Areas unless the written approval of the Waters and Rivers Commission is first obtained.

63. No interference with Geodetic Survey Station HY40 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.

8

RISK FACTORS

8.1 INTRODUCTION

This Section identifies the areas the Directors regard as the major risks associated with an investment in the Company. Investors should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Intending investors should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for Securities.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business and its involvement in the exploration and mining industry. These risk factors are largely beyond the control of the Company and its directors because of the nature of the proposed business of the Company.

The following summary, which is not exhaustive, represents some of the major risk factors of which potential investors need to be aware.

8.2 GENERAL RISK FACTORS

Exploration and Mining Risks

The future viability and profitability of the Company as an exploration and mining company will be dependent on a number of factors, including, but not limited to, the following:

- commodity prices and exchange rates;
- risks inherent in exploration and mining including, among other things, successful exploration and identification of ore reserves, satisfactory performance of mining operations and competent management;
- risks associated with obtaining grant of any mining tenements which are applications or renewal of tenements upon expiry of their current term;
- risks arising because of native title and aboriginal land rights which may affect the Company's ability to gain access to prospective exploration areas to obtain production titles. Compensatory obligations may be necessary in settling native title claims of lodged over any of the tenements held or acquired by the Company. The level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the Company;
- the risk of material adverse changes in the government policies or legislation of Australia affecting the level of mining and exploration activities;
- environmental management issues with which the Company may be required to comply from time to time;
- poor weather conditions over a prolonged period which might adversely affect mining and exploration activities and the timing of earning revenues;
- unforeseen major failures, breakdowns or repairs required to key items of mining plant and equipment or mine structure resulting in significant delays, notwithstanding regular programs of repair, maintenance and upkeep; and
- ability to source and contract drilling rigs and other key items of mining plant and equipment or mine structure resulting in delays and costs of such delays which will impact the timing of the Company's exploration programs and impact the Company's budget.

Investment Risks

Investors should regard the Shares and Options to be issued pursuant to this Prospectus as speculative because of the nature of the Company's business. The Directors have identified factors that are most likely to affect the Company and the value of its securities, as presented below. However, this is not an exhaustive list and investors should seek professional advice for further clarification of the risks involved before deciding whether to apply for Shares offered for subscription in this Prospectus.

Valuation of Tenements

The Company makes no representation in this Prospectus with regards to a valuation of the tenements, except in relation to the consideration paid to vendors, or to be paid to vendors on listing. Intending investors and their advisors should make their own assessment as to the value of the Company's tenements.

Exploration and Mining

Mining and exploration are high risk endeavours with the potential for high returns.

Exploration for gold is costly and involves exacting techniques which must be applied over extended periods of time. Most of the Company's projects are at an exploration stage and the Company cannot foresee whether the planned exploration programmes will generate positive results. Furthermore, there is no guarantee that the Company's exploration activities will succeed in the discovery of a commercially viable ore deposit.

Mining risks include the uncertainties associated with projected continuity of an ore deposit, fluctuations in grades and values of the product being mined, and unforeseen operational and technical problems.

Exploration and mining may be adversely affected or hampered by a variety of non-technical issues such as limitations on activities due to seasonal changes, industrial disputes, land claims, heritage and environmental legislation, mining legislation and many other factors beyond the control of the Company.

The cost of maintaining exploration and mining properties, which depends on the Company having access to sufficient development capital, poses another form of risk.

If exploration or mining programmes prove to be unsuccessful, this could result in a diminution of the value of the tenements which could have a negative impact on the Company's share price. In the event that programmes yield negative results, tenements may be relinquished either in total or in part thereof and/or the Company may withdraw from a joint venture or not exercise its option to acquire equity, even though a viable mineral deposit may be present, but undiscovered.

The Company may also be exposed to risks associated with the financial failure or default by a participant in any of the joint ventures or other contractual relationships to which the Company is, or may become, a party.

Native Title and Land Access

The Company's activities in Australia are subject to the Native Title Act, and its interpretation, which are discussed in the Australian Solicitor's Report in this Prospectus. Uncertainty associated with Native Title issues may impact on the Company's future plans.

There are no unresolved Native Title issues in relation to the Rothsay Project. For the remaining Australian properties the Company is not aware of any Native Title issues that cannot be resolved through the normal legal process, should they arise.

The Company is not aware of any other matters that may impact upon its timely access to the land that comprises its project areas.

Aboriginal Sites of Significance

Commonwealth and State Legislation in Australia allow for the protection of sites of significance to Aboriginal custom and tradition. The Company proposes to carry out "clearance surveys" prior to conducting any exploration work that would cause a disturbance to the land surface. The Company's Australian tenements are likely to contain some such sites of significance which would need to be avoided when carrying out field programmes. It is possible that such areas where sacred sites exist may contain mineralisation or an economic resource which would therefore remain unexploited.

Environmental Risk

The Company's projects are subject to Australian laws and regulations regarding environmental matters, which means there are potential liability risks. The Company proposes to operate fully in accordance with applicable laws and conduct its programmes in a responsible manner with regard to the environment.

Development Capital

Exploration and mining costs will reduce the cash reserves of the Company, which may not be replaced through the Company's proposed mining operations, should these prove unsuccessful or perform below the expected acceptable base levels. The Company would then be dependent on seeking development capital elsewhere, through equity, debt or joint venture financing, to support long term exploration and evaluation of its projects.

Sharemarket Conditions

The price of the Company's Shares and Options, when quoted on the Australian Stock Exchange, will be influenced by international and domestic factors. Should these produce a negative effect on the Share and Option price, this may also affect the Company's ability to raise development capital.

Commodity Price and Demand, and Exchange Rates

The demand for, and price of commodities is highly dependant on a variety of factors, including the international supply and demand of the commodities, actions taken by governments, global economic and political developments and exchange rates.

General Economic Factors and Investment Risks

General economic conditions may affect inflation and interest rates, which in turn may impact upon the Company's operating costs and financing. Other factors that may adversely affect the Company's activities in Australia or overseas include changes in government policies, natural disasters, industrial disputes, and social unrest or war on a local or global scale.

Other Risks

The future viability and profitability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the exploration and mining industries, including, but not limited to, the following:

- currency exchange rate fluctuations;
- the strength of the equity and share markets in Australia and throughout the world;
- general economic conditions in Australia and its major trading partners and, in particular, inflation rates, interest rates, commodity supply and demand factors and industrial disruptions;
- financial failure or default by a participant in any of the joint ventures or other contractual relationship to which the Company is, or may become, a party;
- insolvency or other managerial failure by any of the contractors used by the Company in its activities; and
- industrial disputation in Australia and overseas.

8.3 SPECULATIVE NATURE OF INVESTMENT

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities in the Company.

9

ADDITIONAL INFORMATION

9.1 REGISTRATION

The Company was registered on 23 February 2004.

9.2 COMPANY TAX STATUS AND FINANCIAL YEAR

The Directors expect the Company will be taxed in Australia as a public company.

The financial year of the Company ends on 30 June annually.

9.3 LEGAL PROCEEDINGS

The Directors are not aware of any litigation of a material nature pending or threatened which may significantly affect the Company.

9.4 MATERIAL CONTRACTS

Set out below is a brief summary of certain contracts which have been entered into by the Company and which have also been identified as material and relevant to potential investors. To fully understand all rights and obligations of a material contract it would be necessary to review each contract in full and these summaries should be read in that light.

(a) Warriedar Joint Venture Agreement and Deed of Assumption

By Heads of Agreement dated 28 March 2002 between Thundelarra and Gindalbie Gold NL (now Gindalbie Metals Limited) **("Gindalbie") ("Warriedar JV Agreement")**, Gindalbie became entitled to earn a 60% interest in Exploration Licences 59/723, 59/849 and 59/850 together with Application for Exploration Licences 59/887, 59/888 and 59/935 **("Warriedar Tenements")**. Gindalbie can earn a 60% interest in the Warriedar Tenements by spending the sum of $160,000 on exploration of the Warriedar Tenements within two years from the date of the Warriedar JV Agreement. Once Gindalbie has earned its 60% interest it shall free carry Thundelarra and shall continue sole funding of exploration on the Warriedar Tenements until 50,000 ounces in gold equivalent ore reserves (as defined by the JORC Code) has been delineated at which time Thundelarra must then contribute to its share of expenditure or must dilute. Dilution is to be at the rate of 1% for every $30,000 in expenditure contributed by the non-diluting parties. If a party dilutes its interest to 10% or less then that party is deemed to have withdrawn from the Warriedar JV Agreement.

In the event that, prior to the delineation of 50,000 ounces of gold equivalent reserves, Gindalbie wishes to mine one or more small deposits totalling less than 50,000 ounces of gold equivalent reserves, a separate mining area will be declared following a positive feasibility study and Thundelarra may elect to participate in development of such separate mining area in accordance with its 40% participating interest. If Thundelarra elects not to participate then Gindalbie will be entitled to mine the mining area as a sole risk operation.

Thundelarra has the right, at a Management Committee Meeting, to give notice electing that it wishes to declare any area of the Warriedar Tenements as a "platinum area" in which case the parties shall agree the boundaries of the "platinum area" and establish a separate platinum joint venture **("Platinum JV")** over that area. Thundelarra will be the manager of the Platinum JV and will be entitled to earn a 60% participating interest in the Platinum JV by expending $50,000 in each of years one and two of the Platinum JV. The parties will also enter into a Co-operation Agreement recognising that non-platinum palladium mineral development (both exploration and mining) will take precedence at all times.

Either party may withdraw from the Warriedar JV Agreement by giving 30 days written notice providing it has met its expenditure commitments, pro-rata, to the date of withdrawal.

By Deed of Assumption dated 2 July 2004 between Thundelarra, Gindalbie and Royal Resources (formerly United Gold Ltd), Thundelarra assigned to Royal Resources all of its interest in the Warriedar Tenements and under the Warriedar JV Agreement. Royal Resources agreed to assume all of the obligations of Thundelarra under the Warriedar JV Agreement and otherwise relating to the Warriedar Tenements.

(b) Deed of Withdrawal: Fields Find Farmin and Joint Venture Heads of Agreements

Aldershot Resources Ltd (**"Aldershot"**) and Thundelarra Exploration Ltd (**"Thundelarra"**) entered into a joint venture agreement on 21 July 2004 (**"Fields Find JV Agreement"**) for the joint exploration on Exploration Licences 59/631, 59/633, 59/846, 59/848, Prospecting Licence 59/1186 and Mining Lease 59/456 (**"Fields Find Tenements"**) and Exploration Licences 59/807, 59/1108, Prospecting Licences 59/1369, 59/1370, 59/1371, 59/1372, 59/1373, 59/1620, 59/1621, 59/1622, 59/1623 and 59/1624 and Mining Leases 59/63 and 59/518 (**"Baron Tenements"**).

By Deed of Assumption dated 21 July 2004 (as varied by deed dated 9 August 2004) between Thundelarra, Aldershot and the Company, Thundelarra assigned to the Company all of its interest in the Fields Find Tenements and the Baron Tenements and under the Fields Find JV Agreement and the Company agreed to assume all of the obligations of Thundelarra under the Fields Find JV Agreement and otherwise relating to the Fields Find Tenements.

On 21 December 2005 Aldershot and the Company entered into a deed to record the terms of Aldershot's withdrawal (**"Deed of Withdrawal"**) from the joint venture on the Fields Find Tenements and the Baron Tenements (**"Fields Find JV"**). Aldershot's withdrawal was effective on and from 21 December 2005 (**"Effective Date"**).

In consideration of Aldershot withdrawing from the Fields Find JV, the Company agreed to pay Aldershot quarterly in arrears a royalty equal to $1.00 per tonne for every tonne of ore mined and processed on the [Fields Find Tenements and the Baron Tenements. The total amount of royalty payable is not to exceed $600,000.

The Company is not to assign any of its interest in the Fields Find Tenements and the Baron Tenements to a third party without first obtaining a deed signed by the third party pursuant to which the third party covenants to be bound by the Company's obligations, to the extent of the assigned interest.

Aldershot and the Company acknowledge under the Deed of Withdrawal that Aldershot has complied with its minimum expenditure commitment required under the Fields Find JV Agreement. Aldershot further acknowledges under the Deed of Withdrawal that it has not become entitled to any interest in the Fields Find JV.

On and from the Effective Date Aldershot is discharged from all rights, obligations and liabilities under the Fields Find JV Agreement, except any claim or liability arising from the Fields Find JV operations conducted prior to the Effective Date.

(c) Fimiston Royalty Agreement

By Letter Agreement dated 23 July 1998 between Mawson West Ltd (**"Mawson West"**) and Fimiston Mining NL (**"Fimiston"**) (**"Fimiston Royalty Agreement"**), Mawson West purchased Mining Lease 59/456 and Prospecting Licences 59/1313, 59/1360 and 59/1361 (**"Fimiston Tenements"**) and agreed to pay to Fimiston a royalty of $5.00 per ounce on the first 150,000 ounces of gold produced from any of those tenements. The three Prospecting Licences the subject of the Fimiston Royalty Agreement were subsequently surrendered and the remaining tenement, Mining Lease 59/456 was then sold by Mawson West to Thundelarra by Agreement for Sale dated 10 April 2001. There is no requirement under the Fimiston Royalty Agreement for a Deed of Assignment to be entered into in the event of an assignment of any of the Fimiston Tenements.

(d) Mason Royalty Agreement

By Letter Agreement dated 10 November 1998 between Mawson West and Gary Mason (**"Mason"**) (**"Mason Royalty Agreement"**) Mawson West confirmed that Mason is entitled to a Royalty of $5.00 per ounce on the first 50,000 ounces of gold produced from the ground the subject of surrendered Prospecting Licence 59/1343 which Mawson West had agreed to purchase from Mason by way of Letter Agreement dated 10 August 1998. This Letter Agreement also confirms that the area of former Prospecting Licence 59/1343 was intended to be incorporated into existing Exploration Licences 59/631 and 59/499. Exploration Licence 54/499 was subsequently surrendered.

(e) Rothsay JV Agreement

Pursuant to an agreement dated 21 March 2000 (**"Rothsay JV Agreement"**) between Thundelarra and Central West Gold NL (**"CWG"**), Thundelarra earned a 70% interest in the joint venture under the Rothsay JV Agreement (**"Rothsay JV"**) by contributing $350,000 to the Rothsay JV.

The Rothsay JV Agreement relates to the exploration, development and mining of the following tenements for minerals: Licence 59/24, Mining Lease 59/30 and Mining Lease 59/40 (**"Tenements"**).

In 2004, the Company acquired all of Thundelarra's interest in the Rothsay JV. Accordingly the participants to the joint venture under the Rothsay JV Agreement are now CWG and the Company. Their interests in the

Rothsay JV are as follows:

CWG	30%
Company	70%

Each participant is entitled to take in kind and separately dispose of all minerals produced by the Rothsay JV, in proportion to each of its interest in the Rothsay JV.

The liabilities of the participants to each other and to third parties shall be several in proportion to their respective interests in the Rothsay JV from time to time.

The Company is the manager of the Rothsay JV whilst it is the sole contributor to expenditure of the Rothsay JV. It can remain the manager whilst its interest in the Rothsay JV is greater than the other participant's interest.

If the Company ceases to be the sole contributor to expenditure of the Rothsay JV, the participants must form an operating committee made up of a representative of each participant. The operating committee is responsible for approving programmes and budgets relating to operations of the Rothsay JV.

After the Company ceases to be the sole contributor to expenditure of the Rothsay JV, the manager may issue to each participant a cash call for its share of expenditure paid or incurred or estimated costs anticipated to be incurred, in respect of the Rothsay JV.

If a participant defaults in the payment of a cash call and the default continues for more than 10 days, the other participant may elect to dilute the interest of the defaulting participant.

If a participant commits a material breach and such breach continues for 30 days after the other participant gives a notice requiring the default to be remedied, then the defaulting participant will be deemed to have withdrawn from the Rothsay JV.

Any participant may withdraw from the Rothsay JV by giving 30 days' notice. Upon withdrawal from the Rothsay JV, the withdrawing participant shall be deemed to have assigned to the other participant all its interest in the Rothsay JV. If the Company is the withdrawing party, it must complete all rehabilitation required by the Mines Department or other competent authority as a result of its activities on the Tenements.

The Company may assign its interest in the Rothsay JV to a third party at any time. CWG however may not assign its interest to a third party unless it first offers to assign its interest to the Company on the same terms offered to the third party.

(f) Watertank Agreement and Deed of Covenant

By an agreement dated 19 June 2002 between Darkdale Pty Ltd and Thundelarra (**"Watertank Agreement"**) Thundelarra agreed to pay Darkdale Pty Ltd a 1.25% gross production royalty on all gold, silver and other minerals produced in commercial quantities from the following tenements: Prospecting Licences 63/713, 63/714, 63/715 and Application for Mining Lease 63/333. Thundelarra had a 100% legal and beneficial interest in these tenements.

By a deed of covenant dated 29 March 2004 between Thundelarra, the Company and Darkdale Pty Ltd, the Company covenanted with each of Thundelarra and Darkdale Pty Ltd to assume the obligation of Thundelarra to pay the royalty under the Watertank Agreement and to be bound by all terms and conditions of the Watertank Agreement.

(g) Tallering Project Agreement

By Letter Agreement dated 24 February 2004 between Barry Kenneth James Mitting (**"Mitting"**) and Thundelarra (**"Tallering Project Agreement"**), the parties acknowledge that Thundelarra was entitled to a 90% interest and Mitting was entitled to a 10% interest in Exploration Licence Application 59/117 (**"Application"**), any exploration licence granted pursuant to the Application, and any tenement acquired by Thundelarra within 30 km of Johnston's Well (together the **"Tenement"**), and that the interest of Mitting in the Tenement would be free carried by Thundelarra until the commencement of commercial mining operations from the Tenement.

Under the Tallering Project Agreement Thundelarra was also granted an option to acquire the interest of Mitting in the Tenement for a price of $100,000, with the option to be exercised at any time by Thundelarra by giving written notice to Mitting.

In 2004, Thundelarra sold its interest in the Tenement to the Company.

(h) Thundelarra Loan Agreement

Pursuant to a loan agreement dated 24 February 2004 (as amended by Deed of Variation dated 9 August 2004) between Thundelarra and the Company (**"Loan Agreement"**), Thundelarra agreed to provide a loan facility of up to a maximum of $150,000 (excluding GST) or such higher amount as agreed, to the Company for the purpose of enabling the Company to list on the ASX. The date of repayment of the loan is the later of 30 June 2004 and the day being seven days after the Company's securities commence trading on the ASX. Thundelarra may not demand early repayment of any funds provided under the Loan Agreement. Unless Thundelarra gives its prior written consent, the Company must not borrow funds or otherwise enter into any indebtedness with any third party until the funds provided under the Loan Agreement have been repaid.

Since entering into the Loan Agreement, Thundelarra has continued to provide funding under the loan facility in order for the Company to maintain the interests in its tenements. As at 31 December 2005, the amount outstanding under the Loan Agreement is $578,919.

Underwriting Agreement

Pursuant to an Underwriting Agreement dated 3 February 2006 between the Company and the Underwriter, the Underwriter has agreed to underwrite all of the Rights Issue pursuant to this Prospectus.

Pursuant to the Underwriting Aggreement, the Company will pay the Underwriter , for its role as lead manager and Underwriter, a commission equal to 4.5% of the aggregate funds raised under the Offer plus a management fee equal to 1.5% of the aggregate funds raised under the Offer. Further, the Company will pay the Underwriter a lead manager fee of $60,000. In addition, the Company must pay, indemnify and keep indemnified the Underwriter for all costs incurred by the Underwriter in connection with the Offer, including legal fees and disbursements and the reasonable costs of advertising, printing and distributing the Prospectus.

The Company has given warranties and covenants to the Underwriter which are usual in an agreement of this nature.

The Underwriting Agreement provides that the Underwriter may terminate the Underwriting Agreement and its obligations thereunder at any time without cost or liability to the Underwriter upon the occurrence of any one or more of the termination events (**"Termination Event"**) including:

(a) (Indices fall): any of the S&P 200 Index or the S&P 200 Materials Index as published by ASX is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement or the price of gold per ounce on the London Metals Exchange is at any time after the date of the Underwriting Agreement 10% or more below its price as at the close of business on the Business Day prior to the date of the Underwriting Agreement; or

(b) (Prospectus): the Company does not lodge the Prospectus on the lodgement date as specified in the Indicative Timetable or the Prospectus or the Offer is withdrawn by the Company; or

(c) (Copies of Prospectus): the Company fails to provide the specified number of copies of the Prospectus to the Underwriter and such failure is not remedied within 2 days; or

(d) (No Official Quotation): Official Quotation has not been granted by the Shortfall Notice Deadline Date as set out in the Indicative Timetable or, having been granted, is subsequently withdrawn, withheld or qualified; or

(e) (Exposure period): before midnight on the Exposure Date as set out in the Indicative Timetable, the ASIC notifies the Company of any deficiency of any kind in the Prospectus as lodged on the date the Prospectus is lodged or ASIC gives any notice, whether written or oral, to the Company extending (or further extending) the Exposure Date or giving notice of its intention to so extend; or

(f) (Supplementary prospectus):

  (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in paragraph 1.1(q)(vi) below, form the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or

  (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or

(g) (Non compliance with disclosure requirements): it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:

  (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and

  (ii) the rights and liabilities attaching to the Rights Securities;

(h) (Misleading Prospectus): it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of sections 710, 711 and 716 of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;

(i) (Restriction on allotment): the Company is prevented from allotting the Rights Securities within the time required by this Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority;

(j) (Withdrawal of consent to Prospectus): any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;

(k) (ASIC application): an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date (as specified in the Indicative Timetable) has arrived, and that application has not been dismissed or withdrawn;

(l) (ASIC hearing): ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act;

(m) (Takeovers Panel): the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;

(n) (Hostilities): there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;

(o) (Authorisation): any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;

(p) (Indictable offence): a director or senior manager of the Company (and any subsidiary) is charged with an indictable offence;

(q) (Termination Events): subject always to clause 13.2 of the Underwriting Agreement, any of the following events occurs:

  (i) default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking; or

  (ii) any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect; or

  (iii) a contravention by the Company (and any subsidiary) of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX; or

  (iv) an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company (and any subsidiary) including, without limitation, if any forecast in this Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time; or

  (v) it transpires that any of the Due Diligence Results or any part of the Verification Material was materially false, misleading or deceptive or that there was a material omission from them; or

  (vi) a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor ;or

  (vii) without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Issue or this Prospectus; or

  (viii) any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of the Company (or any subsidiary) is or becomes misleading or deceptive or likely to mislead or deceive; or

  (ix) the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation" in the Underwriting Agreement; or

  (x) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;

(xi) a Prescribed Occurrence occurs, other than as disclosed in the Prospectus; or

(xii) the Company suspends payment of its debts generally; or

(xiii) an Event of Insolvency occurs in respect of the Company (or any subsidiary);or

(xiv) a judgment in an amount exceeding $25,000 is obtained against the Company (or any subsidiary) and is not set aside or satisfied within 7 days; or

(xv) litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company (or any subsidiary), other than any claims foreshadowed in the Prospectus; or

(xvi) there is a change in the composition of the Board or a change in the senior management of the Company before the date on which allotment of the last of the Rights Securities occurs in accordance with the Prospectus, without the prior written consent of the Underwriter; or

(xvii) there is a material change in the major or controlling shareholdings of the Company (or any subsidiary) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company (or any subsidiary); or

(xviii) there is a delay in any specified date in the Indicative Timetable which is greater than 5 Business Days; or

(xix) a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs; or

(xx) the Company (or any subsidiary) passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter; or

(xxi) the Company (or any subsidiary) alters its capital structure in any manner not contemplated by this Prospectus; or

(xxii) any of the material contracts as specified in Section Error! Reference source not found. is terminated or substantially modified; or

(xxiii) any person is appointed under any legislation in respect of companies to investigate the affairs of a Related Company; or

(xxiv) a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets; or

(xxv) any of the sub-underwriters that are introduced by the Company do not comply with their obligations under the sub-underwriting agreements or threaten to not comply with their respective obligations under the sub-underwriting agreements.

Clause 13.2 of the Underwriting Agreement provides that the Underwriter may not exercise its rights under paragraph (q) unless, in the reasonable opinion of the Underwriter reached in good faith, the occurrence of a Termination Event has or is likely to have, or two or more Termination Events together have or are likely to have:

(a) a Material Adverse Effect; or

(b) could give rise to a liability of the Underwriter under the Corporations Act or otherwise.

The following terms used in this clause 9.4 with respect to the Underwriting Agreement are defined in the Underwriting Agreement as follows:

"Due Diligence Program" means the legal, accounting, commercial and other investigations of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company (or any subsidiary) (including its future business plans and financial forecasts) conducted in the period up until the date on which allotment of the last of the Rights Securities, as implemented by the planning memorandum adopted pursuant to a resolution of the Board;

"Due Diligence Results" means the results of the investigations which make up the Due Diligence Program, as maintained by the Company including but not limited to all due diligence reports and reports of the due diligence committee (established in connection with the Offer), including all supporting documents and working papers to which the Due Diligence Program relates;

"Event of Insolvency" means:

(a) a receiver, manager, receiver and manager, trustee, administrator, controller or similar officer is appointed in respect of a person or any asset of a person;

(b) a liquidator or provisional liquidator is appointed in respect of a corporation;

(c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:

(i) appointing a person referred to in paragraphs (a) or (b);

(ii) winding up a corporation; or

(iii) proposing or implementing a scheme of arrangement;

(d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;

(e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;

(f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable legislation to be, insolvent or unable to pay its debts; or

(g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person;

"Force Majeure" means any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties to the Underwriting Agreement;

"Indicative Timetable" means the timetable for the Offer set out in the Underwriting Agreement as varied from time to time by written agreement of the Company and the Underwriter;

"Insolvency Provision" means any Act relating to insolvency, sequestration, liquidation or bankruptcy (including any Act relating to the avoidance of conveyances in fraud of creditors or of preferences, and any Act under which a liquidator or trustee in bankruptcy may set aside or avoid transactions), and any provision of any agreement, arrangement or scheme, formal or informal, relating to the administration of any of the assets of any person;

"Material Adverse Effect" means:

(a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Rights Securities (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in Rights Securities); or

(b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries either individually or taken as a whole; or

(c) the Underwriter's obligations under the Underwriting Agreement becoming materially more onerous than those which exist at the date of the Underwriting Agreement; or

(d) a material adverse effect on the tax position of either:

(i) the Company and its subsidiaries either individually or taken as a whole; or

(ii) an Australian resident shareholder in the Company;

"Official Quotation" means ASX granting, in writing, its unconditional approval or conditional approval, if such condition would not, in the opinion of the Underwriter, have a Material Adverse Effect for all of the Rights Securities to be officially quoted on ASX. For the avoidance of doubt the Company's application to ASX for official quotation must be taken to have been refused if any prior approval given by ASX (and whether conditional or unconditional) is withdrawn or if a statement to the effect that official quotation will be refused or withdrawn is made to the Company, the Underwriter or to the public by ASX before the closing date under the Prospectus;

"Prescribed Occurrence" means:

(a) the Company (or any subsidiary) converting all or any of its shares into a larger or smaller number of shares;

(b) the Company (or any subsidiary) resolving to reduce its share capital in any way;

(c) the Company (or any subsidiary):

(i) entering into a buy back agreement or;

(ii) resolving to approve the terms of a buy back agreement under section 257C or 257D of the Corporations Act;

(d) the Company (or any subsidiary) making an issue of, or granting an option to subscribe for, any of its shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Offer or the terms of the Underwriting Agreement or as already notified by the Company to the Underwriter;

(e) the Company (or any subsidiary) issuing, or agreeing to issue, convertible notes;

(f) the Company (or any subsidiary) disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;

(g) the Company (or any subsidiary) charging, agreeing to charge, the whole, or a substantial part, of its business or property;

(h) the Company (or any subsidiary) resolving that it be wound up;

(i) the appointment of a liquidator or provisional liquidator to the Company (or any subsidiary);

(j) the making of an order by a court for the winding up of the Company (or any subsidiary);

(k) an administrator of the Company (or any subsidiary), being appointed under section 436A, 436B or 436C of the Corporations Act;

(l) the Company (or any subsidiary) executing a deed of company arrangement; or

(m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of the Company (or any subsidiary).

"Related Company" has the meaning given to "related body corporate" in the Corporations Act;

"Rights Options" means 28,940,000 options comprising 14,470,000 options exercisable at 20 cents on or before 11 November 2007 and 14,470,000 options exercisable at 20 cents on or before 11 July 2009 and otherwise issued on the terms and conditions set out in the Prospectus the subject of the Rights Issue;

"Rights Securities" means the 14,470,000 Rights Shares and 28,940,000 Rights Options the subject of the Rights Issue. The Company must seek Official Quotation for all Rights Securities;

"Rights Shares" means 14,470,000 Shares to be issued on the terms and conditions set out in the Prospectus; and

"Verification Material" means the material maintained by the Company being the documents and information provided by the Company in verification of statements made in the Prospectus.

9.5 RIGHTS ATTACHING TO SHARES

There is only one class of shares on issue in the Company being fully paid ordinary shares. The rights attaching to Shares in the Company are:

- set out in the constitution of the Company, a copy of which is available for inspection at the registered office of the Company during normal business hours; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASTC Settlement Rules and the general law.

The following is a summary of the principal rights of the holders of Shares in the Company.

Voting

Every holder of shares present in person or by proxy, attorney or representative at a meeting of shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of shares who is present in person or by proxy, attorney or representative has one vote for every fully paid share held by him or her, and a proportionate vote for every partly paid share, registered in such shareholder's name on the Company's share register.

A poll may be demanded by the chairman of the meeting, by any five shareholders present in person or by proxy, attorney or representative, or by any one or more shareholders who are together entitled to not less than 5% of the total voting rights of, or paid up value of, the shares of all those shareholders having the right to vote at that meeting.

Dividends

Dividends are payable out of the Company's profits and are declared by the Directors.

Transfer of Shares

A shareholder may transfer shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

The Directors may refuse to register any transfer of shares, other than a proper market transfer, where permitted by the Listing Rules or the ASTC Settlement Rules. The Company must not refuse to register or give effect to or delay or in any way interfere with a proper ASTC transfer of shares or other securities.

Meetings and Notice

Each shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the constitution of the Company, the Corporations Act or the Listing Rules.

Liquidation Rights

The Company has only issued one class of shares, which all rank equally in the event of liquidation. Once all the liabilities of the Company are satisfied, a liquidator may, with the authority of a special resolution of shareholders divide the whole or any part of the remaining assets of the Company. The liquidator can with the sanction of a special resolution of the Company's shareholders vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder of the Company can be compelled to accept any shares or other securities in respect of which there is any liability.

Shareholder Liability

As the shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Alteration to the Constitution

The constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice (specifying the intention to propose the resolution as a special resolution) must be given.

ASX Listing Rules

If the Company is admitted to the Official List, then despite anything in the constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the constitution to contain a provision or not to contain a provision the constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the constitution is or becomes inconsistent with the Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

9.6 RIGHTS ATTACHING TO NEW OPTIONS

Set out below are the terms of the free attaching New Options offered pursuant to this Prospectus. Of the Options currently on issue, 4,000,000 have substantially the same terms as the free attaching New Options except they have an expiry date of 31 January 2011 and they will not be listed for quotation on ASX. The 4,795,000 options issued to seed investors (refer to the capital structure table in Section 1.4) are of the same class as the 2009 Options.

(a) Subject to these terms and conditions, each New Option will entitle the holder (**"Optionee"**) to subscribe for one fully paid common share (**"Share"**) at an issue price of $0.20 each (**"Exercise Price"**).

(b) The New Options will expire on the date which is:

  (i) in the case of the 2007 Options, 11 November 2007; and

  (ii) in the case of the 2009 Options, 11 July 2009,

  (**"Expiry Date"**).

(c) The Company will apply for quotation of the Shares allotted pursuant to the exercise of the New Options within the time required by the Listing Rules of ASX after the date of allotment.

(d) In order to exercise the New Options, the Optionee must, no later than the close of business (Western Australian time) on the Expiry Date, give written notice to the Company of his or her intention to exercise the New Options in whole or in part, such notice to be accompanied by cash or certified cheque, payable to the Company in the appropriate amount. After receipt of such notice, the Company will forthwith allot and issue the required number of Shares. The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of that cheque).

(e) New Options not exercised on or before the Expiry Date will automatically lapse.

(f) In the event of any re-organisation of the issued capital of the Company (including consolidation, subdivisions, reduction or return), the rights of the Optionee will be changed to the extent necessary to comply with the Listing Rules of the ASX applying to a re-organisation of capital at the time of the re-organisation.

(g) In the event that the Company shall amalgamate, consolidate with, or merge into another corporation, the Optionee will thereafter receive, upon the exercise of the New Options, the securities or property to which a holder of the number of Shares then deliverable upon the exercise of the within New Options would have been entitled to upon such amalgamation, consolidation, or merger and the Company will take steps in connection with such amalgamation, consolidation or merger as may be necessary to ensure that the provisions hereof shall thereafter be applicable, as near as reasonably may be, in relation to any securities or property thereafter deliverable upon the exercise of the New Options granted herein. A sale of all or substantially all of the assets of the Company for a consideration (apart from the assumption of obligations) a substantial portion of which consists of securities shall be deemed a consolidation, amalgamation or merger for the purposes hereof.

(h) The Optionee has no right or entitlement to participate in any new issues of capital which may be made or offered by the Company to its members from time to time prior to the Expiry Date unless the New Options herein granted are exercised.

(i) If there is a bonus share issue (**"Bonus Issue"**) to the holders of Shares, the number of Shares over which a New Option is exercisable will be increased by the number of Shares which the Optionee would have received if the New Option has been exercised before the date for the Bonus Issue (**"Bonus Shares"**). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

(j) If there is no pro rata issue (other than a Bonus Issue) to the holders of shares during the currency of, and prior to the exercise of any New Options, the Exercise Price of a New Option will be dealt with in the manner provided for in the Listing Rules of ASX.

(k) The New Option may be assigned by the Optionee at any time prior to the Expiry Date.

9.7 DIRECTORS' INTERESTS

Except as disclosed in this Prospectus, no Director or proposed Director holds, or during the last two years has held, any interest in:

(a) the formation or promotion of the Company;

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

(c) the Offer,

and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to any Director or proposed Director to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

Shareholding Qualifications

The Directors are not required to hold any shares in the Company under the constitution of the Company.

Directors' Holdings

Set out in the table below are details of Directors' relevant interests in the securities of the Company as at the date of this Prospectus:

DIRECTOR	ASSOCIATES	NUMBER OF SHARES	NUMBER OF OPTIONS
Rick W Crabb[1]	Held directly	-	-
	The Intermax Trust	192,891	1,000,000
	Westessa Holdings Pty Ltd	96,690	-
Brian D Richardson	Held directly	259,145	-
	Anne Richardson	108,250	1,050,000
Frank DeMarte[2]	Held directly	55,000	-
	The DeMarte Family Trust	254,925	1,000,000
	The DeMarte Super Fund	45,990	-
	Grandeur Holdings Pty Ltd	7,765	-
Philip G Crabb[3]	Held directly	141,103	-
	June W Crabb	4,470	-
	Barcfin Pty Ltd	7,765	-
	Darkdale Pty Ltd	373,675	-
	Ioma Pty Ltd	1,734,392	1,550,000
	Midland Mines Pty Ltd	7,765	-
	Gemini Mining Pty Ltd	7,765	-
	Ragged Range Mining Pty Ltd	2,852,228	-

Notes:

1: Rick Crabb is a director, and he and an associate hold 100%, of the shares in Westessa Holdings Pty Ltd. Mr Crabb is a trustee of the Intermax Trust.

2: Frank DeMarte is a director of Grandeur Holdings Pty Ltd and a 50% shareholder. Mr DeMarte is a trustee for the DeMarte Family Trust and the DeMarte Family Superannuation Fund.

3: Philip G Crabb is a sole director of Ragged Range Mining Pty Ltd and a 48% shareholder. Mr Crabb is a director of Ioma Pty Ltd, Darkdale Pty Ltd and Barcfin Pty Ltd. Mr Crabb is a director of Gemini Mining Pty Ltd and a 99% shareholder and is a director of Midland Mines Pty Ltd and a 2% shareholder.

The Directors intend to take up their Entitlements.

Remuneration of Directors

The constitution of the Company provides that the non-executive directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting.

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Related Party Transactions

During the last two years REM Pty Ltd, a company which Brian Richardson is a director and shareholder provided geological and consultancy services at normal commercial rates to the Company for which he received approximately $14,574.

During the last two years Ragged Range Mining Pty Ltd, a company which Philip Crabb is a shareholder and the sole director provided drilling and associated exploration services at normal commercial rates to the Company for which he was paid approximately $59,934. Ioma Pty Ltd, a company associated with Philip Crabb, has entered into a sub-underwriting agreement to sub-underwrite $250,000 for a fee of 1.5% on the amount sub-underwritten.

Rick Crabb was a partner of Blakiston & Crabb, the Company's solicitors, until 30 June 2004. Excluding the services undertaken by Blakiston & Crabb with respect to the Offer, Blakiston & Crabb have provided services to the Company during the last two years for which the Company will pay fees totalling approximately $81,500. Please refer to Section 9.8 for further details of payments to Blakiston & Crabb for its services. Mr Crabb has entered into a sub-underwriting agreement to sub-underwrite $250,000 for a fee of 1.5% of the amount sub-underwritten.

Other Interests

The Company has entered into Deeds of Insurance, Indemnity and Access with each of the Directors under which the Company agrees to indemnify the Directors against certain liabilities incurred by the Directors while acting as Director of the Company, to insure the Directors against certain risks to which the Directors are exposed to as a Director of the Company and to grant to the Director a right of access to certain records of the Company for a period up to 7 years after the Director ceases to be a Director.

9.8 INTERESTS OF NAMED PERSONS

Except as disclosed in this Prospectus, no promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, holds, or during the last two years has held, any interest in:

(a) the formation or promotion of the Company;

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

(c) the Offer,

and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to a promoter or any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Blakiston & Crabb have acted as solicitors to the Offer and in that capacity have been involved in undertaking due diligence enquiries in relation to the legal matters and providing legal advice to the Company in relation to the Offer and preparing the Solicitor's Report on Australian Tenements included in Section 7 of this Prospectus. The Company will pay approximately $45,000 to Blakiston & Crabb for these services. Blakiston & Crabb have provided other professional services to the Company during the last two years for which the Company will pay fees totalling approximately $81,500.

Stanton Partners have been appointed as auditor to the Company for which they will be paid their usual commercial rates. Stanton Partners has also prepared the Investigating Accountant's Report included in Section 6 of this Prospectus and has assisted in the conduct of the due diligence programme related to preparation of this Prospectus and the Offer. In respect of this work the Company will pay approximately $5,000 (excluding GST).

Bourke & Associates has prepared the Independent Consulting Geologist's Report included in Section 5 of this Prospectus. In respect of this work the Company has agreed to pay approximately $10,000 (excluding GST) for these services.

Patersons Securities Limited has acted as Lead Manager and Underwriter for which it will, pursuant to the Underwriting Agreement, receive a commission equal to 4.5% of the aggregate funds raised under the Offer, a management fee equal to 1.5% of the aggregate funds raised under the Offer, plus a lead manager fee of $60,000. The Underwriting Agreement is summarised in Section 9.4. Patersons Securities Limited arranged a placement of seed capital for the Company during the last two years for which the Company paid fees totalling approximately $30,000.

Patersons Securities Llimited, its directors and staff have an interest in 500,000 Shares and 250,000 Options, each Option exercisable at 20 cents on or before 11 July 2009

The amounts disclosed above are exclusive of any amount of goods and services tax payable by the Company in respect of those amounts.

9.9 CONSENTS

Each of the parties referred to in this Section 9.9:

(a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this Section; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Bourke & Associates has given its written consent to the inclusion in this Prospectus of its Independent Consulting Geologist's Report, and all statements referring to that report in the form and context in which they are included and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Stanton Partners has given its written consent to the inclusion in this Prospectus of its Investigating Accountant's Report and all statements referring to that report in the form and context in which they are included and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Blakiston & Crabb has given its written consent to the inclusion in this Prospectus of its Solicitor's Report on Australian Tenements and all statements referring to that report in the form and context in which they are included and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Thundelarra Exploration Limited has given its written consent to the inclusion in this Prospectus of all statements made by it or attributed to or derived from those statements in the form and context in which they are included and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Each of the following has consented to being named in the Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with the ASIC:

(a) Blakiston & Crabb as solicitors to the Company;

(b) Patersons Securities Limited as Lead Manager and Underwriter;

(c) Stanton Partners as auditor and Investigating Accountants to the Company;

(d) Bourke & Associates as Independent Consulting Geologist; and

(e) Computershare Investor Services Pty Ltd as share registrar of the Company.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

9.10 DIVIDEND POLICY

The Directors will not recommend the payment of a dividend on the Shares until they believe that it is appropriate and prudent to do so. The Directors are unable, at this time, to suggest when investors may expect to receive income from their Shares.

9.11 COSTS OF THE ISSUE

The total estimated costs of the Issue, including legal fees incurred, registration fees, underwriting fees, fees for other advisers, Prospectus design, printing and advertising expenses and other miscellaneous expenses, will be approximately $435,000 (exclusive of any goods and services tax which may be payable on that amount) comprising the following:

SERVICE	ESTIMATE OF COST ($)
Share Registry costs	5,000
Legal fees	45,000
Independent Experts fees	15,000
ASIC lodging fee and ASX Listing fees	39,043
Design, printing and ancillary costs	29,517
Lead Manager and Underwriting fees	301,440
Total	435,000

9.12 ELECTRONIC PROSPECTUS

Pursuant to Class Order 00/44 the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with the ASIC and the issue of Securities in response to an electronic application form, subject to compliance with certain provisions.

If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form.
If you have not, please email the Company at info@royalresources.com.au and the Company will send to you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept a Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application moneys received will be dealt with in accordance with section 722 of the Corporations Act.

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DIRECTORS' RESPONSIBILITY STATEMENT AND CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of Shares pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated 6 February 2006

Signed for and on behalf of
Royal Resources Limited

by Frank DeMarte
Executive Director

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DEFINED TERMS

2007 Options	the options each to acquire one Share at an exercise price of 20 cents on or before 11 November 2007 and on the terms and conditions set out in Section 9.6, to be granted on the basis of one 2007 Option for every one Share issued pursuant to this Prospectus.
2009 Options	the options each to acquire one Share at an exercise price of 20 cents on or before 11 July 2009 and on the terms and conditions set out in Section 9.6, to be granted on the basis of one 2009 Option for every one Share issued pursuant to this Prospectus.
Applicant(s)	person(s) who submit valid Application Forms pursuant to this Prospectus.
Application	a valid application made to subscribe for Securities pursuant to this Prospectus.
Application Form	the application form relating to the Offer which accompanies this Prospectus.
ASIC	Australian Securities and Investments Commission.
ASTC	ASX Settlement and Transfer Corporation Pty Ltd.
ASTC Settlement Rules	the settlement rules of the ASTC as amended from time to time (formerly known as the SCH Business Rules);
ASX	Australian Stock Exchange Limited ACN 008 624 691.
AWST	Australian Western Standard Time.
Board	the board of Directors.
CHESS	Clearing House Electronic Subregister System.
Company or Royal Resources	Royal Resources Limited ACN 108 102 432.
Corporations Act	Corporations Act 2001 (Cth).
Directors	the Directors of the Company.
Electronic Prospectus	an electronic version of the Prospectus.
Entitlement	the entitlement of an Existing Shareholder to apply for Securities;
Entitlement and Acceptance Form	the Entitlement and Acceptance Form accompanying this Prospectus.
Existing Shareholder	those shareholders of the Company whose details appear on the Company's register of shareholders as at the Record Date.
Issue	the issue of Securities pursuant to this Prospectus.
Listing Rules	the official listing rules of ASX.
New Options	the 2007 Options and 2009 Options to be issued pursuant to the Offer.
Offer	the invitation to the Existing Shareholders and the public made in this Prospectus to subscribe for Securities.
Official List	the official list of ASX.
Option	an option to acquire one Share.
Prospectus	this Prospectus and includes the Electronic Prospectus.

Public Offer	the offer to the public of up to 5,650,000 Shares at an issue price of 20 cents per Share, together with one free attaching 2007 Option and one free attaching 2009 Option for every Share issued, to raise up to $1,130,000.
Record Date	5.00pm AWST on 3 February 2006;
Rights Issue	a pro-rata non renounceable rights issue of up to 14,470,000 Shares on the basis of one (1) Share for every two (2) Shares held on the Record Date of 3 February 2006 at an issue price of 20 cents per Share, together with up to 14,470,000 free attaching 2007 Options, each to acquire one Share at 20 cents on or before 11 November 2007, on the basis of one 2007 Option for every Share issued, and up to 14,470,000 free attaching 2009 Options, each to acquire one Share at 20 cents on or before 11 July 2009, on the basis of one 2009 Option for every Share issued, to raise up to $2,894,000.
Round-Up Offer	the offer described in Section 2.1.
Section	a section of this Prospectus.
Securities	Shares and New Options offered under this Prospectus.
Share(s)	fully paid ordinary share(s) in the Company.
Shareholder	the registered holder of Shares.
Shortfall	the shortfall in subscription of Shares pursuant to this Prospectus; and
Shortfall/Public Application Form	the Shortfall/Public Application Form accompanying this Prospectus.
Shortfall Offer	the offer described in Section 2.1.
Thundelarra	Thundelarra Exploration Ltd ACN 085 782 994.
Thundelarra Shareholder	a shareholder of Thundelarra.
Underwriter	Patersons Securities Limited ACN 008 896 311.
Underwriting Agreement	the Underwriting Agreement dated 3 February 2006 between the Company and the Underwriter.
Underwritten Amount	the amount to be raised pursuant to the Rights Issue, being $2,894,000

ROYAL
RESOURCES LIMITED
ABN 34 108 102 432

Share Registrars use only

Broker reference – stamp only

Broker code | Adviser code

SHORTFALL/ PUBLIC OFFER APPLICATION FORM

Please read all instructions on reverse of this form

A Number of Shares applied for
(minimum 10,000 Shares and then multiples of 2,500 Shares).

B Total amount payable
cheque(s) to equal this amount

[ ] at $0.20 per Share = A$ [ ]

you may be allocated all of the Shares above or a lesser number. For every Share allocated to you, you will be issued one free attaching 2007 Option and one free attaching 2009 Option.

D Tax file number(s)
Or exemption category

C Full name details title, given name(s) (no initials) and surname or company name

Name of applicant 1 — Applicant 1/company

Name of joint applicant 2 or <account name> — Joint applicant 2/ trust

Name of joint applicant 3 or <account name> — Joint applicant 3/exemption

E Full postal address

Number/street

Suburb/town — State/postcode

F Contact details

Contact name

Contact daytime telephone number

Contact email address

G CHESS HIN (if applicable)

H Cheque payment details please fill out your cheque details and make your cheque payable to "**Royal Resources Limited – Trust Account**"

Drawer	Cheque number	BSB number	Account number	Total amount of cheque

I Return of the Application Form with your cheque for the Application monies will constitute your offer to subscribe for Shares in the Company. I/We declare that:

(a) this Application is completed according to the declaration/appropriate statements on the reverse of this form and agree to be bound by the Constitution of the Company; and

(b) I/we have received personally a copy of this Prospectus accompanied by or attached to the Application Form or a copy of the Application Form or a direct derivative of the Application Form, before applying for Shares.

No signature is required.

You should read the Prospectus dated 6 February 2006 carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary prospectus (whether in paper or electronic form).

TEAR HERE

GUIDE TO THE ROYAL RESOURCES LIMITED SHORTFALL/PUBLIC OFFER APPLICATION FORM

This Application Form relates to the Offer pursuant to the Prospectus dated 6 February 2006. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Securities of the Company and it is advisable to read this document before applying for Securities. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and an Application Form, on request and without charge.

Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars and the correct forms of registrable titles to use on the Application Form are contained below.

A Insert the number of Shares you wish to apply for. The Application must be for a minimum of 10,000 Shares and thereafter in multiples of 2,500 Shares.

B Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Shares applied for by the sum of $0.20.

C Write the full name you wish to appear on the statement of shareholdings. This must be either your own name or the name of the company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHESS) participants should complete their name and address in the same format as that are presently registered in the CHESS system.

D Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.

E Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.

F Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.

G The Company will apply to ASX to participate in CHESS, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHESS, the Company will operate an electronic CHESS subregister of securities holdings and an electronic issuer sponsored subregister of securities holdings. Together the two subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to Application in respect of securities allotted.

If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold securities allotted to you under this Application in uncertified form on the CHESS subregister, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For further information refer to the relevant section of the Prospectus.

H Please complete cheque details as requested:

Make your cheque payable to "**Royal Resources Limited - Trust Account**" in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian Bank. The amount should agree with the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

I Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for Shares and Options in the Company upon and subject to the terms of this Prospectus, agrees to take any number of Shares equal to or less than the number of Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Correct form of Registrable Title

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

TYPE OF INVESTOR	CORRECT FORM OF REGISTRABLE TITLE	INCORRECT FORM OF REGISTRABLE TITLE
Individual Use names in full, no initials	**Mr John Alfred Smith**	**JA Smith**
Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor.	**John Alfred Smith** **<Peter Smith>**	**Peter Smith**
Company Use company title, not abbreviations	**ABC Pty Ltd**	**ABC P/L** **ABC Co**
Trusts Use trustee(s) personal name(s), do not use the name of the trust	**Mrs Sue Smith** **<Sue Smith Family A/C>**	**Sue Smith Family Trust**
Deceased Estates Use executor(s) personal name(s), do not use the name of the deceased	**Ms Jane Smith** **<Est John Smith A/C>**	**Estate of late John Smith**
Partnerships Use partners personal names, do not use the name of the partnership	**Mr John Smith and** **Mr Michael Smith** **<John Smith and Son A/C>**	**John Smith and Son**

LODGMENT OF APPLICATIONS

Return your completed Application Form with cheque(s) attached to:

By Post to:
Computershare Investor Services Pty Ltd
GPO Box D182
PERTH WA 6840

Or delivered to:
Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

Application Forms must be received no later than 5pm AWST time on 28 February 2006

www.royalresources.com.au

ROYAL

RESOURCES LIMITED

www.royalresources.com.au