ROYAL
RESOURCES LIMITED

INTERIM FINANCIAL STATEMENTS
31 DECEMBER 2009

ROYAL RESOURCES LIMITED
ABN 74 950 465 654

INTERIM FINANCIAL STATEMENTS – 31 DECEMBER 2009

CONTENTS

ROYAL RESOURCES LIMITED
ABN 34 108 102 432

CORPORATE DIRECTORY

DIRECTORS	Philip G Crabb	(Chairman)
	Marcus Flis	(Managing Director)
	Frank DeMarte	(Executive Director)
	Brian D Richardson	(Non Executive Director)
	Malcolm J Randall	(Non Executive Director)

COMPANY SECRETARY — Frank DeMarte

REGISTERED OFFICE

Level 3, IBM Building
1060 Hay Street
WEST PERTH WA 6005

Telephone: (08) 9322 8542
Facsimile: (08) 9322 6577

Email: info@royalresources.com.au
Website: www.royalresources.com.au

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

AUDITORS

Stantons International
Level 1, 1 Havelock Street
WEST PERTH WA 6005

STOCK EXCHANGE LISTING

The Company's shares are listed and quoted on the Australian Securities Exchange Limited ("ASX").

Home Exchange: Perth, Western Australia

ASX Codes: ROY
ROYOA

ROYAL RESOURCES LIMITED
ABN 34 108 102 432

DIRECTORS' REPORT

The directors present their financial statements for the half year ended 31 December 2009.

DIRECTORS

The names of the Company's directors in office during the half year and until the date of this statement are set out below. Directors were in office for this entire period unless otherwise stated.

Philip G Crabb	(Chairman)	
Marcus Flis	(Managing Director)	(Appointed 11 August 2009)
Frank DeMarte		
Brian D Richardson		
Rick W Crabb		(Resigned 11 August 2009)
Malcolm J Randall		

RESULT

The operating loss of the Consolidated Entity after tax for the period ended 31 December 2009 was $1,857,099 (2008: $5,540,163).

REVIEW OF OPERATIONS

During the period, the Company continued its iron ore and uranium exploration activities in Australia and its uranium exploration activities in the United States of America.

Subsequent to the acquisition of the highly prospective Razorback Iron project in November 2009, located in South Australia, the Company has commenced field work and data acquisition on the project area.

EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the half year, the Directors are not aware of any matter or circumstance not otherwise dealt with in the Directors Report or the Financial Statements, that has significantly or may significantly affect, the state of affairs or operations of the Group in the future financial periods with the exception of the following, the financial effects of which have not been provided for in the 31 December 2009 Financial Report:

(a) Exercise of Options

In February 2010, 1,266 quoted options exercisable at 10 cents each expiring on 31 October 2011 and 100,000 unquoted options exercisable at 10 cents each expiring on 31 December 2011 were exercised.

In March 2010, 311,332 quoted options exercisable at 10 cents each expiring on 31 October 2011 were exercised.

(b) Expiry of Options

In March 2010, 250,000 unquoted options exercisable at 20 cents each expiring on 9 March 2010 and 500,000 unquoted options exercisable at 40 cents each expiring on 9 March 2010 expired.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the Directors of Royal Resources Limited is set out on page 3 and forms part of the Directors' Report for the period ended 31 December 2009.

This statement is signed in accordance with a resolution of the Directors:

Frank DeMarte
Director

Perth, Western Australia
15 March 2010

Stantons International
ABN 41 103 088 697
LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

15 March 2010

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

Dear Sirs

RE: ROYAL RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Royal Resources Limited.

As Audit Director for the review of the financial statements of Royal Resources Limited for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully
STANTONS INTERNATIONAL
(Authorised Audit Company)

J P Van Dieren
Director

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Notes	Consolidated 31 December 2009 $	31 December 2008 $
REVENUE FROM CONTINUING OPERATIONS			
Finance revenue	3(a)	79,771	126,210
Other income	3(b)	1,890,869	3,004,852
		1,970,640	3,131,062
EXPENDITURE			
Depreciation and amortisation expenses		(56,529)	(115,453)
Employee benefits expenses	3(c)	(524,682)	(316,379)
Exploration expenses	3(d)	(1,660,646)	(7,371,265)
Other expenses	3(e)	(1,585,882)	(868,128)
Profit/(Loss) from continuing operations before income tax expense		(1,857,099)	(5,540,163)
Income tax expense		-	-
Net Profit/(Loss) from continuing operations for the period		(1,857,099)	(5,540,163)
Other comprehensive income			-
Available for sale financial assets		(202,500)	(42,500)
Foreign currency translation difference		(112,017)	1,146,258
Total comprehensive income/(loss) for the period		(2,171,616)	(4,436,405)
Net Profit/(Loss) attributable to:			
Members of the parent entity		(1,857,099)	(5,540,163)
Comprehensive income/(loss) attributable to:			
Members of the parent entity		(2,171,616)	(4,436,405)
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the parent entity:		Cents per share	Cents per share
• Basic earnings/(loss) for the half-year		(1.50)	(5.99)
• Diluted earnings/(loss) for the half-year		(1.50)	(5.99)

The accompanying condensed notes form part of the financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Notes	Consolidated 31 December 2009 $	30 June 2009 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	10,093,589	2,583,802
Trade and other receivables		66,433	16,604
Total Current Assets		10,160,022	2,600,406
Non-Current Assets			
Other receivables		87,971	706,721
Other financial assets		2,910,000	1,731,900
Property, plant and equipment		250,656	264,201
Exploration and evaluation expenditure		7,177,497	2,056,917
Intangibles		20,076	28,073
Total Non-Current Assets		10,446,200	4,787,812
TOTAL ASSETS		20,606,222	7,388,218
LIABILITIES			
Current Liabilities			
Trade and other payables		247,571	99,271
Provisions		60,802	39,662
Total Current Liabilities		308,373	138,933
TOTAL LIABILITIES		308,373	138,933
NET ASSETS		20,297,849	7,249,285
EQUITY			
Contributed equity	7	29,265,214	15,709,716
Reserves		6,978,685	5,628,520
Accumulated losses		(15,946,050)	(14,088,951)
TOTAL EQUITY		20,297,849	7,249,285

The accompanying condensed notes forms part of the financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Notes	Consolidated 31 December 2009 $	31 December 2008 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(312,050)	(475,806)
Other revenue received		2,656	8,669
Interest received		71,424	126,210
Interest paid		(155)	(11)
Net cash flows used in operating activities		(238,125)	(340,938)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for exploration and evaluation expenditure		(2,008,119)	(3,240,891)
Payment for mineral tenements		(4,950,000)	-
Payments for plant and equipment		(58,935)	(17,204)
Payments for intangibles		(8,229)	(36,920)
Proceeds from sale of property, plant and equipment		24,901	46,938
Proceeds from disposal of tenements		15,000	2,000,000
Proceeds from disposal of investments		492,613	-
Placement of security deposits		(2,000)	(129,838)
Redemption of security deposits		620,750	-
Net cash flows (used in)/from investing activities		(5,874,019)	(1,377,915)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		14,239,749	-
Share issue costs		(684,251)	-
Net cash flows from/(used in) financing activities		13,555,498	-
Net (decrease)/increase in cash and cash equivalents		7,443,354	(1,718,853)
Cash and cash equivalents at the beginning of period		2,583,802	5,607,418
Exchange differences on cash balances held		66,433	252,772
Cash and cash equivalents at the end of period	6	10,093,589	4,141,337

The accompanying condensed notes forms part of the financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Consolidated	Equity $	Accumulated losses $	Option Reserve $	Share Based Payments Reserve $	Fair Value Reserve $	Foreign Currency Reserve $	Total $
Balance at 1 July 2009	15,709,716	(14,088,951)	1,007,941	3,409,780	202,500	1,008,299	7,249,285
Total comprehensive income for the period							
(Loss) for the period	-	(1,857,099)	-	-	-	-	(1,857,099)
Foreign currency translation difference	-	-	-	-	-	(112,017)	(112,017)
Reversal of fair value reserve on disposal of asset	-	-	-	-	(202,500)	-	(202,500)
Total comprehensive loss for the period	-	(1,857,099)	-	-	(202,500)	(112,017)	(2,171,616)
Transactions with owners recorded directly in equity:							
Contributions of equity, net of transaction costs	13,555,498	-	-	-	-	-	13,555,498
Recognised value of share based payments	-	-	-	1,664,682	-	-	1,664,682
Balance at 31 December 2009	29,265,214	(15,946,050)	1,007,941	5,074,462	-	896,282	20,297,849

Parent	Equity $	Accumulated losses $	Option Reserve $	SBP Reserve $	Fair Value Reserve $	Foreign Currency Reserve $	Total $
Balance at 1 July 2008	15,709,716	(8,256,172)	1,007,941	2,976,784	8,500	-	11,446,769
Total comprehensive income for the period							
(Loss) for the period	-	(5,540,163)	-	-	-	-	(5,540,163)
Foreign currency translation difference	-	-	-	-	-	1,146,258	1,146,258
Net unrealised loss on available for sale financial asset	-	-	-	-	(42,500)	-	(42,500)
Total comprehensive loss for the period	-	(5,540,163)	-	-	(34,000)	1,146,258	(4,436,405)
Transactions with owners recorded directly in equity:							
Recognised value of share based payments	-	-	-	316,379	-	-	316,379
Balance at 31 December 2008	15,709,716	(13,796,335)	1,007,941	3,293,163	(34,000)	1,146,258	7,326,743

The accompanying condensed notes forms part of the financial statements

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Basis of Preparation

The consolidated half-year financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by Royal Resources Limited and its controlled entities during the period ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

The half year financial report complies with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial reporting Standard IAS 34 "Interim Financial Reporting".

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in Accounting Policy

The Company has adopted all new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial statement on the basis that they represent a significant change in information from that previously made available and are detailed below.

Presentation of Financial Statements
AASB 101 prescribes the contents and structure of financial statements. Changes reflected in this financial report include:

- the replacement of the Income Statement which the Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Change in Equity;
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income; and
- other financial statements are renamed in accordance with the Standard.

Other accounting standards which are effective for this accounting period include *AASB 3 – Business Combinations* and *AASB 8*

Segment Reporting

The consolidated entity has applied AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 requires the entity to identify operating segments and disclose segment information on the basis of internal reports that are provided to, and reviewed by, the chief operating decision maker of the consolidated entity to allocate resources and assess performance. In the case of the consolidated entity, the chief operating decision maker is the Board of Directors. Operating segments now represent the basis on which the Company reports its segment information to the Board on a monthly basis. The change in policy has not resulted in a change to the disclosure presented.

Business combinations

Revised AASB 3 Business Combinations and AASB 127 Consolidated and Separate Financial Statements apply prospectively from 1 July 2009. Changes introduced by these standards which are expected to affect the Company, include the following:

- Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation;
- Any non-controlling interest (previously known as minority interest) in an acquiree is measured at either fair value or as the non-controlling interest's proportionate share of net identifiable assets of the acquiree;
- The acquirer is prohibited from recognising contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability;
- Consideration for the acquisition, including contingent consideration, must be measured at fair value at acquisition date. Subsequent changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments but are rather recognised in accordance with other Australian Accounting Standards as appropriate;

Business combinations (continued)

- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity; and
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

Basis of Consolidation

The half-year consolidated financial statements comprise the financial statements of Royal Resources Limited and its subsidiaries as at 31 December 2009 ('the Group').

Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2009.

Principles of Consolidation

The interim consolidated financial statements comprise of Royal Resources Limited and its subsidiary (the Group) as at 31 December 2009.

The financial statements of the subsidiary are prepared for the same reporting period as the Parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated. Unrealised losses are eliminated unless costs cannot be recovered.

Interests in joint ventures

The Group has interests in joint ventures that are jointly controlled entities.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The Group recognises its interest in the jointly controlled entities by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled entities.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

3. REVENUE AND EXPENSES

Revenues and expenses from continuing operations:-

		Consolidated	
		31 December 2009 $	31 December 2008 $
a)	**Finance revenue**		
	Bank interest received and receivable	79,771	126,210
b)	**Other Income**		
	Sundry income	2,656	8,669
	Net gain on disposal of tenements	15,000	2,743,411
	Net gain on disposal of investments (note f)	236,413	-
	Increase in market value of investments	1,636,800	-
	Foreign currency gain	-	252,772
		1,890,869	3,004,852
c)	**Employee benefits expense**		
	Share based payments	524,682	316,379
d)	**Exploration expenditure written off**		
	Exploration costs written off	1,660,646	7,371,265
e)	**Other expenses**		
	Diminution in value of investments	1,140,000	420,000
	Net loss on disposal of plant and equipment	5,720	194
	General and administrative expenses	440,162	447,934
		1,585,882	868,128
f)	**Net gain on disposal of investments**		
	Proceeds on sale of investments	492,613	-
	Fair value of investments sold	(458,700)	-
	Transfer from revaluation reserve	202,500	-
	Net gain on disposal	236,413	-

4. LOSS PER SHARE

	Cents	Cents
Basic earnings/(loss) per share (cents per share)	(1.50)	(5.99)
Diluted earnings/(loss) per share (cents per share)	(1.50)	(5.99)
Weighted average number of ordinary shares on issue during the period used in the calculation of basic loss per share	123,344,484	92,460,720

5. SEGMENT INFORMATION

Royal Resources Limited operates within the exploration industry in Western Australia and in the states of Colorado and Utah in the United States of America.

The consolidated entity has applied AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 requires the entity to identify operating segments and disclose segment information on the basis of internal reports that are provided to, and reviewed by, the chief operating decision maker of the consolidated entity to allocate resources and assess performance. In the case of the consolidated entity, the chief operating decision maker is the Board of Directors. Operating segments now represent the basis on which the Company reports its segment information to the Board on a monthly basis. The change in policy has not resulted in a change to the disclosure presented.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

5. SEGMENT INFORMATION (continued)

Primary Reporting Geographical Segments	Segment Revenues	Segment Revenues	Segment Results	Segment Results	Segment Assets	Segment Assets	Segment Liabilities	Segment Liabilities
	Dec 2009 $	Dec 2008 $	Dec 2009 $	Dec 2008 $	Dec 2009 $	June 2009 $	Dec 2009 $	June 2009 $
Australia	1,963,787	2,869,260	(1,349,231)	1,255,091	1,170,782	6,519,055	256,718	91,247
USA	6,853	261,802	(507,868)	(6,795,254)	19,435,440	869,163	51,655	47,686
Eliminations/Unallocated	-	-	-	-	-	-	-	-
Total	1,970,640	3,131,062	(1,857,099)	(5,540,163)	20,606,222	7,388,218	308,373	138,933

6. CASH AND CASH EQUIVALENTS

For the purposes of the half year Condensed Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following:

	Consolidated	
	31 December 2009 $	30 June 2009 $
Cash at bank and in hand	1,430,901	103,669
Short-term deposits	8,662,688	2,480,133
	10,093,589	2,583,802

Cash at bank earns interest at floating rates based on daily bank deposit rates. Deposits at call earn interest on a 30 to 120 day term basis at bank deposit rates.

7. CONTRIBUTED EQUITY

(a) Issued and paid up capital

	31 December 2009 $	30 June 2009 $
Ordinary shares		
Issued and fully paid	29,949,465	15,709,716
Less: issue costs	(684,251)	-
	29,265,214	15,709,716

(b) Movement in ordinary shares on issue 2009

	Number of shares	$
At 1 July 2009	92,460,720	15,709,716
12 October 2009, ordinary shares issued for 15 cents cash	8,869,108	1,330,366
20 October 2009, ordinary shares issued for 34 cents cash	60,000	20,400
20 October 2009, ordinary shares issued for 20 cents cash	1,250,000	250,000
21 October 2009, ordinary shares issued for 20 cents cash	300,000	60,000
21 October 2009, ordinary shares issued for 25 cents cash	100,000	25,000
21 October 2009, ordinary shares issued for 10 cents cash	2,793,750	279,375
22 October 2009, ordinary shares issued for 10 cents cash	2,206,250	220,625
20 November 2009, ordinary shares issued for 10 cents cash	108,039,828	10,803,983
22 December 2009, ordinary shares issued for 15 cents cash	5,000,000	750,000
22 December 2009, ordinary shares issued for 10 cents cash	5,000,000	500,000
Less transaction costs		(684,251)
At 31 December 2009	226,079,656	29,265,214

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Movement in ordinary shares on issue 2008

	Number of shares	$
At 1 July 2008	92,460,720	15,709,716
At 31 December 2008	92,460,720	15,709,716

8. SHARE OPTIONS

	Number of Options	Exercise Price per share
Quoted options – expiring 11 July 2009		
At 1 July 2009	39,730,858	20 cents
Options issued	-	-
Options exercised	-	-
Options lapsed	(39,730,858)	-
At 31 December 2009	-	-
Quoted options – expiring 31 October 2011		
At 1 July 2009	36,012,804	10 cents
Options issued	3,333,333	10 cents
Options exercised	-	-
Options lapsed	-	-
At 31 December 2009	39,346,137	10 cents
Unquoted options – expiring 31 January 2011		
At 1 July 2009	4,800,000	20 cents
Options issued	-	-
Options exercised	(1,300,000)	20 cents
Options lapsed	-	-
At 31 December 2009	3,500,000	-
Unquoted options – expiring 30 June 2012		
At 1 July 2009	6,750,000	50 cents
Options issued	-	-
Options exercised	-	-
Options lapsed	-	-
At 31 December 2009	6,750,000	50 cents
Unquoted options – expiring 10 January 2011		
At 1 July 2009	250,000	34 cents
Options issued	-	-
Options exercised	-	-
Options lapsed	-	-
At 31 December 2009	250,000	34 cents
Unquoted options – expiring 15 January 2011		
At 1 July 2009	1,350,000	50 cents
Options issued	-	-
Options exercised	-	-
Options lapsed	-	-
At 31 December 2009	1,350,000	50 cents

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

8. SHARE OPTIONS (continued)

	Number of Options	Exercise Price per share
Unquoted options – expiring 9 March 2010		
At 1 July 2009	500,000	20 cents
Options issued	-	-
Options exercised	(250,000)	20 cents
Options lapsed	-	-
At 31 December 2009	250,000	20 cents
Unquoted options – expiring 9 March 2010		
At 1 July 2009	500,000	40 cents
Options issued	-	-
Options exercised	-	-
Options lapsed	-	-
At 31 December 2009	500,000	40 cents
Unquoted options – expiring 6 April 2011		
At 1 July 2009	1,500,000	25 cents
Options issued	-	-
Options exercised	(100,000)	25 cents
Options lapsed	-	-
At 31 December 2009	1,400,000	25 cents
Unquoted options – expiring 6 April 2012		
At 1 July 2009	1,500,000	30 cents
Options issued	-	-
Options exercised	-	-
Options lapsed	-	-
At 31 December 2009	1,500,000	30 cents
Unquoted options – expiring 6 April 2013		
At 1 July 2009	1,500,000	50 cents
Options issued	-	-
Options exercised	-	-
Options lapsed	-	-
At 31 December 2009	1,500,000	50 cents
Unquoted options – expiring 30 June 2011		
At 1 July 2009	420,000	34 cents
Options issued	-	-
Options exercised	(60,000)	34 cents
Options lapsed	-	-
At 31 December 2009	360,000	34 cents
Unquoted options – expiring 30 November 2013		
At 1 July 2009	3,000,000	30 cents
Options issued	-	-
Options exercised	-	-
Options lapsed	-	-
At 31 December 2009	3,000,000	30 cents

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

8. **SHARE OPTIONS (continued)**

	Number of Options	Exercise Price per share
Unquoted options – expiring 31 December 2011		
At 1 July 2009	100,000	8 cents
Options issued	-	-
Options exercised	-	-
Options lapsed	-	-
At 31 December 2009	100,000	8 cents
Unquoted options – expiring 30 April 2013		
At 1 July 2009	1,900,000	8 cents
Options issued	-	-
Options exercised	-	-
Options lapsed	-	-
At 31 December 2009	1,900,000	8 cents
Unquoted options – expiring 1 November 2011		
At 1 July 2009	-	-
Options issued	5,000,000	10 cents
Options exercised	(5,000,000)	10 cents
Options lapsed	-	-
At 31 December 2009	-	-
Unquoted options – expiring 26 November 2014		
At 1 July 2009	-	-
Options issued	4,500,000	55 cents
Options exercised	-	-
Options lapsed	-	-
At 31 December 2009	4,500,000	55 cents

9. **SHARE BASED PAYMENTS**

(a) Recognised share based payment expenses

The expense recognised for services received during the period is shown in the table below:

	Consolidated 2009 $	2008 $
Expense arising from options issued to Directors, employees and contractors	524,682	316,379

(b) Issue of Directors Options

The Company has an Employee Share Option Plan in place which was approved by shareholders on 19 April 2007. During the 6 months ended 31 December 2009, 4,500,000 unquoted options exercisable at 55 cents each were issued to Directors.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

9. SHARE BASED PAYMENTS (continued)

(c) Directors, Employee and Vendor Options

The following table illustrates the number and weighted average exercise price of and the movements in share options issued during the period:

	Consolidated	
	Number of Options	WAEP $
Outstanding at beginning of the period	24,070,000	0.34
Granted during the period	9,500,000	0.31
Exercised during the period	(6,710,000)	0.13
Lapsed during the period	-	-
Outstanding at end of the period	26,860,000	0.38
Exercisable at the end of the period	23,460,000	0.40

The terms and conditions of the options issued during the period are as follows:

(i) 5,000,000 unquoted options issued to vendors, at an exercise price of 10 cents each and a expiry date of 1 November 2011. The fair value of the options at the grant date 19 October 2009 was 22.80 cents per option. The fair value of the options has been calculated using the Black-Scholes Option Pricing Model applying the following inputs:

Weighted average exercise price (cents)	10 cents
Weights average life of the options (years)	1.95 years
Share price at grant date (cents)	28 cents
Expected share price volatility (%)	128.79%
Risk free interest rate (%)	4.99%

(ii) 4,500,000 unquoted options issued to Directors, at an exercise price of 55 cents each and a expiry date of 26 November 2014. The fair value of the options at the grant date 27 November 2009 was 10.07 cents per option. The fair value of the options has been calculated using the Black-Scholes Option Pricing Model applying the following inputs:

Weighted average exercise price (cents)	55 cents
Weights average life of the options (years)	5 years
Share price at grant date (cents)	18 cents
Expected share price volatility (%)	130.84%
Risk free interest rate (%)	4.97%

10. INTEREST IN JOINT VENTURES

The Group has entered into joint venture agreements with third parties in Australia and USA, whereby the Group can earn an interest in exploration areas by expending specified amounts in the exploration areas.

The Group has an interest in the following joint ventures:

(a) Warriedar Joint Venture

The Warriedar Joint Venture is between the Company and Gindalbie Metals Ltd. The purpose of the joint venture is to explore 150 square kilometres covering the central area of the Midwest iron ore province. The Company holds a 40% interest and Gindalbie 60% interest.

(b) Lynx2 Joint Venture

The Lynx2 Option and Joint Venture Agreement is between Lynx2 of Salt Lake City, Utah, USA and Royal USA Inc. The purpose of the joint venture is to identify and acquire uranium projects for exploration and development in the USA. The Group holds a 90% interest and Lynx2 holds a 10% interest. Lynx2's 10% interest is free carried by the Group until the completion of the first bankable feasibility study on any of the claims, properties and resources acquired.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

10. INTEREST IN JOINT VENTURES (continued)

(b) Canon City Joint Venture

The Canon City Joint Venture is between the Royal USA Inc and Geomininc, a Colorado registered company. The purpose of the joint venture is to explore the uranium claims within 2,000 square kilometres of the Thirty-nine Mile Volcanic Field, one of the most significant uranium provinces in the State of Colorado in the USA. The Group holds a 80% interest and Geomininc holds a 20% interest.

(c) Colorado Plateau Partners Joint Venture

The Colorado Plateau Partners Joint Venture is between Royal USA Inc, Lynx2 and Energy Fuels Inc., a TSX Venture Exchange listed company. The purpose of the joint venture is to explore, evaluate and mine uranium in the Colorado Plateau prospective properties. Under the terms and conditions of the joint venture Energy Fuels Inc and Lynx-Royal will each provide 50% of the Colorado Plateau properties. Royal USA Inc holds a 45% interest, Lynx2 holds a 5% interest and Energy Fuels Inc a 50% interest.

(d) Arizona Strip Joint Venture

The Arizona Strip Joint Venture is between the Royal USA Inc and Energy Fuels Inc., a TSX Venture Exchange listed company. The purpose of the joint venture is to explore, evaluate and mine uranium in the 18 square kilometres of highly prospective properties controlled by Energy Fuels Inc located in 26 separate areas in the Coconino and Mohave Counties, in the State of Arizona.

Under the terms and conditions of the joint venture Energy Fuels Inc will contribute the Arizona properties controlled by Energy Fuels Inc and Royal USA Inc can earn 50% of the joint venture properties by expenditure of US$2 million over 3 years. After satisfying all the joint venture terms and conditions of the Arizona Strip Joint Venture Agreement, Royal USA Inc's interest in the joint venture properties will be 50% and Energy Fuels Inc will be 50%.

(e) Aldershot Joint Venture

The Aldershot Joint Venture is between the Company and Aldershot Resources Ltd, a TSX Venture Exchange listed company. The purpose of the joint venture is to explore, evaluate and mine uranium on 4 tenements located in the Northern Territory controlled by Aldershot Resources Ltd. Under the terms and conditions of the joint venture agreement, the Company can earn an 70% interest in the tenements by the expenditure of $900,000 over 3 years.

11. COMMITMENTS

In the opinion of the directors, there are no commitments or contingent liabilities at 31 December 2009 and none were incurred in the interval between the period end and the date of this financial report other than:

(a) Mineral tenement expenditure commitments – Australia

The Company has expenditure obligations of approximately $2,905,926 with respect to tenement lease rentals and the minimum expenditure requirements with respect to mineral tenements and joint venture expenditure requirements.

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

(b) Mineral tenement expenditure commitments – USA

The Company has expenditure obligations of approximately $1,119,900 with respect to mineral tenements and joint venture expenditure requirements with third parties in the USA on mineral tenements that have not been recognised as a liability or payable in the financial statements.

(c) Operating Lease Commitments

The Company has a commercial sub-lease on its corporate office premises. This is a non-cancellable lease expiring 30 June 2013 that has not been recognised as liability or payable in the financial statements.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

11. COMMITMENTS (continued)

	31 December 2009 $	30 June 2009 $
Within one year	119,354	104,718
After one year but not more than five years	330,529	355,277
More than five years	-	-
	449,883	459,995

(d) Bonds

As at the 31 December 2009, the Company has outstanding $51,501 (2008: $149,838) as current bonds provided by the Company's bank for mineral tenements in Australia and USA.

(e) Bank guarantee

As at the 31 December 2009, the Company has outstanding $36,470 (2008: $36,470) as a current guarantee provided by the Company's bank for corporate office lease.

(f) Letter of Credit

As at the 31 December 2009, the Company has outstanding $Nil (2008: $546,512) as a current letter of credit provided by the Company's bank for exploration commitments in relation to the Arizona Strip Joint Venture in the USA. On 1 July 2009, the letter of credit expired and was not renewed by the Company.

12. CONTINGENCIES

(a) Contingent liabilities

As at the 31 December 2009, the Company has exploration and evaluation expenditure contingencies with respect to the Razorback Iron project. The amounts of $5,000,000 and $20,000,000 will be paid to the vendor on completing pre-feasibility and bankable feasibility studies respectively.

(b) Contingent assets

As at the 31 December 2009, under the terms of a MOU with Sin-Tang Development Pte Ltd ("Sin-Tang"), Sin-Tang has the right to acquire an interest of up to 50% in the Razorback Iron project by making various milestone payments to the Company totalling $50,000,000 on completing various stages of exploration and evaluation.

13. SUBSEQUENT EVENTS

Since the end of the half year, the Directors are not aware of any matter or circumstance not otherwise dealt with in the Directors Report or the Financial Statements, that has significantly or may significantly affect, the state of affairs or operations of the reporting entity in the future financial periods with the exception of the following, the financial effects of which have not been provided for in the 31 December 2009 Financial Report:

(a) Exercise of Options

In February 2010, 1,266 quoted options exercisable at 10 cents each expiring on 31 October 2011 and 100,000 unquoted options exercisable at 10 cents each expiring on 31 December 2011 were exercised.

In March 2010, 311,332 quoted options exercisable at 10 cents each expiring on 31 October 2011 were exercised.

(b) Expiry of Options

In March 2010, 250,000 unquoted options exercisable at 20 cents each expiring on 9 March 2010 and 500,000 unquoted options exercisable at 40 cents each expiring on 9 March 2010 expired.

DIRECTORS' DECLARATION

In the opinion of the directors of Royal Resources Limited ("The Company"):

(1) the financial statements and notes, as set out in pages 4 to 17 are in accordance with the Corporations Act 2001, including:

  (a) complying with Accounting Standards AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and
  (b) giving a true and fair view of the financial position as at 31 December 2009 and the performance for the half-year ended on that date of the Consolidated entity; and

(2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Frank DeMarte
Director

Perth, Western Australia
15 March 2010

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ROYAL RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Royal Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2009, and the condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flow for the half-year ended on that date, a condensed statement of accounting policies, other selected explanatory notes and the directors' declaration. The consolidated entity comprises both Royal Resources Ltd ("the Company") and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim And Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Royal Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Royal Resources Limited on 15 March 2010.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Royal Resources Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL
(Authorised Audit Company)

Stantons International

John Van Dieren
Director

West Perth, Western Australia
15 March 2010