ASX ANNOUNCEMENT

31 October 2007

Royal Resources Limited
ABN 34 108 102 432

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FIRST QUARTER ACTIVITIES & CASHFLOW REPORT 30 SEPTEMBER 2007

IRON ORE

- Drilling commences on the Shine, Gap and Lister hematite prospects within Warriedar Joint Venture.
- Exploration of the Pilbara iron ore projects progressing. Native Title agreement reached on the Marillana and Perishing iron ore tenements.

URANIUM USA

- Four (4) uranium projects acquired in the States of Colorado and Utah covering an area of approximately 197 km^2.
- Strategic new uranium joint venture formed – GeoLynx - with Colorado registered company Geomininc.
- Negotiations underway to acquire uranium resources in Colorado and Utah.

GOLD AND BASE METALS

- Rothsay gold project sold to Silver Lake Resources Limited.
- Water Tank gold project under Farm-in Agreement with new gold company.

Royal Resources Limited ("Royal") holds a substantial number of tenements in the Midwest region of Western Australia where it has been exploring for iron ore since the Company's listing in April 2006. Royal acquired a further eight tenements in the Pilbara region of Western Australia where the focus is also on iron ore.

In the Midwest region Royal has tenements covering about 470 square kilometres with a further 130 square kilometres in two joint ventures – an iron ore joint venture with Gindalbie Metals Limited (60%) and a gold joint venture with Monarch Gold Mining Limited (60%). Royal's (40%) interest in the joint ventures is free carried up to the definition of mineral resources or expenditure commitments being met.

In April 2007 Royal announced that it had entered into an Option and Joint Venture Agreement with Lynx2 LLC ("Lynx") based in Salt Lake City, Utah, USA with the sole purpose of acquiring uranium projects and other mineral properties. These projects are progressing and Royal has made a number of announcements on this. On 30 August 2007 Royal further announced that Royal and its existing joint venture partner, Lynx2, had entered into a strategic joint venture with Geomininc to explore for and develop uranium deposits in the Thirtynine Mile Volcanic field in central Colorado, USA.

Royal is continuing to advance its wholly owned exploration projects. The results of these studies and exploration programs are provided below.

WARRIEDAR JOINT VENTURE – IRON ORE

In April 2007 Royal announced to ASX Limited ("ASX") that joint venture partner, Gindalbie Metals Limited ("Gindalbie") had made a number of significant hematite discoveries within the joint venture. The discoveries are the first prospective areas located outside of the Blue Hills / Mungada / Karara areas located in the southern area of the Warriedar Banded Iron Formation ("BIF") stratigraphy. (See Warriedar prospect map).

Gindalbie have completed all the necessary survey work required under statutory regulations to proceed to the next stage of assessing the prospects by reverse circulation drilling. In late September 2007 the approvals for clearing and drilling were received by Gindalbie from the Department of Industry and Resources (DOIR) and drilling commenced on 1 October 2007. The results of this work will be reported to the market throughout the next quarter.

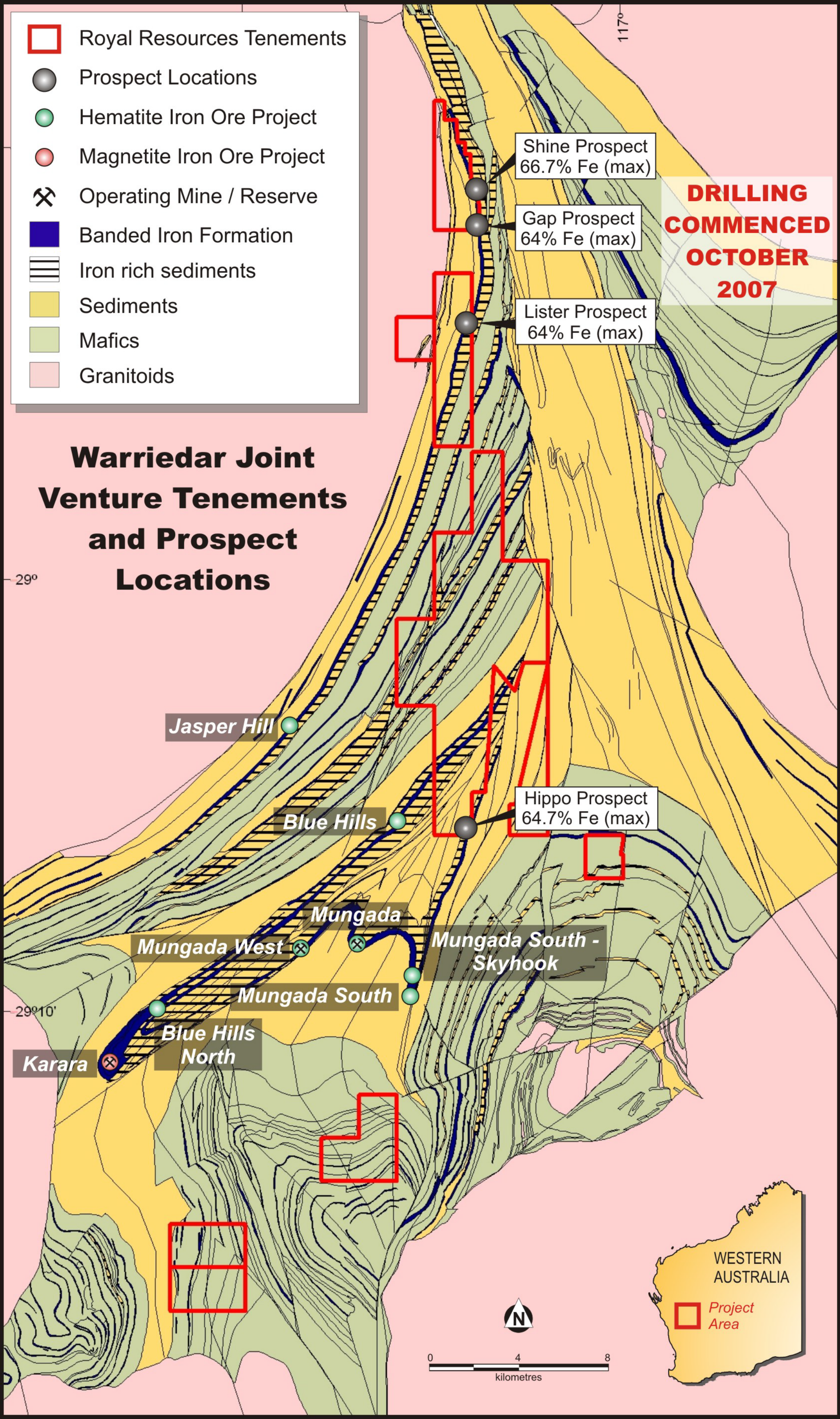
WARRIEDAR JOINT VENTURE - GOLD

Monarch Gold Mining Limited are presently increasing their gold exploration studies with the Warriedar greenstone belt to extend the gold resource base they have identified. The marked upward movement in the gold price over the last year has provided a strong incentive to increase the gold resources and to make full utilisation of their Minjar gold processing plant. Royal (40%) is free carried in this joint venture up to the identification of 50,000 ounces of gold.

PILBARA IRON ORE PROJECT

Royal holds a 100% interest in eight tenements in the Pilbara region where the primary focus is iron ore resources. Three tenements are part of the Prairie Downs project located about 15 kilometres to the west of the world class Mount Whaleback iron ore mine at Newman. The five remaining projects are located to the north and west of Newman.

In the previous quarter a field reconnaissance was undertaken which confirmed that all tenements wrere prospective for iron ore and rock chip sampling confirmed that the areas sampled were mineralised.


Royal Resources Tenements
Prospect Locations
Hematite Iron Ore Project
Magnetite Iron Ore Project
Operating Mine / Reserve
Banded Iron Formation
Iron rich sediments
Sediments
Mafics
Granitoids
Warriedar Joint Venture Tenements and Prospect Locations
117°
29°
29°10'
Shine Prospect
66.7% Fe (max)
Gap Prospect
64% Fe (max)
Lister Prospect
64% Fe (max)
DRILLING COMMENCED OCTOBER 2007
Hippo Prospect
64.7% Fe (max)
Jasper Hill
Blue Hills
Mungada
Mungada West
Mungada South - Skyhook
Mungada South
Blue Hills North
Karara
N
0
4
8
kilometres
WESTERN AUSTRALIA
Project Area

In the present quarter negotiations were completed with the Native Title Claimants, the Innawonga, over the Marillana and Perishing project areas. This agreement will now allow the tenements to proceed through the granting process and enable Royal to plan and execute its exploration programs. Further studies are planned for the remaining project areas in the next quarter.

USA URANIUM EXPLORATION JOINT VENTURES

On 4 April 2007, Royal announced that it had entered into an Option and Joint Venture Agreement with Lynx2 LLC (“Lynx”) of Salt Lake City, Utah, USA. The purpose of the joint venture is to identify and acquire uranium and other mineral properties in the USA for exploration and development.

Since the initial April 2007 announcement Royal and its joint venture partners have undertaken a highly aggressive project acquisition program and a total of four (4) prospective uranium projects are now owned by the joint venture. A summary of the projects follows:

Egnar Project, Colorado, USA.

The Egnar project consists of 742 unpatented lode claims covering an area of approximately 85.7 km^2 (~ 21,177 acres) located in south-western Colorado and south-eastern Utah. (See Location map.). The claims are located on the Colorado Plateau within the Uravan Mineral Belt, one of the largest and oldest uranium-vanadium mining districts in the USA. The Uravan has produced over 30% of US uranium production and includes approximately 2,500 historically recorded uranium mining operations.

The total estimated production from the mines in the Egnar – Slick Rock region is well over 35,000 tonnes of U_3O_8 (uranium oxide) with some of the larger mines producing over 30 million lbs (13,600 tonnes) of U_3O_8.

Wray Mesa Project, Colorado and Utah, USA.

The Wray Mesa project consists of 622 unpatented lode mining claims covering about 52.4 km^2 (~12, 948 acres) in south-western Colorado and Utah. The project is located approximately 30 kilometres to the north-west of the Egnar Project and is underlain by the same geological formations as the Egnar Project. (See Location map.)

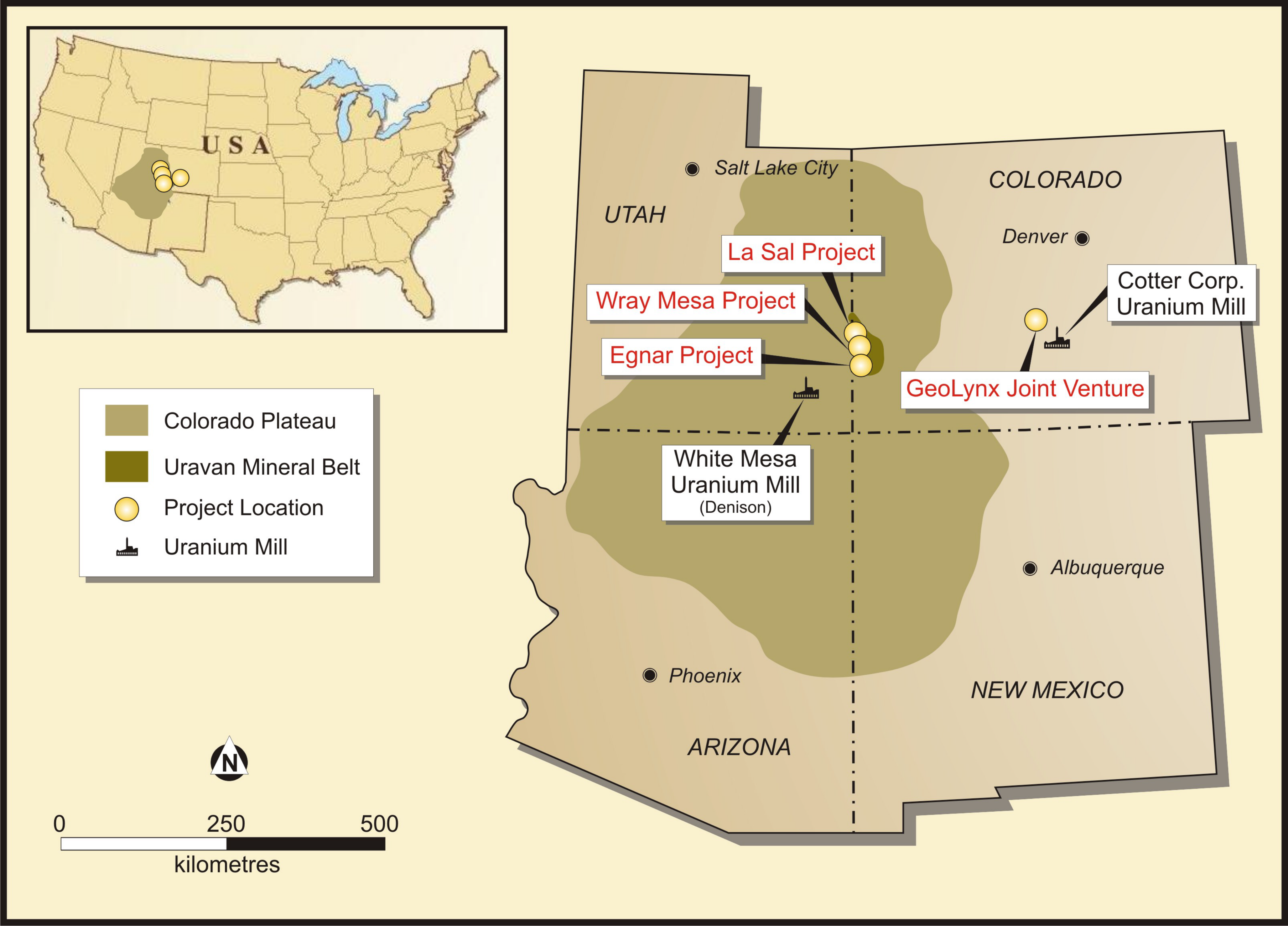
La Sal Project, Colorado and Utah, USA.

The La Sal Project consists of 580 unpatented lode mining claims covering some 48.7 km^2 (~ 12,034 acres) in the south-western Colorado and south-eastern Utah. The La Sal uranium project is located approximately 7 kilometres north-west of the Wray Mesa project and 30 kilometres north-west of the Egnar project. (See Location map.).

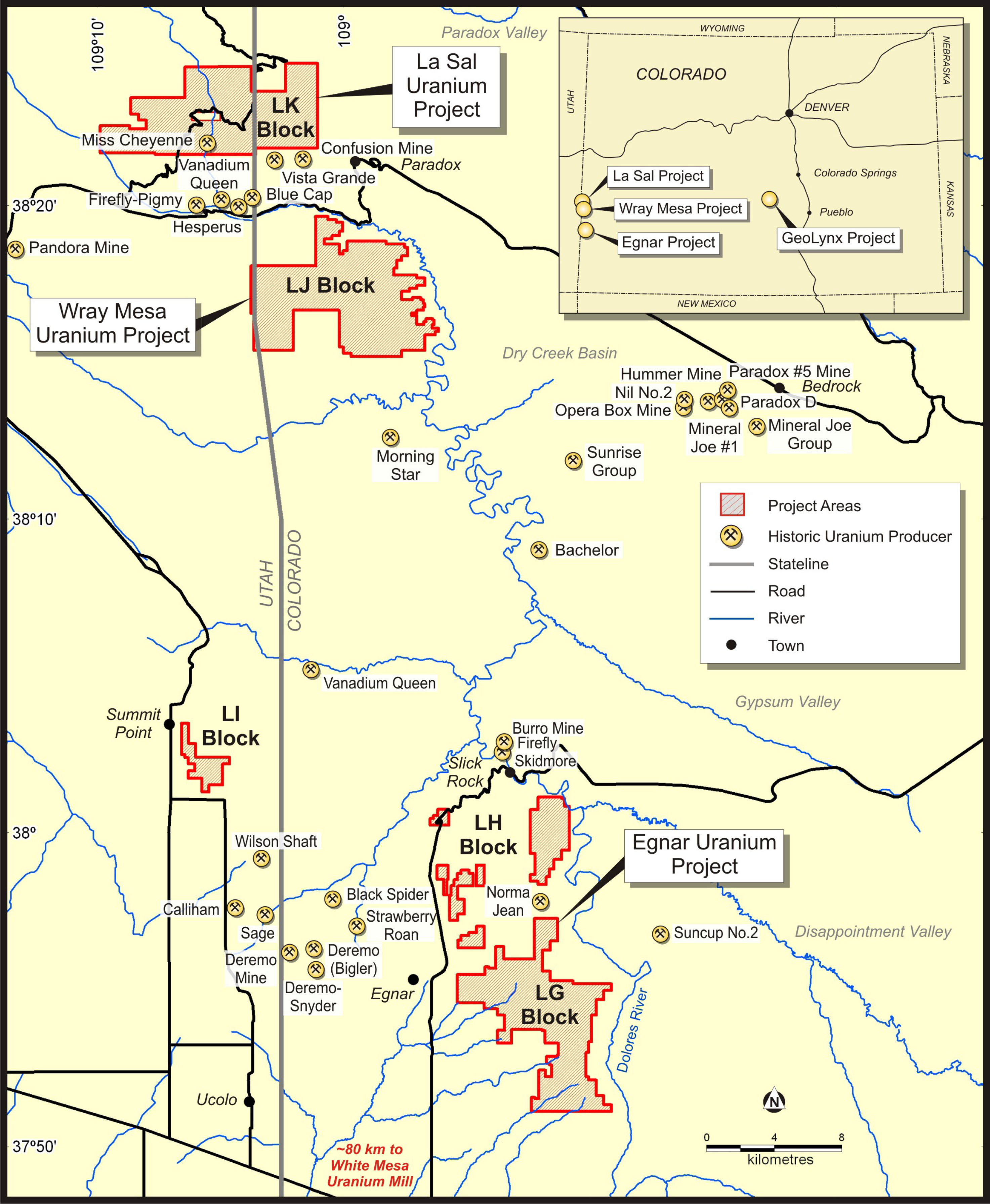
Thirtynine Mile Volcanic Field, Colorado, USA.

The Thirtynine Mile uranium project is located in central Colorado and consists of 121 unpatented lode mining claims covering approximately 10 km^2 (~2,460 acres). The claims are located in the Tallahassee Creek area about 130 kilometres south-west of Denver, Colorado. The project area is located along strike and down channel from the 30 million lbs Hansen uranium deposit and the 42 million lbs Taylor Ranch uranium resource. The claim area contain a part of the small but high grade historical uranium mine, the First and last Chance mine (past production – 117,000 lbs at an average grade of 6.6 lbs/tonne U_3O_8 .

The Thirtynine Mile uranium project is strategic alliance (Geolynx Joint Venture) between the Royal–Lynx2 LLC partnership and a Colorado registered company Geomininc to explore for and develop uranium deposits in the Thirtynine Mile Volcanic Field.



USA
UTAH
COLORADO
ARIZONA
NEW MEXICO
Salt Lake City
Denver
Albuquerque
Phoenix
La Sal Project
Wray Mesa Project
Egnar Project
GeoLynx Joint Venture
Cotter Corp.
Uranium Mill
White Mesa
Uranium Mill
(Denison)
Colorado Plateau
Uravan Mineral Belt
Project Location
Uranium Mill
N
0
250
500
kilometres



109°10'
109°
Paradox Valley
La Sal Uranium Project
LK Block
Miss Cheyenne
Confusion Mine
Paradox
Vanadium Queen
Vista Grande
Blue Cap
Firefly-Pigmy
Hesperus
38°20'
Pandora Mine
LJ Block
Wray Mesa Uranium Project
WYOMING
COLORADO
NEBRASKA
UTAH
DENVER
Colorado Springs
KANSAS
Pueblo
La Sal Project
Wray Mesa Project
Egnar Project
GeoLynx Project
NEW MEXICO
Dry Creek Basin
Hummer Mine
Paradox #5 Mine
Bedrock
Nil No.2
Opera Box Mine
Paradox D
Mineral Joe #1
Mineral Joe Group
Morning Star
Sunrise Group
38°10'
Project Areas
Historic Uranium Producer
Stateline
Road
River
Town
Bachelor
UTAH
COLORADO
Vanadium Queen
Gypsum Valley
Summit Point
LI Block
Burro Mine
Firefly
Skidmore
Slick Rock
LH Block
38°
Wilson Shaft
Egnar Uranium Project
Black Spider
Norma Jean
Calliham
Sage
Strawberry Roan
Suncup No.2
Disappointment Valley
Deremo Mine
Deremo (Bigler)
Deremo-Snyder
Egnar
LG Block
Dolores River
Ucolo
N
0
4
8
kilometres
37°50'
~80 km to White Mesa Uranium Mill

GOLD

Sale of Rothsay Gold Project – Midwest Region, WA

On 3 September 2007 an announcement was made to the ASX that Royal had sold its 85% interest in the Rothsay Gold Project and surrounding tenements to Silver lake Resources Limited ("Silver Lake") for a consideration of $935,000. The remaining 15% interest of the joint venture owned by Central West Gold Limited will also be acquired by Silver Lake.

The acquisition will be satisfied by cash payments of $680,000 and the issue of 850,000 fully paid shares in the capital of Silver Lake at an issue price of 30 cents each on or before the 30 November 2007.

In addition to the purchase consideration, a royalty of $8.50 per ounce of gold extracted form the Rothsay Gold Assets will be payable by Silver Lake after the initial production of 10,000 ounces of gold up to a maximum royalty of $595,000.

Water Tank Gold Project, Norseman, WA

The Water Tank Gold project is located about 5 kilometres to the east of Norseman in the Eastern Goldfields. Although the project is one of Royal's more prospective gold projects is occurs in isolation and away from our other major project areas.

Royal has recently entered into a Farm-in Agreement with an unlisted public company Mallee Gold Limited. Mallee Gold Limited is a gold exploration company with a number of gold project in the Norseman region.

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.

Rule 5.3

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	Quarter ended ("current quarter")
34 108 102 432	**30 September 2007**

Consolidated statement of cash flows

	Cash flows related to operating activities		Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from product sales and related debtors			
1.2	Payments for	(a) exploration and evaluation	(1,557)	(1,557)
		(b) development	-	-
		(c) production	-	-
		(d) administration	(61)	(61)
1.3	Dividends received			-
1.4	Interest and other items of a similar nature received		14	14
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		(1,604)	(1,604)
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a)prospects	-	-
		(b)equity investments	-	-
		(c)other fixed assets	(29)	(29)
1.9	Proceeds from sale of:	(a)prospects	102	102
		(b)equity investments	-	-
		(c)other fixed assets	-	-
1.10	Loans to other entities		-	-
1.11	Loans repaid by other entities		-	-
1.12	Other – placement of security deposits		(54)	(54)
	Net investing cash flows		19	19
1.13	Total operating and investing cash flows (carried forward)		(1,585)	(1,585)

1.13	Total operating and investing cash flows (brought forward)	(1,585)	(1,585)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,174	2,174
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	1,000	1,000
1.17	Repayment of borrowings	(367)	(367)
1.18	Dividends paid	-	-
1.19	Other – share issue expenses	-	-
	Net financing cash flows	2,807	2,807
	Net increase (decrease) in cash held	1,222	1,222
1.20	Cash at beginning of quarter/year to date	1,736	1,736
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	2,958	2,958

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	64
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	1,000
4.2	Development	-
	Total	1,000

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	2,865	406
5.2	Deposits at call	93	1,330
5.3	Bank overdraft	-	-
5.4	Other (bank guarantees)	-	-
	Total: cash at end of quarter (item 1.22)	2,958	1,736

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	Baron Watertank Tallering	P59/1369-73 E63/713-15 E59/1117	100% 100% 37 blocks	Nil Nil 19 blocks
6.2	Interests in mining tenements acquired or increased	Baron Pinyalling Watertank Thatcher Wellington	P59/1752-56 E59/1269 P63/1361-63 E59/1262 E59/1263	Nil Nil Nil Nil Nil	100% 100% 100% 100% 100%

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**	67,196,051	60,661,392	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	10,820,173 30,000	10,820,173 30,000	0.20 0.32	0.20 0.32
7.5	**+Convertible debt securities** (*description)*	-	-	-	-

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*			***Exercise price***	***Expiry date***
		8,444,213	8,444,213	$0.20	11/11/2007
		22,984,746	22,984,746	$0.20	11/07/2009
		4,800,000	-	$0.20	31/01/2011
		295,000	-	$0.32	30/04/2009
		6,750,000	-	$0.50	30/06/2012
7.8	Issued during quarter	6,750,000	-	$0.50	30/06/2012
7.9	Exercised during quarter	9,895,513	9,895,513	$0.20	11/11/2007
		924,660	924,660	$0.20	11/07/2009
		30,000	30,000	$0.32	30/04/2009
7.10	Expired during quarter	-	-	-	-
7.11	**Debentures** *(totals only)*	-	-		
7.12	**Unsecured notes** *(totals only)*	-	-		

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 31 October 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 infor5mation 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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