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4 May 2006

The Manager
Companies Announcement Office
Australian Stock Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000



Via Electronic Lodgement

Dear Sir/Madam

APPENDIX 3B – EXERCISE OF QUOTED OPTIONS

We enclose an Appendix 3B in respect to the exercise of quoted options.

Yours sincerely
ROYAL RESOURCES LIMITED



Frank DeMarte
COMPANY SECRETARY

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000.

Name of entity

ROYAL RESOURCES LIMITED

ABN, ARBN or ARSN

34 108 102 432

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	*Class of *securities issued or to be issued	Ordinary Shares
2	Number of *securities issued or to be issued (if known) or maximum number which may be issued	(i) 5,450 (ii) 5,450
3	Principal terms of the *securities (eg, if options, exercise price and expiry date; if partly paid *securities, the amount outstanding and due dates for payment; if *convertible securities, the conversion price and dates for conversion)	(i) Quoted options exercisable at \$0.20 per option expiring 11 November 2007 (ii) Quoted options exercisable at \$0.20 per option expiring 11 July 2009

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	(i) & (ii) Yes, securities will rank equally in all respects from date of allotment with existing class of quoted securities.								
5 Issue price or consideration	(i) & (ii) \$0.20 per share								
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	(i) & (ii) Exercise of quoted options.								
7 Dates of entering +securities into uncertificated holdings or despatch of certificates	(i) & (ii) 4 May 2006								
8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	<table> <tr> <th data-bbox="698 1081 990 1144">Number</th><th data-bbox="990 1081 1265 1144">+Class</th></tr> <tr> <td data-bbox="698 1144 990 1207">50,070,904</td><td data-bbox="990 1144 1265 1207">Ordinary fully paid.</td></tr> <tr> <td data-bbox="698 1207 990 1354">20,114,553</td><td data-bbox="990 1207 1265 1354">Options expiring 11 November 2007 exercisable at 20 cents each.</td></tr> <tr> <td data-bbox="698 1354 990 1472">23,909,553</td><td data-bbox="990 1354 1265 1472">Options expiring 11 July 2009 exercisable at 20 cents each.</td></tr> </table>	Number	+Class	50,070,904	Ordinary fully paid.	20,114,553	Options expiring 11 November 2007 exercisable at 20 cents each.	23,909,553	Options expiring 11 July 2009 exercisable at 20 cents each.
Number	+Class								
50,070,904	Ordinary fully paid.								
20,114,553	Options expiring 11 November 2007 exercisable at 20 cents each.								
23,909,553	Options expiring 11 July 2009 exercisable at 20 cents each.								

+ See chapter 19 for defined terms.

	Number	*Class
9 Number and *class of all *securities not quoted on ASX (<i>including</i> the securities in clause 2 if applicable)	287,500	Ordinary shares (restricted until 1 July 2006).
	2,212,500	Ordinary shares (restricted until 31 January 2007).
	6,534,659	Ordinary shares (restricted until 6 April 2008).
	4,000,000	Options expiring 31 January 2011 exercisable at 20 cents each (restricted until 6 April 2008).
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable	

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	Not applicable
12 Is the issue renounceable or non-renounceable?	Not applicable
13 Ratio in which the *securities will be offered	Not applicable
14 *Class of *securities to which the offer relates	Not applicable
15 *Record date to determine entitlements	Not applicable
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17 Policy for deciding entitlements in relation to fractions	Not applicable

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18	Names of countries in which the entity has *security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Not applicable
19	Closing date for receipt of acceptances or renunciations	Not applicable
20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of *security holders	Not applicable
25	If the issue is contingent on *security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and prospectus will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do *security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do *security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable

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32 How do *security holders dispose of their entitlements (except by sale through a broker)?

Not applicable

33 *Despatch date

Not applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

(If the additional securities do not form a new class, go to 43)

Tick to indicate you are providing the information or documents

35 ☐ The names of the 20 largest holders of the additional *securities, and the number and percentage of additional *securities held by those holders

36 ☐ A distribution schedule of the additional *securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional *securities

(now go to 43)

Entities that have ticked box 34(b)

38 Number of securities for which
*quotation is sought

Not applicable

+ See chapter 19 for defined terms.

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39	Class of +securities for which quotation is sought	Not applicable	
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Not applicable	
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)		
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	Number	+Class
		-	-

(now go to 43)

All entities

Fees

43 Payment method (tick one)

☐

Cheque attached

☐

Electronic payment made

Note: Payment may be made electronically if Appendix 3B is given to ASX electronically at the same time.

☐

Periodic payment as agreed with the home branch has been arranged

Note: Arrangements can be made for employee incentive schemes that involve frequent issues of securities.

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant to ASX that the issue of the +securities to be quoted complies with the law and is not for an illegal purpose, and that there is no reason why those +securities should not be granted +quotation. We warrant to ASX that an offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) of the Corporations Law.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

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- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

Date: 4 May 2006

Company Secretary

Print name: FRANK DEMARTE

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