ROYAL RESOURCES LIMITED

ABN 34 108 102 432

NOTICE OF GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Date of Meeting
24 July 2007

Time of Meeting
10.00 am

Place of Meeting
The Celtic Club
48 Ord Street
Western Australia

ROYAL RESOURCES LIMITED
ABN 34 108 102 432

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that the General Meeting of the shareholders of Royal Resources Limited ABN 34 108 102 432 ("Company") will be held at The Celtic Club, 48 Ord Street, Western Australia on 24 July 2007 at 10.00 am Western Standard Time for the purpose of transacting the following business referred to in this Notice of General Meeting.

An Explanatory Memorandum containing information in relation to each of the following Resolutions accompanies this Notice of General Meeting.

Please note terms used in the Resolutions contained in this Notice of General Meeting have the same meaning as set out in the glossary of the Explanatory Memorandum accompanying this Notice.

AGENDA

BUSINESS

Resolution 1 – Approval of the Issue of Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *'That, for the purpose of Listing Rule 7.1 and all other purposes, the Company approves and authorise the Directors to allot and issue up to 20,000,000 fully paid ordinary shares in the capital of the Company at a minimum issue price per share which is at least 80% of the average market price of ordinary shares in the capital of the Company trading on ASX over the last 5 days on which sales were recorded before the day on which the issue was made (or if there is a prospectus relating to the issue, over the last 5 days on which sales in the shares were recorded before the date of the prospectus), on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting."*

The Company will disregard any votes cast on Resolution 1 by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or any associate of those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2 – Approval to Grant Options to a Director – Mr Philip G Crabb

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *'That, for the purpose of section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Philip G Crabb (or his nominee or nominees) 1,000,000 Options on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this Notice of General Meeting."*

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 2 by Mr Philip G Crabb and any associate of Mr Philip G Crabb. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Philip G Crabb or an associate of Mr Philip G Crabb.

Resolution 3 – Approval to Grant Options to a Director – Mr Brian D Richardson

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *'That, for the purpose of section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Brian Richardson (or his nominee or nominees) 2,500,000 Options on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this Notice of General Meeting."*

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 3 by Mr Brian Richardson and any associate of Mr Brian Richardson. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Brian Richardson or an associate of Mr Brian Richardson.

Resolution 4 - Approval to Grant Options to a Director – Mr Frank DeMarte

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *'That, for the purpose of section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Frank DeMarte (or his nominee or nominees) 1,750,000 Options on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this Notice of General Meeting."*

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 4 by Mr Frank DeMarte and any associate of Mr Frank DeMarte. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Frank DeMarte or an associate of Mr Frank DeMarte.

Resolution 5 - Approval to Grant Options to a Director – Mr Rick W Crabb

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *'That, for the purpose of section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Rick W Crabb (or his nominee or nominees) 750,000 Options on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this Notice of General Meeting."*

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 5 by Mr Rick W Crabb and any associate of Mr Rick W Crabb. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Rick W Crabb or an associate of Mr Rick W Crabb.

Resolution 6 - Approval to Grant Options to a Director – Mr Malcolm Randall

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *'That, for the purpose of section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Malcolm Randall (or his nominee or nominees) 750,000 Options on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this Notice of General Meeting."*

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 6 by Mr Malcolm Randall and any associate of Mr Malcolm Randall. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Malcolm Randall or an associate of Mr Malcolm Randall.

By order of the Board

Frank DeMarte
Company Secretary

Dated: 25 June 2007

PROXIES

- Votes at the General Meeting may be given personally or by proxy, attorney or representative.
- A shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
- A proxy may, but need not be a shareholder of the Company.
- The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorising in writing or, if such appointor is a corporation, either under seal or under hand of the officer of his attorney duly authorised.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier of facsimile and must reach the Registered Office of the Company at least 48 hours prior to the General Meeting. For the convenience of shareholders a Proxy Form is enclosed.

For the purposes of regulation 7.11.37 of the Corporations Regulations, the Company determines that members holding ordinary shares at 5.00 pm Western Standard Time on 22 July 2007 will be entitled to attend and vote at the General Meeting.

ROYAL RESOURCES LIMITED
ABN 34 108 102 432

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of General Meeting ("**Notice**") of the Company.

The Directors of the Company ("**Directors**") recommend shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Capitalised terms used in this Explanatory Memorandum are defined in the Glossary appearing at the end of this Explanatory Memorandum.

The following information should be noted in respect of the various matters contained in the accompanying Notice:

RESOLUTION 1 – APPROVAL TO THE ISSUE OF SHARES

Resolution 1 seeks shareholder approval to the issue of up to 20,000,000 Shares at a minimum issue price which is at least 80% of the average market price of Shares trading on ASX over the last 5 days on which sales were recorded before the day on which the issue was made (or if there is a prospectus relating to the issue, over the last 5 days on which sales in the Shares were recorded before the date of the prospectus). The Company proposes to issue the Shares to a number of sophisticated and/or professional investors yet to be determined by the Directors.

Listing Rule 7.1

Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of a company's shares then on issue.

The Shares to be issued pursuant to Resolution 1 will exceed the 15% threshold. Accordingly, shareholder approval under Listing Rule 7.1 is being sought.

Additional Information

In compliance with Listing Rule 7.3, shareholders are advised as follows in relation to the Shares to be issued pursuant to Resolution 1:

(a) the maximum number of Shares to be issued is 20,000,000 Shares;

(b) the Company will allot and issue the Shares no later than three months after the date of the Meeting, or such later date as approved by ASX. The Shares will be allotted on one date;

(c) the Shares will be issued at a minimum issue price which is at least 80% of the average market price of Shares trading on ASX over the last 5 days on which sales were recorded before the day on which the issue was made (or if there is a prospectus relating to the issue, over the last 5 days on which sales in the Shares were recorded before the date of the prospectus)

(d) the Shares to be issued are fully paid ordinary shares which will rank equally with all other existing issued ordinary fully paid shares in the capital of the Company on issue;

(e) the allottees of the Shares will be a number of sophisticated and/or professional investors yet to be determined by the Directors. None of the allottees will be related parties of the Company; and

(f) the funds raised from the issue will be used for:

- costs associated with the staking of the Egnar uranium claims in the USA;
- exploration and evaluation work on Egnar uranium claims;
- evaluation of other uranium opportunities in the USA; and
- working capital and administration expenses.

RESOLUTIONS 2 TO 6 – APPROVAL TO GRANT OPTIONS TO DIRECTORS

The Company proposes to issue a total of 6,750,000 Options to the Directors, or their nominees, as follows:

Director	Number of Options
Philip G Crabb, or his nominee(s)	1,000,000
Brian D Richardson, or his nominee(s)	2,500,000
Frank DeMarte, or his nominee(s)	1,750,000
Rick W Crabb, or his nominee(s)	750,000
Malcolm Randall, or his nominee(s)	750,000
Total	**6,750,000**

The Options have an exercise price of 50 cents each and have an expiry date of 30 June 2012. The terms of the Options are set out in Annexure A to this Explanatory Memorandum.

The grant of Options is designed to encourage the Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. Under the Company's current circumstances the Directors consider that the incentives represented by the grant of these Options are a cost effective and efficient reward and incentive for the Company, as opposed to alternative forms of incentive, such as the payment of additional cash compensation to the Directors.

The number of Options to be granted to each of the Directors has been determined based upon a consideration of:

- the remuneration of the Directors – the Directors wish to ensure that the remuneration offered is competitive with market standards. The Directors have considered the proposed number of Options to be granted will ensure that the Directors' overall remunerations is in line with market standards;

- length of service to the Company; and

- incentives to ensure continuity of service of the Directors who have extensive knowledge of the Company and its assets.

The Directors have determined the exercise price in light of the current share price, which as at 13 June 2007, is 42 cents, providing an appropriate incentive for the Directors.

In the event the Options are exercised, the following amounts will need to be paid to the Company by the Directors:-

Director	Amount to be paid
Philip G Crabb	$500,000
Brian D Richardson	$1,250,000
Frank DeMarte	$875,000
Rick W Crabb	$375,000
Malcolm Randall	$375,000

The Company will therefore receive $3,375,000 from the Directors should all the Options be exercised.

Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

1. the giving of the financial benefits falls within one of the nominated exceptions to the provision; or

2. shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, each of the Directors is considered to be a related party of the Company.

Resolutions 2 to 6 provide for the grant of Options to the Directors which is a financial benefit which requires shareholder approval.

Current Holdings

Set out below are details of each of the Directors' relevant interest in the securities of the Company as at the date of this Notice:

Director	Associates	Number of Shares	Number of 11/11/07 Options ($0.20)	Number of 11/07/09 Options ($0.20)	Number of 31/01/11 Options ($0.20)
Philip G Crabb (Note 1)	Held directly	141,103		-	-
	June W Crabb	4,470	-	-	-
	Barcfin Pty Ltd	7,765	-	-	-
	Darkdale Pty Ltd	560,513	186,838	186,838	-
	Ioma Pty Ltd	3,597,041	1,555,936	1,657,037	1,000,000
	Midland Mines Pty Ltd	7,765	-	-	-
	Gemini Mining Pty Ltd	7,765	-	-	-
	Ragged Range Mining Pty Ltd	2,852,228	-	-	-
	Crabb Superannuation Fund	150,000	-	100,000	-
Brian D Richardson (Note 2)	Held directly	388,718	129,573	129,573	-
	Anne Richardson	162,375	54,125	104,125	1,000,000
Frank DeMarte (Note 3)	Held directly	82,500	27,500	27,500	-
	The DeMarte Family Trust	382,388	127,463	127,463	1,000,000
	The DeMarte Super Fund	68,985	22,995	122,995	-
	Grandeur Holdings Pty Ltd	11,648	3,883	3,883	-
Rick W Crabb (Note 4)	Held directly	355,000	355,000	355,000	-
	The Intermax Trust	289,337	96,446	96,446	1,000,000
	Westessa Holdings Pty Ltd	375,389	48,345	48,345	-
Malcolm Randall (Note 5)	Held directly	-	-	-	-
	Renique Holdings Pty Ltd (Randall Superannuation Fund)	200,000	35,675	85,675	800,000

Notes:

1: Philip Crabb is a sole director of Ragged Range Mining Pty Ltd and a 48% shareholder. June W Crabb is Mr Crabb's wife. 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. Philip Crabb, together with his wife, June Crabb are trustees and beneficiaries of the Crabb Superannuation Fund.

2: Anne Richardson is Mr Richardson's wife.

3. Frank DeMarte is a director of Grandeur Holdings Pty Ltd and a 50% shareholder. Mr DeMarte is a trustee for and beneficiary of the DeMarte Family Trust and the DeMarte Family Superannuation Fund.

4: Rick Crabb is a director, and he and his wife, Carol Crabb, hold 100% of the shares in Westessa Holdings Pty Ltd. Mr Crabb is a trustee for and beneficiary of the Intermax Trust.

5: Malcolm Randall is a director, and he and his wife, Carol Randall, hold 100% of the shares in Renique Holdings Pty Ltd and are beneficiaries of the Randall Superannuation Fund.

INFORMATION REQUIREMENTS

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

The related parties to whom the proposed resolutions would permit the financial benefit to be given:

Subject to shareholder approval, the following number of Options will be granted to the following related parties, or their respective nominees:

Director	**Number of Options**
Philip G Crabb, or his nominee(s)	1,000,000
Brian D Richardson, or his nominee(s)	2,500,000
Frank DeMarte, or his nominee(s)	1,750,000
Rick W Crabb, or his nominee(s)	750,000
Malcolm Randall, or his nominee(s)	750,000
Total	**6,750,000**

The nature of the financial benefit

The proposed financial benefit to be given is the grant of Options for no consideration to the Directors as noted above. The terms and conditions of the Options to be granted to the Directors are set out in Annexure A to this Explanatory Memorandum.

Directors' recommendation

All the Directors were available to make a recommendation. For the reasons noted above:

Messrs Brian Richardson, Frank DeMarte, Rick Crabb and Malcolm Randall (who have no interest in the outcome of Resolution 2) recommend that shareholders vote in favour of Resolution 2. Mr Philip Crabb declines to make a recommendation about Resolution 2 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Options to him or his nominee(s).

Messrs Philip Crabb, Frank DeMarte, Rick Crabb and Malcolm Randall (who have no interest in the outcome of Resolution 3) recommend that shareholders vote in favour of Resolution 3. Mr Brian Richardson declines to make a recommendation about Resolution 3 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Options to him or his nominee(s).

Messrs Philip Crabb, Brian Richardson, Rick Crabb and Malcolm Randall (who have no interest in the outcome of Resolution 4) recommend that shareholders vote in favour of Resolution 4. Mr Frank DeMarte declines to make a recommendation about Resolution 4 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Options to him or his nominee(s).

Messrs Philip Crabb, Brian Richardson, Frank DeMarte and Malcolm Randall (who have no interest in the outcome of Resolution 5) recommend that shareholders vote in favour of Resolution 5. Mr Rick Crabb declines to make a recommendation about Resolution 5 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Options to him or his nominee(s).

Messrs Philip Crabb, Brian Richardson, Frank DeMarte and Rick Crabb (who have no interest in the outcome of Resolution 6) recommend that shareholders vote in favour of Resolution 6. Mr Malcolm Randall declines to make a recommendation about Resolution 6 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Options to him or his nominee(s).

Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors.

The proposed ordinary Resolutions 2 to 6 would have the effect of giving power to the Directors to grant a total of 6,750,000 Options on the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above.

The Company currently has 55,955,628 listed Shares and the following options on issue:

Number	Exercise Price	Expiry Date
18,689,976 (listed)	$0.20	11 November 2007
23,909,406 (listed)	$0.20	11 July 2009
4,800,000 (unlisted)	$0.20	31 January 2011
325,000 (unlisted)	$0.30	30 April 2009

If all Options granted as proposed above are exercised, and assuming all existing options on issue have been exercised, the effect would be to dilute the share holding of existing shareholders by 6.11%. The market price of the Company's Shares during the period of the Options will normally determine whether or not option holders exercise the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Options.

The Directors' base salaries per annum (including superannuation) and the total financial benefit to be received by them in this current period as a result of the grant of Options the subject of Resolutions 2 to 6 (showing the impact of using different volatility assumptions to calculate the value of the Options) are as follows:

Director	Base salary/fee p.a. ($)	Value of Options * ($)	Total Financial Benefit ($)
Philip Crabb	35,000	106,200	141,200
Brian Richardson	35,000	265,500	300,500
Frank DeMarte	50,000	185,850	235,850
Rick Crabb	35,000	79,650	114,650
Malcolm Randall	35,000	79,750	114,650

* utilising a 40% volatility factor discussed in further detail below.

Director	Base salary/fee p.a. ($)	Value of Options * ($)	Total Financial Benefit ($)
Philip Crabb	35,000	146,900	181,900
Brian Richardson	35,000	367,250	402,250
Frank DeMarte	50,000	257,075	307,075
Rick Crabb	35,000	110,175	145,175
Malcolm Randall	35,000	110,175	145,175

* utilising a 60% volatility factor discussed in further detail below.

Director	Base salary/fee p.a. ($)	Value of Options * ($)	Total Financial Benefit ($)
Philip Crabb	35,000	181,900	216,900
Brian Richardson	35,000	454,750	489,750
Frank DeMarte	50,000	318,325	368325
Rick Crabb	35,000	136,425	171,425
Malcolm Randall	35,000	136,425	171,425

* utilising a 80% volatility factor discussed in further detail below.

The above range of valuations is based on the share price of the Company of 40 cents, which is the price of Shares as at the date of the valuation, being 7 June 2007. A further valuation will be undertaken at the date of the actual grant of the Options to the Directors or their respective nominees.

Valuation of Options

The Company's advisers have valued the Options to be granted to the Directors using the Black-Scholes Option Pricing Model ("BSModel"), which is the most widely used and recognised model for pricing options. The acceptance of this model is due to its derivation being grounded in economic theory. The value of an option calculated by the BSModel is a function of a number of variables. Their assessment of the value of the Options has been prepared using the following assumptions:

Variable	Input
Share price	40 cents
Exercise price	50 cents
Risk Free Interest Rate	6.31% (being a 5 year Treasury Bond Rate as at 7 June 2007
Volatility	40-80%
Time (years to expiry)	approximately 5

The valuation date is as at 7 June 2007, although the Options will not be granted until after shareholders approve the grant of the Options at this meeting.

Based on the above assumptions, the technical ranges of values in cents of one Option (after applying a discount of 30% for lack of negotiability) to be granted to the Directors are as follows:

40% Volatility	60% Volatility	80% Volatility
10.62 cents	14.69 cents	18.19 cents

Any change in the variables applied in the Black and Scholes calculation between the date of the valuation and the date the Options are granted would have an impact on their value.

The following table gives details of the highest, lowest and latest price of the Company's Shares trading on ASX over the past 12 months ending on 13 June 2007:

Security	Highest Price ($)	Date of highest price	Lowest Price ($)	Date of lowest price	Latest Price on 13 June 2007 ($)
Ordinary Shares	49 cents	18 May 2007	15.5 cents	23 June 2006	42 cents

Other Information

Under the Australian Equivalent of IFRS, the Company is required to expense the value of the Director Options in its statement of financial performance for the current financial year. Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options pursuant to Resolutions 2 to 6.

Neither the Directors not the Company are aware of other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by the proposed resolutions.

Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires shareholders to approve the grant of Options to the Directors.

Additional Information

In compliance with Listing Rule 10.13, shareholders are advised as follows in relation to the Options to be granted pursuant to Resolutions 2 to 6:

(a) the Options will be granted to the Directors, or their nominees, as noted above;

(b) the maximum number of Options to be granted is 6,750,000;

(c) the Options will be allotted and granted on a date which will be no later than 1 month after the date of this Meeting, or such later date as approved by ASX;

(d) the Options will be granted for no consideration;

(e) no funds will be raised by the grant of the Options; and

(f) the terms and conditions of the Options are set out in Annexure A to this Explanatory Memorandum.

If approval is given for the grant of the Options under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

GLOSSARY

The following terms have the following meanings in this Explanatory Memorandum:

"ASIC" means the Australian Securities and Investments Commission;

"ASX" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"Board" means the board of Directors;

"**Company**" means Royal Resources Limited ABN 34 108 102 432;

"**Corporations Act**" means Corporations Act 2001 (Cth);

"**Director**" means a director of the Company;

"Listing Rules" means the Listing Rules of the ASX;

"**Notice**" means the Notice of General Meeting accompanying this Explanatory Memorandum;

"Option" means an option to acquire a Share, the terms and conditions of which are set out in Annexure A to the Explanatory Memorandum accompanying this Notice of General Meeting;

"**Share**" means a fully paid ordinary share in the capital of the Company; and

"**WST**" means Australian Western Standard Time.

ANNEXURE A

TERMS AND CONDITIONS OF OPTIONS

The terms and conditions of the Options are:

1. Each Option will be issued for no consideration;

2. Each Option has an exercise price of $0.50;

3. Each Option entitles the option holder ("**Option holder**") to subscribe for and be allotted one fully paid ordinary share ("**Share**") in the capital of Royal Resources Limited ("**ROY**") at the exercise price for the Option;

4. The Options are exercisable at any time on or prior to 5.00 pm Western Standard Time on 30 June 2012 ("**Expiry Date**") by completing a notice in writing ("**Notice of Exercise**") stating the intention of the Option holder to exercise all or a specified number of Options held by him and delivering it to the registered office of ROY accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice of Exercise must be received by the Company before the Expiry Date. An Option not exercised before the Expiry Date will lapse. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by him;

5. The Options are not assignable or transferable without the prior written consent of the directors of ROY and will not be listed on the ASX;

6. All Shares issued upon exercise of the Options will rank pari passu in all respects with ROY's then issued Shares. ROY will apply for official quotation by ASX of all Shares issued upon exercise of the Options;

7. There are no participating rights or entitlements inherent in the Options and the Option holder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options unless the Options are first exercised in accordance with these terms and conditions.

8. In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of ROY prior to the Expiry Date, the rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation;

9. If there is a pro rata issue (except a bonus issue) to ROY shareholders, the exercise price of an Option will be reduced according to the following formula:

$$O^n = O - \frac{E\,[(P-(S + D)]}{N + 1}$$

Where:

O^n = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying securities into which one Option is exercisable;

P = the average market price of Shares (weighted by reference to volume) sold in the ordinary course of trading on ASX during the five trading days ending on the day before the ex rights date or the ex entitlements date;

S = the subscription price for new Shares issued under the pro rata issue;

D = any dividends due but not yet paid on the existing Shares (except those to be issued under the pro rata issue); and

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

10. If there is a bonus issue to ROY shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue; and

11. Shares allotted and issued pursuant to the exercise of the Options will be allotted and issued on the above terms and conditions not more than 14 days after the receipt of a properly executed Notice of Exercise and the exercise price in respect of the Option.

ROYAL
RESOURCES LTD

ABN: 34 108 102 432

Proxy Form

All correspondence to:
Computershare Investor Services Pty Limited
GPO Box D182 Perth
Western Australia 6840 Australia
Enquiries (within Australia) 1300 557 010
(outside Australia) 61 3 9415 4000
Facsimile 61 8 9323 2033
www.computershare.com

Mark this box with an 'X' if you have made any changes to your address details (see reverse)

000001
000
ROY
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)

I 1234567890 IND

Appointment of Proxy

I/We being a member/s of Royal Resources Limited and entitled to attend and vote hereby appoint

the Chairman of the Meeting (mark with an 'X') **OR**

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Royal Resources Limited to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Tuesday, 24 July 2007 at 10:00am (WST) and at any adjournment of that meeting.

IMPORTANT: FOR ITEM 2 BELOW

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Item 2 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of Item 2 and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 2 and your votes will not be counted in computing the required majority if a poll is called on Item 2. The Chairman of the Meeting intends to vote undirected proxies in favour of all items.

Voting directions to your proxy - please mark X to indicate your directions

		For	Against	Abstain*
Item 1	Approval to Issue Shares			
Item 2	Approval to Grant Options to a Director - Mr Philip G Crabb			
Item 3	Approval to Grant Options to a Director - Mr Brian D Richardson			
Item 4	Approval to Grant Options to a Director - Mr Frank DeMarte			
Item 5	Approval to Grant Options to a Director - Mr Rick W Crabb			
Item 6	Approval to Grant Options to a Director - Mr Malcolm Randall			

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Appointing a second Proxy

I/We wish to appoint a second proxy

Mark with an 'X' if you wish to appoint a second proxy. **AND** % **OR**

State the percentage of your voting rights or the number of securities for this Proxy Form.

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Individual/Sole Director and Sole Company Secretary	Director	Director/Company Secretary

In addition to signing the Proxy Form in the above box(es) please provide the information below in case we need to contact you.

Contact Name

Contact Daytime Telephone

Date / /

ROY 7PR

How to complete the Proxy Form

1 Your Address

This is your address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

(a) indicate that you wish to appoint a second proxy by marking the box.

(b) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(c) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry or at **www.computershare.com**.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 10:00am (WST) on Tuesday, 24 July 2007. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

IN PERSON	Registered Office - Level 3, IBM Building , 1060 Hay Street, WEST PERTH WA 6005 AUSTRALIA
BY MAIL	Registered Office - PO Box 7363, Cloisters Square, PERTH WA 6850 AUSTRALIA
BY FAX	61 8 9321 9670