

**ASX
ANNOUNCEMENT**

30 January 2007

Royal Resources Limited
ABN 34 108 102 432

For further information
regarding Royal Resources
Limited contact:

Philip Crabb
Director

or

Brian Richardson
Director

Phone: + 61 8 9321 2152
Fax: + 61 8 9321 9670

Website:
www.royalresources.com.au

Email:
info@royalresources.com.au

Registered Office:
Suite 2,
Level 3, IBM Building
1060 Hay Street, West Perth
Western Australia 6005

Po Box 7363,
Cloisters Square
Perth Western Australia
6850



**SECOND QUARTER ACTIVITIES REPORT
& CASHFLOW REPORT
31 DECEMBER 2006**

HIGHLIGHTS

- Widely spaced reverse circulation (RC) drilling on the Plateau prospect at Fields Finds confirms the lateral continuity of the hematite – goethite ironstone mineralisation.
- Reverse circulation drilling at the Tallering project has confirmed the presence of wide zones of Banded Iron Formation (BIF). Further drilling is planned to test the 4.0 kms of strike.
- Two (2) reverse circulation drill holes (BNRC014 and BNRC015) at the Wildcat platinum and palladium prospect returned wide zones of anomalous platinum and palladium with BNRC014 assaying 44 metres an average grade of 0.44 g/t Pt_Pd.
- Reverse circulation drilling is planned for the Water Tank gold project at Norseman.
- The sale of Royal's 85% equity in the Rothsay gold project is still being reviewed by a number of companies.
- Exploration studies underway on the Damperwah Hills project.

INTRODUCTION

Royal Resources Limited ("Royal Resources") is a major tenement holder in the Midwest Iron Ore Province in Western Australia. Royal holds title to approximately 470 square kilometres in the region and a further 150 square kilometres in two Joint Ventures ("JV") Royal has an iron ore JV with Gindalbie Metals Limited (60%) and a second for gold and base metals with Monarch Gold Mining Limited (60%). Royal's 40% interest is free carried in both the JV's up to the definition of mineable reserves. The Midwest area hosts Western Australia's largest base metal mine at Golden Grove and there are other major developments proposed for the region's iron ore and gold resources.

Royal Resources is continuing to advance a number of its projects. (See Project Location map) In October 2006 four prospect areas were drill tested by reverse circulation drilling. The results of this work and that completed on a number of other projects follows:

PLATEAU IRONSTONE PROJECT

In June 2006 a reconnaissance drilling program was completed over the Plateau prospect area where widely spaced holes intersected pisolitic hematite-goethite ironstone at depths from 1.0 - 12.0 metres from surface. The best intercept from this drilling was 5m @ 57.8% Fe. The near surface extent of the ironstone and the relatively low levels of contaminants were considered to be two positive factors for producing a Direct Shipping Ore (DSO).

In October 2006 a second phase of reverse circulation (RC) drilling was completed to assess an area of approximately 1.0 square kilometre where initial drilling recorded the near surface ironstone enrichment. The results of this drilling were very positive with 5 holes in this one area recording encouraging width and grades of hematite –goethite mineralisation. See Table 1 and Drill Hole Location maps – Geology and Landsat Imagery.)

As an indication of the Plateau mineralisation potential an area of 1.0 square kilometre with a indicative width of 5 metres has the potential to contain about 15 million tonnes of goethite-hematite pisolitic ore. With phosphorous levels negligible the Plateau ironstone material is highly suitable for blending with hematite ore or iron ores with elevated phosphorous levels.

Royal is looking at options including early cash flow either by direct sales through the Port of Geraldton or via gate sales to existing or prospective iron ore producers in the Midwest region.

RC Drill Intercepts: Plateau Prospect > 55% Fe (Calcined)

Hole ID	Easting (m)	Northing (m)	Interval (m)	P%	LiO%	Al ₂ O ₃	Fe% (Calcined)
PLRC027	520145	6788449	5-10	0.015	11.56	5.95	59.70
PLRC028	519806	6788291	1-4	0.013	10.24	4.72	58.82
PLRC033	519200	6788011	7-9	0.007	10.32	3.51	59.08
PLRC041	519848	5787992	5-7	0.018	11.10	7.87	56.70
PLRC045	520125	6788255	7-9	0.031	4.62	6.50	57.66

Note: Holes were drilled vertically and have a nominal spacing of 200-300 metres apart.

WARRIEDAR JOINT VENTURE

Iron Ore - Gindalbie Metals Ltd ("Gindalbie") (60%) – Royal Resources Limited (40%). Gold and Base Metals – Monarch Gold Limited ("Monarch") (60%) – Royal Resources Limited (40%)

Royal presently has two joint ventures in this highly prospective mineralised area of the Midwest region. Over the next 12 months both Gindalbie and Monarch have committed to undertaking detailed exploration programs in the areas they have each identified as being prospective for iron ore and gold resources.

Exploration budgets and programs have been approved by both companies and this work is now underway on the JV tenements.

TALLERING PROJECT

Royal's 100% owned Talling project is located approximately 60 kilometres to the north east of Mullewa in the Midwest region of WA.

In August 2006 Royal completed an airborne magnetic and radiometric survey with the results highlighting an area of geological complexity and therefore of considerable exploration interest. One of the areas of immediate interest was a large magnetic high in the western area of the tenement located about 4.0 kilometres east of Talling Peak iron ore mine presently being operated by Mt Gibson Iron Limited. A field reconnaissance of the area and a RC drilling program in late October 2006 confirmed the presence of a wide "Banded Iron Formation" (BIF) unit comparable to and an extension of the Talling Peak BIF. Four reconnaissance holes (TPRC001 – TPRC004) were completed with two holes intersecting the BIF unit. In the western area of the anomaly the BIF unit was magnetite rich in excess of 50 metres wide. With over 4 kilometres of strike there is potential to locate areas of hematite enrichment similar to that being mined at Talling Peak.

The Talling project is also highly prospective for gold and base metals and a once the current review of prior exploration data is completed field programs will be planned to assess areas with identified prospectively.

WATER TANK NORSEMAN

The Water Tank project located 5 kms to the east of the Norseman townsite is one of Royal's smaller projects however it is strategically located in an area considered to be one of the more prospective gold mineralised areas in Australia. Recent image enhancements of the airborne magnetic data have highlighted subtle structures within the Jezabeel prospect that are interpreted to be related to the extensive supergene gold anomaly. This anomaly extends over a strike of 700 metres and is about 70 metres wide (see Water Tank prospect map).

Royal is planning a RC program to test these structures to locate narrow high grade quartz reefs for which the Norseman regions is renowned.

DAMPERWAH HILLS

The Damperwah Hills project is a sparsely explored area in the Midwest region and is located about 50 kilometres to the east of the wheatbelt town of Perenjori in Western Australia. The project area comprises Banded Iron Formations, mafic and ultramafic rocks of the Warriedar Greenstone Belt and is considered to be prospective for iron ore, gold and nickel resources.

A geological interpretation is presently being undertaken and all prior exploration data and assay records collected by the current tenement holders is being compiled in to digital format. Field reconnaissance mapping and geochemical surveying are planned for the next quarter.

WILDCAT PROSPECT

Two RC drill holes, BNRC014 and BNRC015 were completed at the Wildcat platinum and palladium prospect. The holes were located on the pyroxenite-gabbro contact to test a soil geochemistry anomaly. Both holes returned wide zones of anomalous platinum and palladium with BNRC014 assaying 44 metres at an average grade of 0.44 g/t Pt_Pd. The second hole located 100 metres to the west was collared in an area of folding and faulting and the targeted contact zone was not completely intersected.

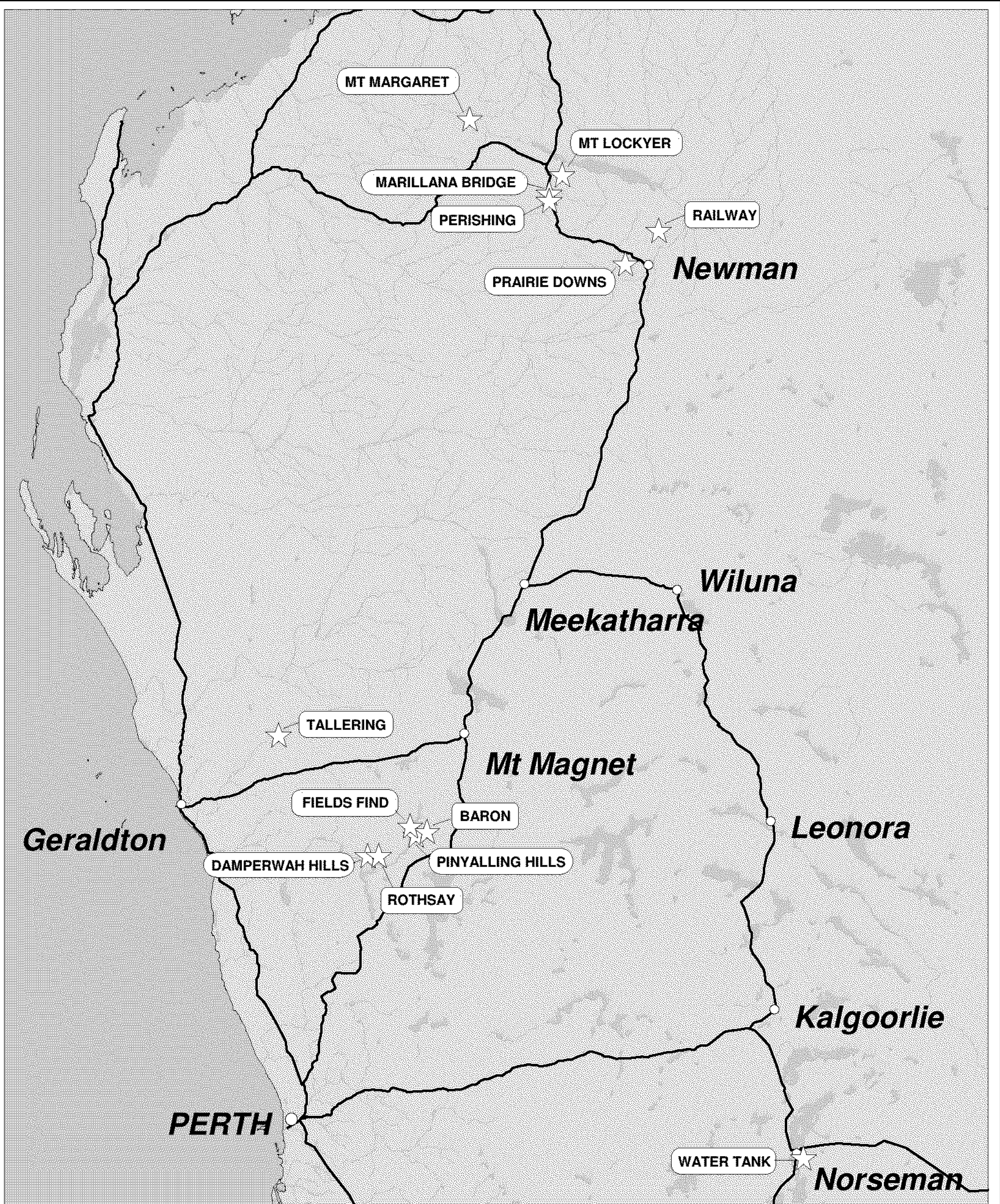
OTHER PROJECTS**Prairie Downs – Pilbara
Iron Ore Exploration**

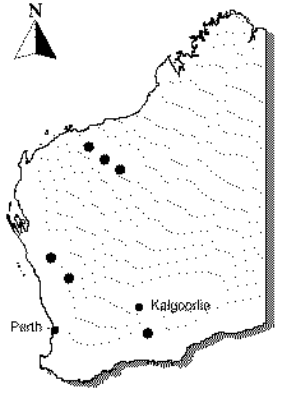
No work was undertaken on this project in the past 3 months. Field programs are planned for March 2007.

Rothsay Gold Project

Royal has received a strong interest from private and public companies in the purchase of Royal's 85% equity in the Rothsay gold project. Negotiations with interested parties are continuing.

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





Perth

Kalgoorlie

LEGEND

☆ Granted tenements

☆ Tenement Applications

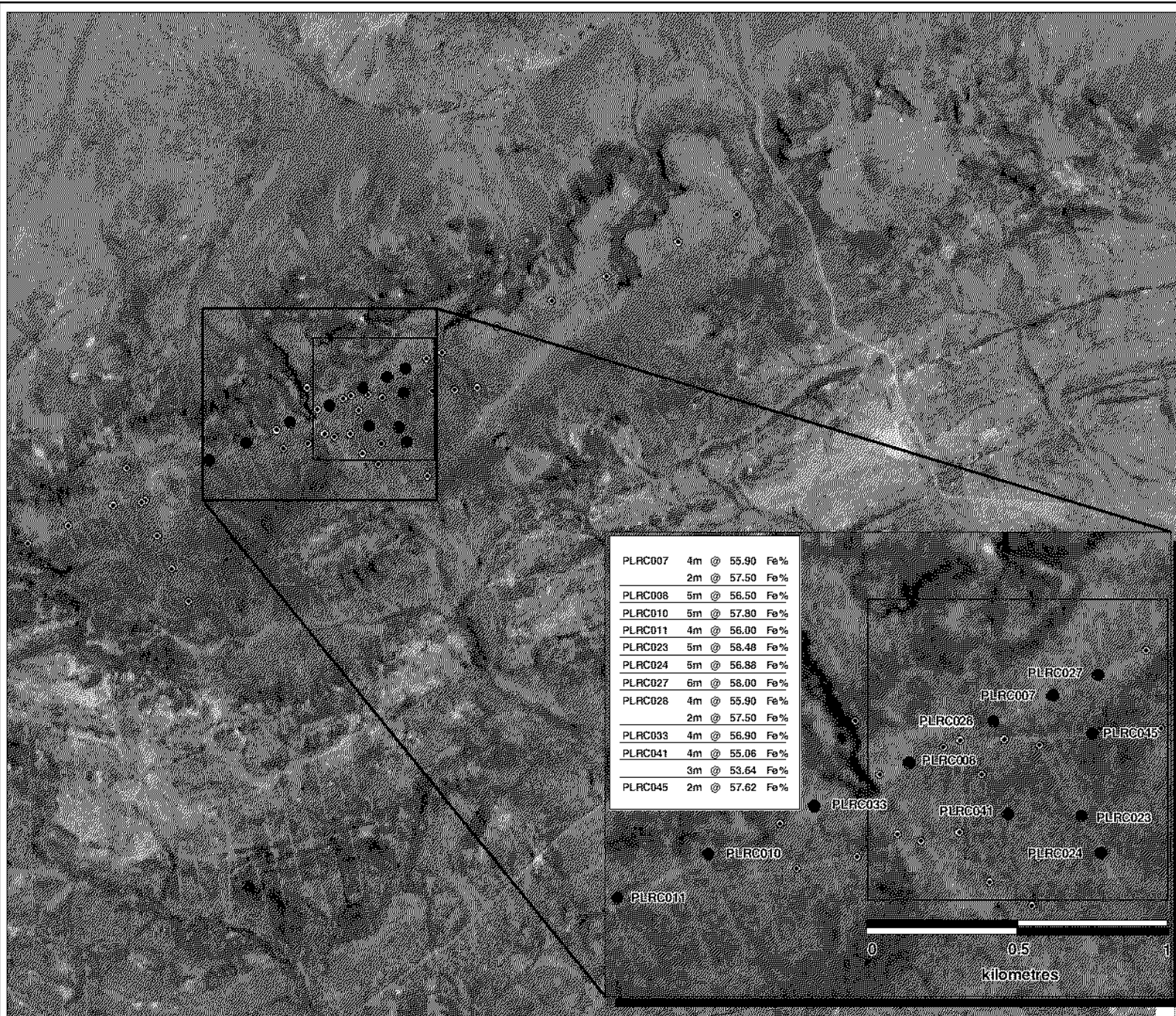


ROYAL
RESOURCES LIMITED

WEST PERTH (08) 9321 2152 ~ www.royalresources.com.au

PROJECT LOCATIONS

Drawn By: ER	Plan No.: RR038a
Checked By: BB	Date: 25/01/07
Projection: MGA Zone 50 (GDA 94)	Scale: 1:4,000,000 at A3



PLRC007	4m @ 55.90 Fe%
	2m @ 57.50 Fe%
PLRC008	5m @ 56.50 Fe%
PLRC010	5m @ 57.90 Fe%
PLRC011	4m @ 56.00 Fe%
PLRC023	5m @ 58.48 Fe%
PLRC024	5m @ 56.88 Fe%
PLRC027	6m @ 58.00 Fe%
PLRC028	4m @ 55.90 Fe%
	2m @ 57.50 Fe%
PLRC033	4m @ 56.90 Fe%
PLRC041	4m @ 55.06 Fe%
	3m @ 53.64 Fe%
PLRC045	2m @ 57.62 Fe%



Legend

- RC holes with significant Fe intercepts
- ⊙ RC Drillholes: PLRC001-048



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PLATEAU IRONSTONE PROJECT

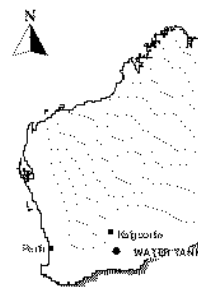
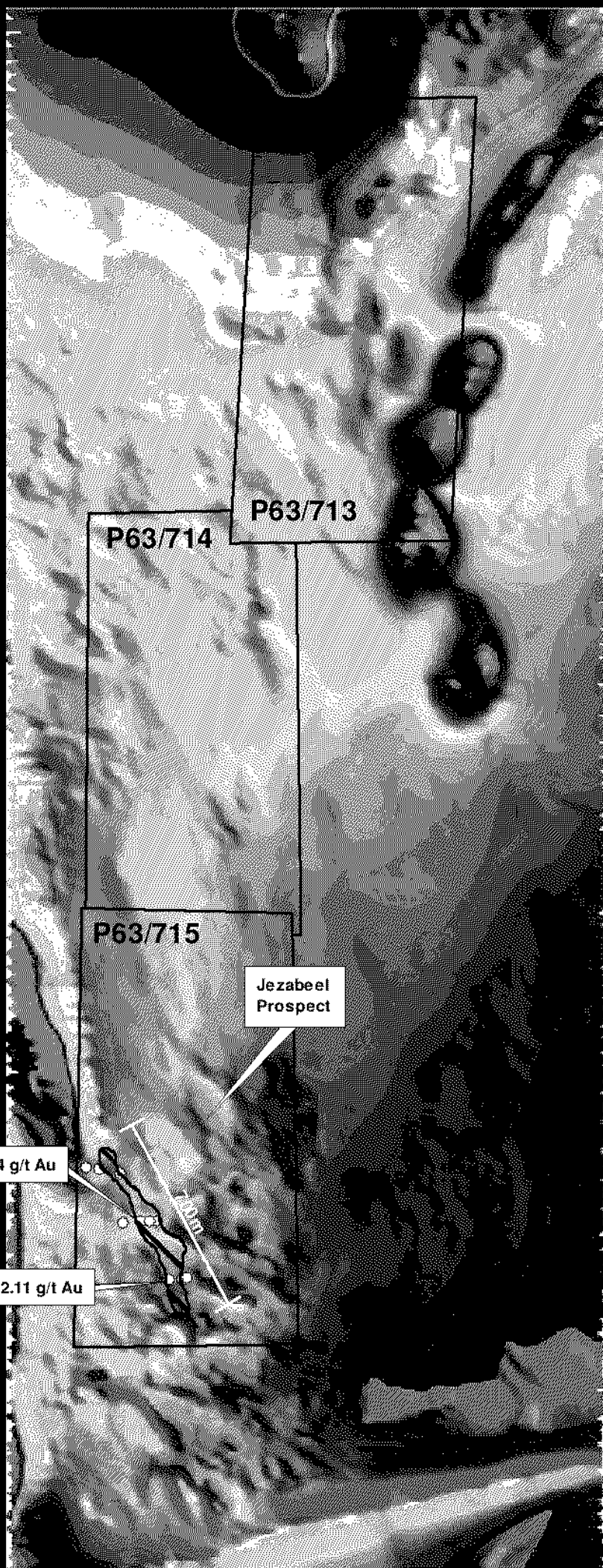
LANDSAT IMAGERY

Drillhole Locations

January 2007

Significant Fe % (Calcined) Assays

Drawn By: ER	Plan No.: RR024c
Checked By: BB	Date: 24/01/07
Projection: NGA Zone 50/GDA 94	Scale: 1:30,000 at A3



Legend

○ RC Drill Holes

 > 0.5g/tAu in drilling



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WATER TANK PROJECT
Aeromagnetics Image
with Jezabel Au intercepts

Drawn By: ER	Plan No.: PR038b
Checked by: BB	Date: 25/01/07
Projection: MGA Zone 51 (GDA94)	Scale: 1:20,000 at A4

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

ROYAL RESOURCES LIMITED

ABN

34 108 102 432

Quarter ended ("current quarter")

31 December 2006

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for		
	(a) exploration and evaluation	(221)	(472)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(64)	(176)
1.3	Dividends received		-
1.4	Interest and other items of a similar nature received	50	80
1.5	Interest and other costs of finance paid		-
1.6	Income taxes paid		-
1.7	Other (provide details if material)		-
	Net Operating Cash Flows	(235)	(568)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	(1)	(4)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(1)	(4)
1.13	Total operating and investing cash flows (carried forward)	(236)	(572)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(236)	(572)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – share issue expenses	-	-
Net financing cash flows		-	-
Net increase (decrease) in cash held		(236)	(572)
1.20	Cash at beginning of quarter/year to date	2,912	3,248
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,676	2,676

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	45
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Not Applicable	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	-
Total	250

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	-	34
5.2 Deposits at call	2,680	2,878
5.3 Bank overdraft	(4)	-
5.4 Other (bank guarantees)	-	-
Total: cash at end of quarter (item 1.22)	2,676	2,912

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)	-	-		
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	50,071,198	41,036,529	-	-
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities (description)	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				

Appendix 5B
Mining exploration entity quarterly report

7.7	Options <i>(description and conversion factor)</i>	20,114,406 23,909,406 4,800,000	20,114,406 23,909,406 ...	Exercise price \$0.20 \$0.20 \$0.20	Expiry date 11/11/2007 11/07/2009 31/01/2011
7.8	Issued during quarter	800,000	-	\$0.20	31/01/2011
7.9	Exercised during quarter	- -	- -	- -	- -
7.10	Expired during quarter	-	-	-	-
7.11	Debentures <i>(totals only)</i>	-	-		
7.12	Unsecured notes <i>(totals only)</i>	-	-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Company Secretary

Date 30 January 2007

Print name:

FRANK DE MARTE

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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