ROYAL
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LISTED ON ASX

27 October 2010

Mauro Piccini
ASX Compliance Pty Limited
Advisers, Issuers (Perth)
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Via Email: mauro.piccini@asx.com.au

Dear Mauro

ANNOUNCEMENT BY ROYAL RESOURCES LIMITED ('ROYAL') ON 14 OCTOBER 2010

We refer to your letter in respect to the announcement by Royal Resources Limited ('Royal') on 14 October 2010, titled "Royal terminates Memorandum of Understanding with Sin-Tang and takes control of Razorback" ('Announcement'), sent by email and dated 26 October 2010.

Our responses to your questions are as follows:

1. Yes, Royal considers the termination of the Memorandum of Understanding ('MOU') to be material pursuant to listing rule 18.7A.

2. Royal became aware of termination of MOU between Royal and Sin-Tang Development Pte Lte ('Sin-Tang') at approximately 6.05pm EDST on 13 October 2010, when Royal took the decision to terminate the MOU.

   The MOU required Royal and Sin-Tang to negotiate a definitive joint venture agreement ('JVA') until 30 September 2010. If the parties did not enter into a JVA by that date, either party could terminate the MOU with immediate effect by written notice to the other parties.

   Royal agreed with Sin-Tang that Royal would not terminate the MOU until 6.00pm EDST on 13 October 2010, to allow the parties additional time to agree and execute the JVA. The parties did not execute a JVA by that time and Royal terminated the MOU by written notice to Sin-Tang at approximately 6.45pm EDST on 13 October 2010. Royal immediately prepared an announcement to the market ('Announcement') which was provided to ASX at 8.24am EDST on 14 October 2010 (pre market open).

3.1 The MOU was terminated after market closed on 13 October 2010 and the Announcement was made prior to market open on 14 October 2010. Accordingly, Royal considered a trading halt was unnecessary.

3.2 Royal believes, given the above, that it complied with its obligations under listing rule 3.1 to immediately disclose the relevant information and that the Announcement could not reasonably have been made at an earlier time.

4. Not applicable.

5. Royal believes it is in compliance with listing rule 3.1.

Yours sincerely
ROYAL RESOURCES LIMITED

Frank DeMarte
COMPANY SECRETARY

ASX Compliance Pty Limited
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Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

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26 October 2010

Mr Frank DeMarte
Company Secretary
Royal Resources Limited
Level 3, suite 3 IBM Building 1060 Hay Street
WEST PERTH WA 6005

By Email: frank.demarte@gemin.com.au

Dear Frank

Royal Resources Limited ("the Company")

We refer to the following;

(i) The announcement lodged by the Company to ASX Limited ("ASX") and announced on 14 October 2010 at 08.24AM (E.D.S.T) titled "Royal terminates Memorandum of Understanding with Sin-Tang and takes control of Razorback" regarding the terminated Memorandum of Understanding with Sin-Tang. ("Termination of MOU").

We wish to draw your attention to the definition of "aware" in chapter 19 of the listing rules which states that:

"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity"

Further, we wish to draw your attention to listing rule 3.1 which requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A. Please note that for disclosure not to be required under this listing rule all of the exceptions must apply.

Having regard to the above definition, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Does the Company consider the Termination of MOU to be material to the Company pursuant to listing rule 3.1?

2. When did the Company become aware of the Termination of MOU or part of it? In your response to this question please indicate the date and approximate time the Company became aware.

3. If the answer to any part of question 1 is "yes" and the Company became aware of the Termination of MOU or part of it prior to the release of the Announcement, please advise the following:

3.1 Please advise why the Company did not make an announcement at an earlier time or request a trading halt prior to the Announcement?

3.2 Why was the information not released to the market at that earlier time? Please comment specifically on the application of listing rule 3.1?

4. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the Termination of MOU to be material.

5. Please confirm that the Company is in compliance with listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Please note the ASX reserves its right under listing rule 18.7 to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **5pm (WST) on Thursday 28 October 2010.**

Your response should be sent to ASX by email to mauro.piccini@asx.com.au or by facsimile on **facsimile number (08) 9221 2020.** It should not be sent to the Company Announcements Office.

If you have any queries regarding any of the above, please contact me on (08) 9224 0015.

Yours sincerely,

Mauro Piccini

Adviser, Issuers (Perth)