ROYAL
RESOURCES LIMITED

INTERIM FINANCIAL STATEMENTS
31 DECEMBER 2010

INTERIM FINANCIAL STATEMENTS – 31 DECEMBER 2010

CONTENTS

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
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WEST PERTH WA 6005

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SHARE REGISTRY

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

AUDITORS

Stantons International Audit and Consulting Pty Ltd
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

DIRECTORS' REPORT

The directors present their financial statements for the half year ended 31 December 2010.

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)
Frank DeMarte	
Brian D Richardson	
Malcolm J Randall	

RESULT

The operating gain/(loss) of the Consolidated Entity after tax for the period ended 31 December 2010 was $1,372,288 (2009: ($1,857,099)).

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.

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 2010 Financial Report:

a) Exercise of Options

The following options were exercised into shares post 31 December 2010 which are as follows:

(i) On 25/1/2011, 2,983 quoted options exercisable at 10 cents each expiring on 31 October 2011 were exercised; and
(ii) On 31/1/2011, 1,500,000 unquoted options exercisable at 20 cents each expiring on 31 January 2011 were exercised; and
(iii) On 31/1/2011, 60,000 unquoted options exercisable at 8 cents each expiring on 30 April 2013 were exercised.

b) Expiry of Options

The following options expired post 31 December 2010:

(i) 250,000 unquoted options exercisable at 34 cents each expired on 10 January 2011; and
(ii) 1,350,000 unquoted options exercisable at 50 cents each expired on 15 January 2011; and
(iii) 2,000,000 unquoted options exercisable at 20 cents each expired on 31 January 2011.

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 2010.

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

Marcus Flis
Director

Perth, Western Australia
22 February 2010

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Stantons International Audit and Consulting Pty Ltd
(ABN 84 144 581 519) trading as
Stantons International
Chartered Accountants and Consultants

22 February 2011

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

Dear Directors

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 six months ended 31 December 2010, 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 sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Martin Michalik

Martin Michalik
Director

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Notes	Consolidated 31 December 2010 $	 31 December 2009 $
REVENUE FROM CONTINUING OPERATIONS			
Finance revenue	3(a)	238,165	79,771
Other income	3(b)	2,461,523	1,890,869
		2,699,688	1,970,640
EXPENDITURE			
Depreciation and amortisation expenses		(61,266)	(56,529)
Employee benefits expenses	3(c)	(1,091,982)	(524,682)
Exploration expenses	3(d)	(218,380)	(1,660,646)
Other expenses	3(e)	(745,237)	(1,585,882)
Profit/(Loss) from continuing operations before income tax expense		582,823	(1,857,099)
Income tax benefit		789,465	-
Net Profit/(Loss) from continuing operations for the period		1,372,288	(1,857,099)
Other comprehensive income			
Available for sale financial assets		-	(202,500)
Foreign currency translation difference		(238,249)	(112,017)
Total comprehensive income/(loss) for the period		1,134,039	(2,171,616)
Net Profit/(Loss) attributable to:			
Members of the parent entity		1,372,288	(1,857,099)
Comprehensive income/(loss) attributable to:			
Members of the parent entity		1,134,039	(2,171,616)
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	4	0.52	(1.50)
Diluted earnings/(loss) for the half-year	4	0.48	(1.50)

The accompanying condensed notes form part of the financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

		Consolidated	
	Notes	31 December 2010 $	30 June 2010 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	9,071,366	9,600,749
Trade and other receivables		835,863	301,357
Other financial assets		32,380	3,725,070
Total Current Assets		9,939,609	13,627,176
Non-Current Assets			
Trade and other receivables		139,908	148,944
Property, plant and equipment		329,181	313,196
Exploration and evaluation expenditure		15,451,374	10,417,177
Intangibles		62,195	16,809
Total Non-Current Assets		15,982,658	10,896,126
TOTAL ASSETS		25,922,267	24,523,302
LIABILITIES			
Current Liabilities			
Trade and other payables		556,968	892,005
Provisions		89,133	59,895
Total Current Liabilities		646,101	951,900
TOTAL LIABILITIES		646,101	951,900
NET ASSETS		25,276,166	23,571,402
EQUITY			
Contributed equity	7	32,815,310	32,785,999
Reserves		7,411,551	7,108,386
Accumulated losses		(14,950,695)	(16,322,983)
TOTAL EQUITY		25,276,166	23,571,402

The accompanying condensed notes forms part of the financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Notes	Consolidated 31 December 2010 $	Consolidated 31 December 2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,243,910)	(312,050)
Other revenue received		8,584	2,656
Interest received		185,280	71,424
Interest paid		-	(155)
Payment for exploration and evaluation		(218,380)	(1,660,646)
Income tax benefit – R&D claims		312,551	-
Net cash flows used in operating activities		(955,875)	(1,898,771)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for exploration and evaluation expenditure		(3,110,661)	(347,473)
Payment for mineral tenements		(2,500,000)	(4,950,000)
Payments for plant and equipment		(82,675)	(58,935)
Payments for intangibles		(54,080)	(8,229)
Proceeds from sale of property, plant and equipment		18,000	24,901
Proceeds from disposal of tenements		100,000	15,000
Proceeds from disposal of investments		6,040,000	492,613
Placement of security deposits		(3,348)	(2,000)
Redemption of security deposits		6,335	620,750
Net cash flows (used in)/from investing activities		413,571	(4,213,373)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		29,311	14,239,749
Share issue costs		-	(684,251)
Net cash flows from/(used in) financing activities		29,311	13,555,498
Net (decrease)/increase in cash and cash equivalents		(512,993)	7,443,354
Cash and cash equivalents at the beginning of period		9,600,749	2,583,802
Exchange differences on cash balances held		(16,390)	66,433
Cash and cash equivalents at the end of period	6	9,071,366	10,093,589

The accompanying condensed notes forms part of the financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

Consolidated	Equity $	Accumulated losses $	Option Reserve $	Share Based Payments Reserve $	Fair Value Reserve $	Foreign Currency Reserve $	Total $
Balance at 1 July 2010	32,785,999	(16,322,983)	1,007,941	5,131,917	-	968,528	23,571,402
Total comprehensive income for the period							
Gain for the period	-	1,372,288	-	-	-	-	1,372,288
Foreign currency translation difference	-	-	-	-	-	(238,249)	(238,249)
Reversal of fair value reserve on disposal of asset	-	-	-	-	-	-	-
Total comprehensive gain/(loss) for the period	-	1,372,288	-	-	-	(238,249)	1,134,039
Transactions with owners recorded directly in equity:							
Contributions of equity, net of transaction costs	29,311	-	-	-	-	-	29,311
Recognised value of share based payments	-	-	-	541,414	-	-	541,414
Balance at 31 December 2010	32,815,310	(14,950,695)	1,007,941	5,673,331	-	730,279	25,276,166

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

The accompanying condensed notes forms part of the financial statements

1. CORPORATE INFORMATION

This financial report includes the consolidated financial statements and notes of Royal Resources Limited and its controlled entities ("consolidated entity or group").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 2010 and considered together with any public announcements made by Royal Resources Limited and its controlled entities during the period ended 31 December 2010 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 accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's 2010 annual financial report for the financial year ended 30 June 2010, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include:

Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

AASB 2009-5 introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the classification of expenditures on unrecognised assets in the statement of cash flows.

The adoption of these amendments has not resulted in any changes to the Group's accounting policies and has no affect on the amounts reported for the current or prior periods. However, the only amendment that has had a material impact and resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements is the presentation of exploration costs in the statement of cash flows. AASB 107 *Statement of Cash Flows* has been amended through AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

Consequently, cash flows in respect of exploration costs that are expensed as incurred or are impaired in full at the end of the reporting period have been reclassified from investing to operating activities in the statement of cash flows. Prior year amounts have been restated for consistent presentation.

Basis of Consolidation

The half-year consolidated financial statements comprise the financial statements of Royal Resources Limited and its subsidiaries as at 31 December 2010 ('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 were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2010.

Principles of Consolidation

The interim consolidated financial statements comprise of Royal Resources Limited and its subsidiary (the Group) as at 31 December 2010.

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.

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.

Mineral exploration and evaluation

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a Joint Ore Reserves Committee (JORC) resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the statement of comprehensive income in the period when the new information becomes available.

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest. Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and valuation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision was made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they may not be recoverable in the future. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

3. REVENUE AND EXPENSES

Revenues and expenses from continuing operations:

		Consolidated	
		31 December 2010 $	31 December 2009 $
a)	**Finance revenue**		
	Bank interest received and receivable	238,165	79,771
b)	**Other Income**		
	Sundry income	8,584	2,656
	Net gain on disposal of tenements	95,286	15,000
	Net gain on disposal of investments (note f)	2,340,000	236,413
	Increase in market value of investments	7,310	1,636,800
	Net gain on disposal of plant and equipment	10,343	-
		2,461,523	1,890,869
c)	**Employee benefits expense**		
	Share based payments	541,414	391,500
	Salaries and wages	550,568	133,182
		1,091,982	524,682
d)	**Exploration expenditure written off**		
	Exploration costs written off	218,380	1,660,646
e)	**Other expenses**		
	Contractors and Consultants Services	443,279	-
	Foreign currency loss	18,906	-
	Diminution in value of investments	-	1,140,000
	Net loss on disposal of plant and equipment	-	5,720
	General and administrative expenses	283,052	440,162
		745,237	1,585,882
f)	**Net gain on disposal of investments**		
	Proceeds on sale of investments	6,040,000	492,613
	Fair value of investments sold	(3,700,000)	(458,700)
	Transfer from revaluation reserve	-	202,500
	Net gain on disposal	2,340,000	236,413

4. LOSS PER SHARE

	Cents	Cents
Basic earnings/(loss) per share (cents per share)	0.52	(1.50)
Diluted earnings/(loss) per share (cents per share)	0.48	(1.50)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	261,624,577	123,344,484
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share	285,055,676	123,344,484

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.

Primary Reporting Geographical Segments	Segment Revenues	Segment Revenues	Segment Results	Segment Results
	Dec 2010 $	Dec 2009 $	Dec 2010 $	Dec 2009 $
Australia	2,692,786	1,963,787	1,609,848	(1,349,231)
USA	6,902	6,853	(237,560)	(507,868)
Eliminations/Unallocated	-	-	-	-
Total	2,699,688	1,970,640	1,372,288	(1,857,099)

Primary Reporting Geographical Segments	Segment Assets	Segment Assets	Segment Liabilities	Segment Liabilities
	Dec 2010 $	June 2010 $	Dec 2010 $	June 2010 $
Australia	24,423,627	23,257,162	526,530	856,354
USA	1,504,054	1,271,554	7,293,708	7,913,096
Eliminations/Unallocated	(5,414)	(5,414)	(7,174,137)	(7,817,550)
Total	25,922,267	24,523,302	646,101	951,900

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 2010 $	Consolidated 30 June 2010 $
Cash at bank and in hand	871,366	3,443,672
Short-term deposits	8,200,000	6,157,077
	9,071,366	9,600,749

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 2010 $	30 June 2010 $
Ordinary shares		
Issued and fully paid	34,244,472	34,215,161
Less: issue costs	(1,429,162)	(1,429,162)
	32,815,310	32,785,999

b) Movement in ordinary shares on issue 2010

	Number of shares	$
At 1 July 2010	261,489,756	32,785,999
9 July 2010, ordinary shares issued for 12 cents cash	11,450	1,374
19 July 2010, ordinary shares issued for 12 cents cash	31,027	3,724
26 July 2010, ordinary shares issued for 10 cents cash	2,667	267
5 August 2010, ordinary shares issued for 12 cents cash	3,333	333
5 August 2010, ordinary shares issued for 10 cents cash	15,471	1,857
24 August 2010, ordinary shares issued for 12 cents cash	10,493	1,259
24 August 2010, ordinary shares issued for 10 cents cash	2,853	285
6 September 2010, ordinary shares issued for 10 cents cash	8,333	833
10 September 2010, ordinary shares issued for 10 cents cash	4,950	495
10 September 2010, ordinary shares issued for 12 cents cash	2,082	250
4 October 2010, ordinary shares issued for 10 cents cash	3,576	358
21 October 2010, ordinary shares issued for 12 cents cash	3,833	460
21 October 2010, ordinary shares issued for 10 cents cash	10,000	1,000
27 October 2010, ordinary shares issued for 10 cents cash	80,787	8,079
5 November 2010, ordinary shares issued for 12 cents cash	39,791	4,775
5 November 2010, ordinary shares issued for 10 cents cash	33,333	3,333
23 November 2010, ordinary shares issued for 10 cents cash	4,962	496
3 December 2010, ordinary shares issued for 10 cents cash	1,333	133
At 31 December 2010	261,760,030	32,815,310

8. SHARE OPTIONS

	Number of options	
	2010	2009
Unquoted options exercisable at 34 cents, on or before 10 January 2011		
At 1 July	250,000	250,000
Issued	-	-
Exercised	-	-
Expired	-	-
At 31 December	250,000	250,000
Unquoted options exercisable at 50 cents, on or before 15 January 2011		
At 1 July	1,350,000	1,350,000
Issued	-	-
Exercised	-	-
Expired	-	-
At 31 December	1,350,000	1,350,000
Unquoted options exercisable at 20 cents, on or before 31 January 2011		
At 1 July	3,500,000	4,800,000
Issued	-	-
Exercised	-	(1,300,000)
Expired	-	-
At 31 December	3,500,000	3,500,000

8. SHARE OPTIONS (continued)

	Number of options	
	2010	**2009**
Unquoted options exercisable at 10 cents, on or before 31 January 2011		
At 1 July	4,156,037	36,012,804
Issued	-	3,333,333
Exercised	(156,127)	-
Expired	-	-
At 31 December	3,999,910	39,346,137
Unquoted options exercisable at 25 cents, on or before 6 April 2011		
At 1 July	1,400,000	1,500,000
Issued	-	-
Exercised	-	(100,000)
Expired	-	-
At 31 December	1,400,000	1,400,000
Unquoted options exercisable at 34 cents, on or before 30 June 2011		
At 1 July	360,000	420,000
Issued	-	-
Exercised	-	(60,000)
Expired	-	-
At 31 December	360,000	360,000
Unquoted options exercisable at 10 cents, on or before 1 November 2011		
At 1 July	-	-
Issued	-	5,000,000
Exercised	-	(5,000,000)
Expired	-	-
At 31 December	-	-
Unquoted options exercisable at 8 cents, on or before 31 December 2011		
At 1 July	-	100,000
Issued	-	-
Exercised	-	-
Expired	-	-
At 31 December	-	100,000
Unquoted options exercisable at 50 cents, on or before 30 June 2012		
At 1 July	6,750,000	6,750,000
Issued	-	-
Exercised	-	-
Expired	-	-
At 31 December	6,750,000	6,750,000

8. SHARE OPTIONS (continued)

	Number of options	
	2010	**2009**
Unquoted options exercisable at 30 cents, on or before 6 April 2012		
At 1 July	1,500,000	1,500,000
Issued	-	-
Exercised	-	-
Expired	-	-
At 31 December	1,500,000	1,500,000
Unquoted options exercisable at 50 cents, on or before 6 April 2013		
At 1 July	1,500,000	1,500,000
Issued	-	-
Exercised	-	-
Expired	-	-
At 31 December	1,500,000	1,500,000
Unquoted options exercisable at 8 cents, on or before 30 April 2013		
At 1 July	1,780,000	1,900,000
Issued	-	-
Exercised	-	-
Expired	-	-
At 31 December	1,780,000	1,900,000
Unquoted options exercisable at 30 cents, on or before 13 May 2013		
At 1 July	1,180,000	-
Issued	-	-
Exercised	-	-
Expired	-	-
At 31 December	1,180,000	-
Unquoted options exercisable at 30 cents, on or before 19 July 2013		
At 1 July	-	-
Issued	150,000	-
Exercised	-	-
Expired	-	-
At 31 December	150,000	-
Unquoted options exercisable at 12 cents, on or before 31 October 2013		
At 1 July	34,877,503	-
Issued	-	-
Exercised	(114,147)	-
Expired	-	-
At 31 December	34,763,356	-

8. SHARE OPTIONS (continued)

	Number of options	
	2010	**2009**
Unquoted options exercisable at 30 cents, on or before 30 November 2013		
At 1 July	3,000,000	3,000,000
Issued	-	-
Exercised	-	-
Expired	-	-
At 31 December	3,000,000	3,000,000
Unquoted options exercisable at 55 cents, on or before 26 November 2014		
At 1 July	4,500,000	-
Issued	-	4,500,000
Exercised	-	-
Expired	-	-
At 31 December	4,500,000	4,500,000
Unquoted options exercisable at 28 cents, on or before 29 November 2015		
At 1 July	-	-
Issued	5,750,000	-
Exercised	-	-
Expired	-	-
At 31 December	5,750,000	-

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	
	2010 $	**2009 $**
Expense arising from options issued to Directors, employees and contractors	541,414	524,682

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 2010, 5,750,000 (2009: 4,500,000) unquoted options exercisable at 28 cents each were issued to Directors.

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 cents**
Outstanding at beginning of the period	27,070,000	38
Granted during the period	5,900,000	28
Exercised during the period	-	-
Lapsed during the period	-	-
Outstanding at end of the period	32,970,000	36
Exercisable at the end of the period	31,790,000	36

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

(i) 5,750,000 unquoted options issued to Directors, at an exercise price of 28 cents each and an expiry date of 29 November 2015. The fair value of the options at the grant date 30 November 2010 was 17 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)	28 cents
Weights average life of the options (years)	5 years
Share price at grant date (cents)	17 cents
Expected share price volatility (%)	96.3%
Risk free interest rate (%)	5.18%

(ii) 150,000 unquoted options issued to Officers, at an exercise price of 30 cents each and a expiry date of 19 July 2013. The fair value of the options at the grant date 21 July 2010 was 19 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)	30 cents
Weights average life of the options (years)	3 years
Share price at grant date (cents)	19 cents
Expected share price volatility (%)	128.8%
Risk free interest rate (%)	4.65%

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.

c) 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.

d) 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.

e) 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%.

f) 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 a 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 2010 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 $1,144,610 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 $792,699 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.

	31 December 2010 $	30 June 2010 $
Within one year	144,551	145,840
After one year but not more than five years	183,992	313,960
More than five years	-	-
	328,543	459,800

d) Bonds

As at the 31 December 2010, the Company has outstanding $110,958 (2009: $51,501) as current bonds provided by the Company's bank for mineral tenements in Australia and USA.

e) Bank guarantee

As at the 31 December 2010, the Company has outstanding $36,470 (2009: $36,470) as a current guarantee provided by the Company's bank for corporate office lease.

12. CONTINGENCIES

Contingent liabilities

As at the 31 December 2010, the Company has exploration and evaluation expenditure contingencies with respect to the Razorback Iron project. The amount of $20,000,000 will be paid to the vendor on completing the bankable feasibility study.

Royal Resources Limited (Royal) and it's wholly owned subsidiary Razorback Iron Pty Ltd were joined to legal proceedings commenced in the New South Wales Supreme court by Frederick John Hillam against Ivan Peter Lewis, Mintech Resources, Goldus Pty Ltd and Mawson Gold NL.
Based on legal advice the directors consider the claims made by Mr Hillam to be without merit and will be vigorously defending the claims.

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 2010 Financial Report.

a) Exercise of Options

The following options were exercised into shares post 31 December 2010 which are as follows:

(i) On 25/1/2011, 2,983 quoted options exercisable at 10 cents each expiring on 31 October 2011 were exercised; and
(ii) On 31/1/2011, 1,500,000 unquoted options exercisable at 20 cents each expiring on 31 January 2011 were exercised; and
(iii) On 31/1/2011, 60,000 unquoted options exercisable at 8 cents each expiring on 30 April 2013 were exercised.

b) Expiry of Options

The following options expired post 31 December 2010:

(i) 250,000 unquoted options exercisable at 34 cents each expired on 10 January 2011; and
(ii) 1,350,000 unquoted options exercisable at 50 cents each expired on 15 January 2011; and
(iii) 2,000,000 unquoted options exercisable at 20 cents each expired on 31 January 2011.

DIRECTOR'S 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 18 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 2010 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.

Marcus Flis
Director

Perth, Western Australia
22 February 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 condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Royal Resources Limited (the consolidated entity). The consolidated entity comprises both Royal Resources Limited (the company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Royal Resources Limited 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* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report 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 2010 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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

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 21 February 2011.

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 2010 and of its performance for the half-year ended on that date; and

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

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)
Stantons International Audit and Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
22 February 2011