



ROYAL
RESOURCES LIMITED


Razorback:
a technically and financially
robust project


19th February, 2013


PFS

MISSION:

From explorer to producer

-  **VISION** **Become a significant and profitable iron ore miner and producer of premium grade iron concentrate**

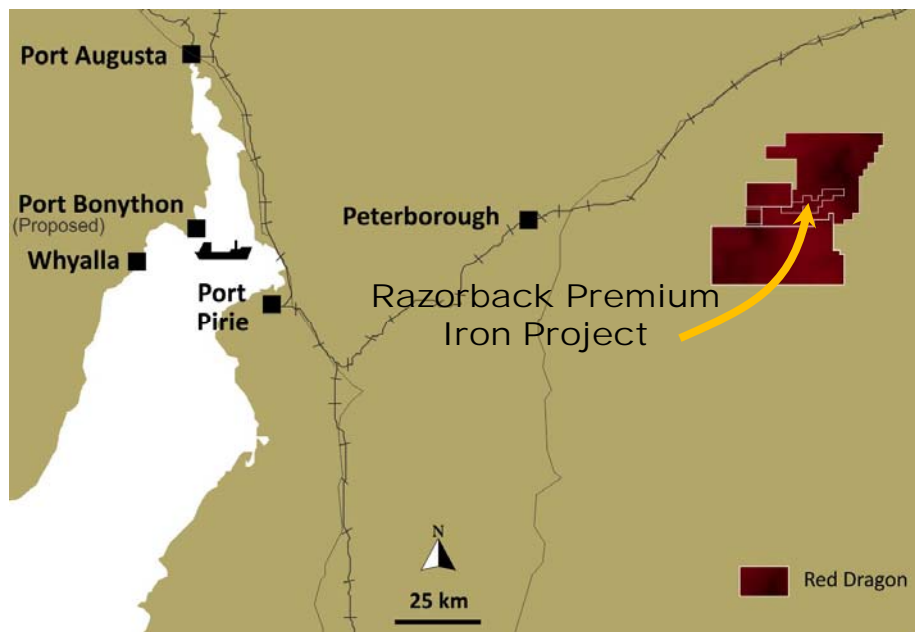
-  **STRATEGY** **Define a significant resource, demonstrate technical and financial viability, attract funding through an end-user partner**

-  **OUTLOOK** **On path to realisation**

THE RED DRAGON VENTURE:

opening a significant new iron ore district

- ❧ Large scale iron project in South Australia
- ❧ 4 to 8 Billion tonnes of exploration potential at 18 to 45% Fe¹
- ❧ Over **3 Billion tonnes** of JORC-compliant resources defined to date² in two stand-alone projects:
 - Razorback Premium Iron Project
 - Ironback Hill Iron Project
- ❧ Multiple prospects in pipeline to define additional projects



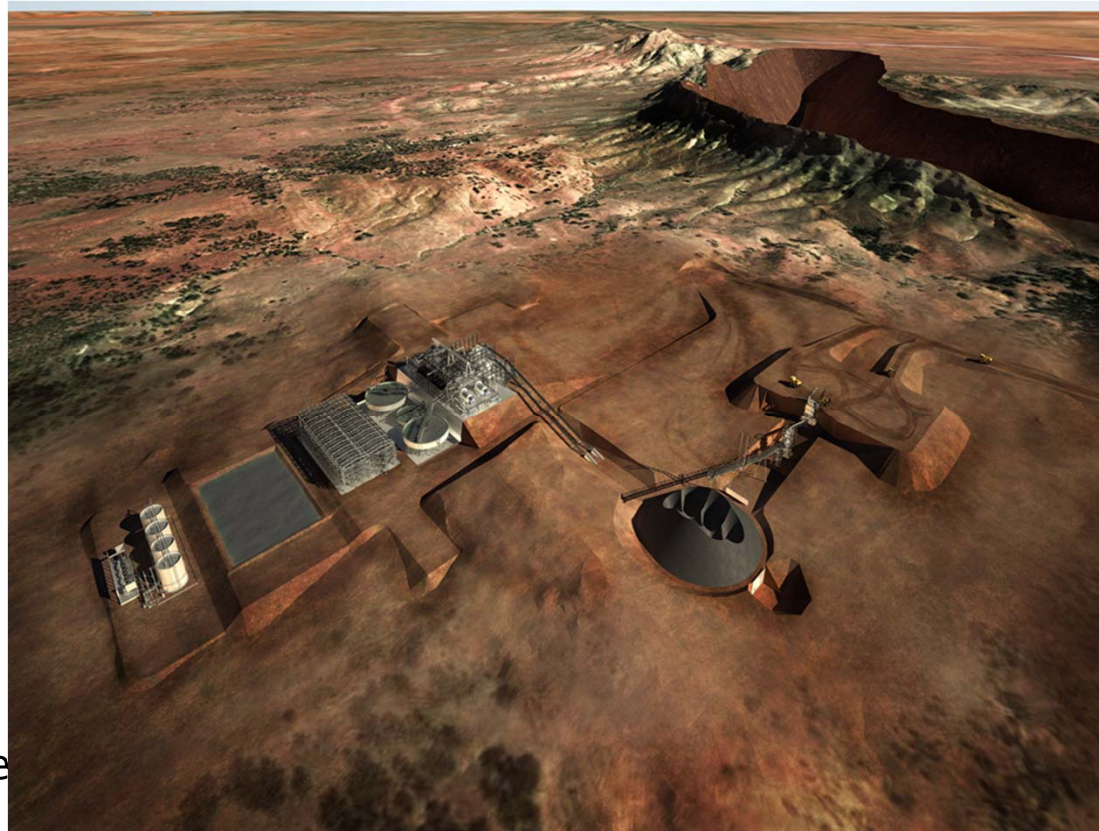
¹ ASX announcement on 24 March, 2011. The potential quantity and grade of the exploration target is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Resource. The estimate of an exploration target tonnage should not be construed as an estimate of Mineral Resource.

² ASX announcement on 21 November, 2012

RAZORBACK PREMIUM IRON PROJECT CONCEPT:

A company making opportunity

- ❧ Large scale conventional open pit mining of a robust ore body
- ❧ Targeting +8 Mtpa high grade concentrate product
- ❧ Single stage crushing & grinding to 45 μ m
- ❧ Standard flow sheet
- ❧ Slurry to the coast
- ❧ Innovative floating stock-pile solution without need for a port
- ❧ Lower end of the cost curve



STUDY PARTNERS:

Backed by world-class organisations providing best practice input



RESOURCES:

Ample resources to back a long-lived operation

Project	Mineral Resource JORC Classification	Million Tonnes	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%
Razorback	Indicated	1,193	21.5	43.4	7.1	0.20
	Inferred	623	19.9	45.6	7.4	0.24
subTOTAL		1,816	21.0	44.1	7.2	0.22
Ironback Hill	Inferred	1,187	23.2	44.1	7.2	0.21
TOTAL¹		3,003	21.8	44.1	7.2	0.21

¹ Rounded to significant figure

- 🌸 One of Australia's largest magnetite resource inventories
- 🌸 Razorback Indicated Resource is currently being converted to Probable Reserve
- 🌸 Total cost in defining these Resources and delivering the PFS was \$0.009/t
- 🌸 Upside exploration potential for an additional 1,800 to 5,000Mt at 18% to 45% Fe¹

¹ The potential quantity and grade of the exploration target is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if

PREMIUM QUALITY PRODUCT:

Sort after pellet feed grades with low contaminate levels

	Recovery	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%
Magnetite product	16.5%	67.4	4.74	0.54	0.016	0.003
Haematite product	4.0%	61.8	8.45	0.76	0.078	0.016
TOTAL^{1,2}	20.5%	67.0	4.74	0.5	0.026	0.005

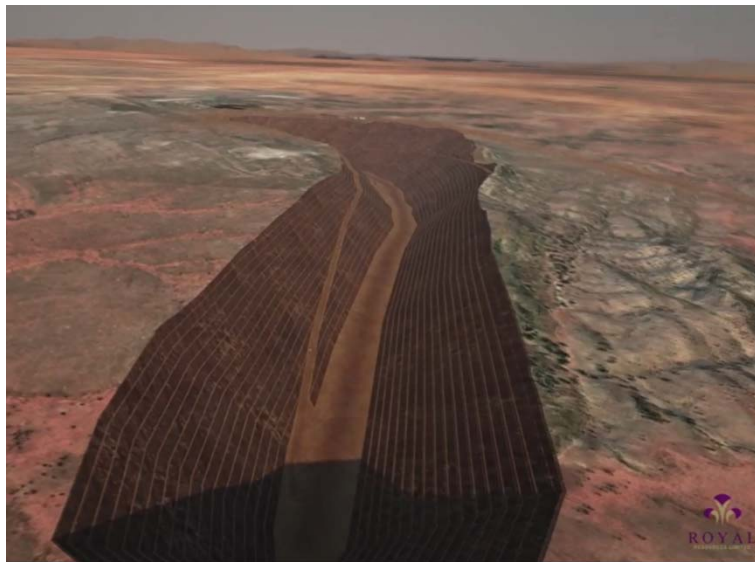
¹ Rounded to significant figure

² Assumes an additional 1% magnetite and 4% haematite is recovered via a haematite recovery circuit

- 370 million tonnes of contained iron
- High grade product is likely to attract a grade premium, currently about \$4/Fe%/t, or US\$20/t; sufficient to cover freight in to China
- Optimisation studies underway to address the Quality vs Quantity trade-off
- Magnetite recovery circuit finalised
- Haematite recovery circuit subject to “whole of deposit” characterisation

OPEN PIT MINING:

Standard, low risk mining



- ❖ 40Mtpa ROM operation
- ❖ Standard drill & blast, shovel & truck operation
- ❖ Low strip ratio of 0.79:1¹
- ❖ No prestrip

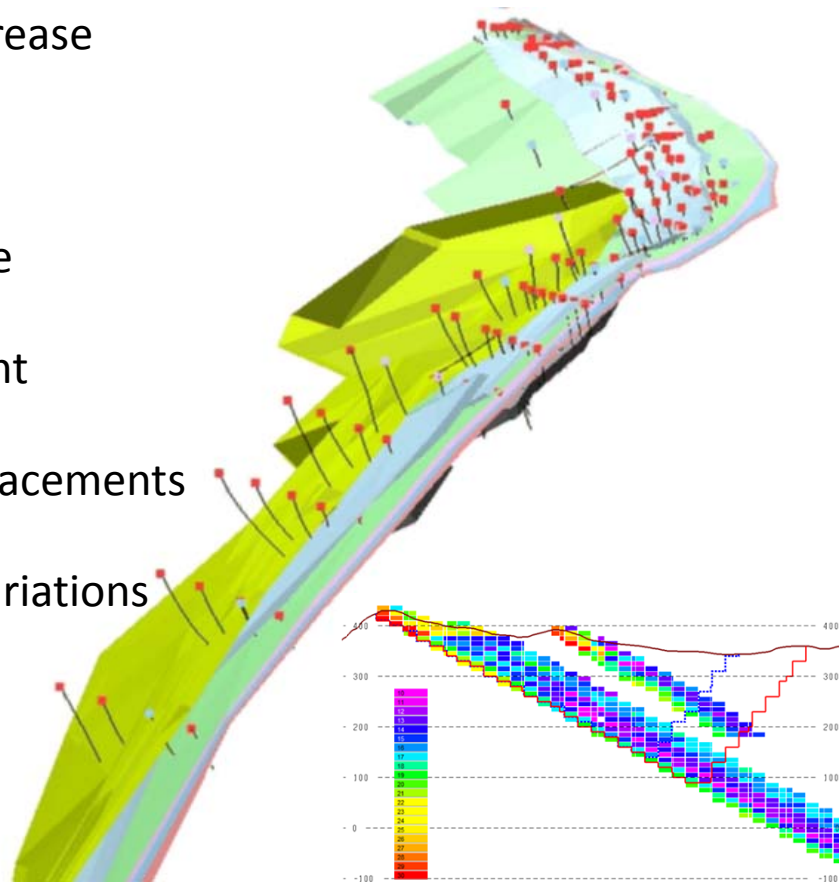


- ❖ Digging ore from Day 1
- ❖ Single gyratory crusher feeding a linear ROM stockpile that allows blending
- ❖ Tailings/waste co-disposal

PIT MINING CONFIGURATION:

Minimising strip and haul, maximising efficiency

- ❖ 285m LoM pit depth, with option to increase
- ❖ High Rock Mass Quality (RQD) allowing:
 - 75° batter angle, 54.4° overall angle
 - 6.2m berm width, 20m batter height
- ❖ Low footwall angle (~42°) eases ramp placements
- ❖ Optimised pit shells are insensitive to variations in processing costs, indicating a robust ore body



INDUSTRY STANDARD FLOW SHEET:

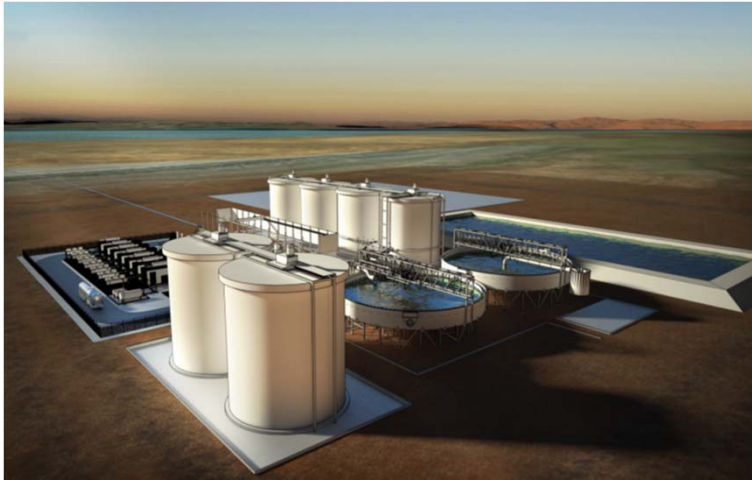
Backed by extensive metallurgical testing

- ❖ Two-module processing plant
- ❖ Each consists of a SAG mill and two ball mills to grind the ore to 45µm
- ❖ Iron recovered via a two stage wet low intensity magnetic separation followed by a spiral circuit for final cleaning
- ❖ A haematite recovery circuit is being validated to lift yield above 20%
- ❖ The concentrate will be pumped to the coast through a 230km slurry pipeline
- ❖ Tailings are thickened and pumped to a Tailings Storage Facility where additional free water is recovered by ponding



LOW COST EXPORT FACILITY:

Innovative approach delivers cost and time benefits



- ❖ Iron concentrate is received at the coastal facility where it is further thickened.....
- ❖then pumped via a subsea line to a permanently moored Dewatering Transhipment Vessel (DTSV)



- ❖ The DTSV dewateres the slurry and stores the dried concentrate for later transfer to the Ocean Going Vessel
- ❖ Recovered water is pumped back to the mine site along with top-up desalinated water produced on the DTSV

ADVANTAGES OF SLURRY OVER RAIL:

Lower OPEX makes the case for a slurry pipeline compelling

✿ Compared to rail, slurring:

- has 4 times lower OPEX
- requires only one product rehandling, compared to up to 5 for rail
- does not require mine and port stockpiles, stacker-reclaimers, train unloader, conveyor systems, ship loader, mine spur line, or rolling stock, making it almost CAPEX neutral
- has reduced dust, noise and traffic impacts, and is essentially invisible
- can access virtually any part of the Spencers Gulf coastline, rather than being tied into a size-restricted Pt Pirie that attracts high port charges or building a



KEY ADVANTAGES FOR RAZORBACK:

A robust project in a prime location

- 🌿 Grid access to lower cost power: **\$0.06/kWh indicated (excl carbon tax)**
- 🌿 Low rock strength: **lower power usage**
- 🌿 Large resource base with upside: **25 year mine life with blue sky potential**
- 🌿 Ore from surface: **mining ore from Day 1, Life of Mine strip ratio 0.79:1**
- 🌿 Cost effective transport: **ideal product sizing for slurring**
- 🌿 Close to population base: **3½ hrs drive from Adelaide, proximal to workforce**
- 🌿 Premium product: **high iron, low alumina and phosphorous; optimum pellet feed**
- 🌿 Optimisation paths identified: **reduction in OPEX and CAPEX are being sort**

OPEX:

At about the 50th percentile of global costs

Operating area	OPEX A\$ /t of product
Mining ¹	\$31
Beneficiation	\$17
Transport to DTSV, dewatering & transshipment	\$9
Infrastructure and Admin	\$6
Royalties ²	\$5
TOTAL³	\$68



Base case uses contract mining. Owner operator mining may reduce OPEX by up to \$8/t

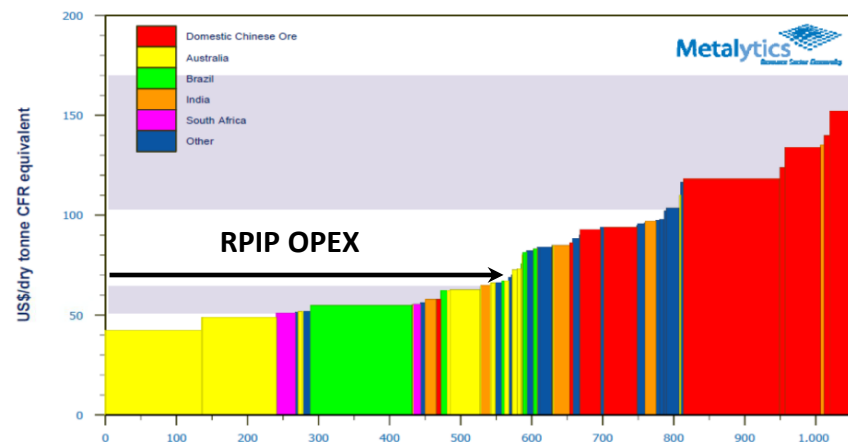
¹ Weighted averages of ore and waste ² State royalty of 2% is applicable for the first 5 years operation; 5% thereafter. Vendor royalty of 1.25% applies.

³ Carbon tax excluded

Over 550Mt of world traded production is more expensive than the Razorback product

Shipping costs are off-set by the premium the Razorback product will attract

Cost curve US\$ /t



Source: Credit Suisse

CAPEX:

Option to reduce to \$1,000

	Operating area	CAPEX A\$ Million
Direct Costs	Mining	-
	Primary Crushing & ROM stockpile	69
	Processing	281
	Tailings Disposal	140
	Slurry pipeline with water return	741
	DTSV fit out	54
	Desalination plant	130
	Port infrastructure	5
	Plant infrastructure (incl accom & roads)	92
	Power transmission line	63
Indirect Costs	EPCM	234
	Owner costs	78
	Construction	45
Contingency		302
TOTAL¹		2,234

- ✿ Contract mining
- ✿ Outsourcing the slurry pipeline and ship loading facility could reduce CAPEX to under \$1,000M



OPTIMISATION STUDIES:

Out of the box thinking to deliver dividends

Areas being assessed to optimise the operation:

✿ Mining:

- Continuous surface miners
- In-pit crushing and conveying
- Trolley-assist truck haulage
- Pit wall steepening
- Owner – operator mining

✿ Processing

- Optimise haematite recovery
- Alternative tailings dewatering and storage

✿ Transport

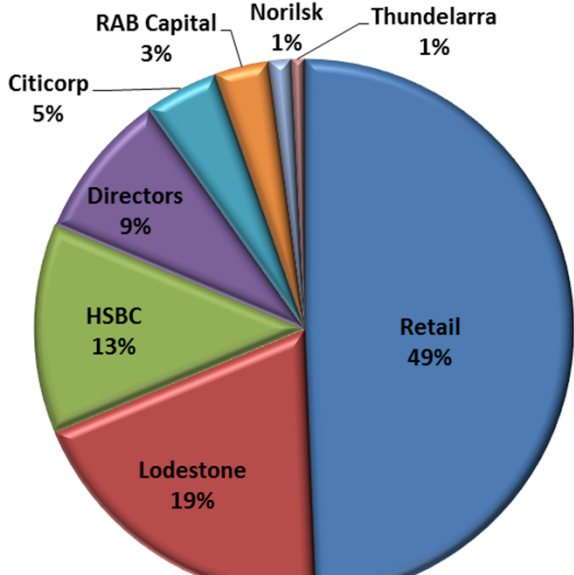
- Slurry pipeline lining and return water pipeline configuration
- Pipeline ship loading facility and desalination plant ownership

The robust results from the
Pre-feasibility Study gives the
Board of Directors confidence to
proceed to a Feasibility Study on
the Razorback Premium Iron
Project

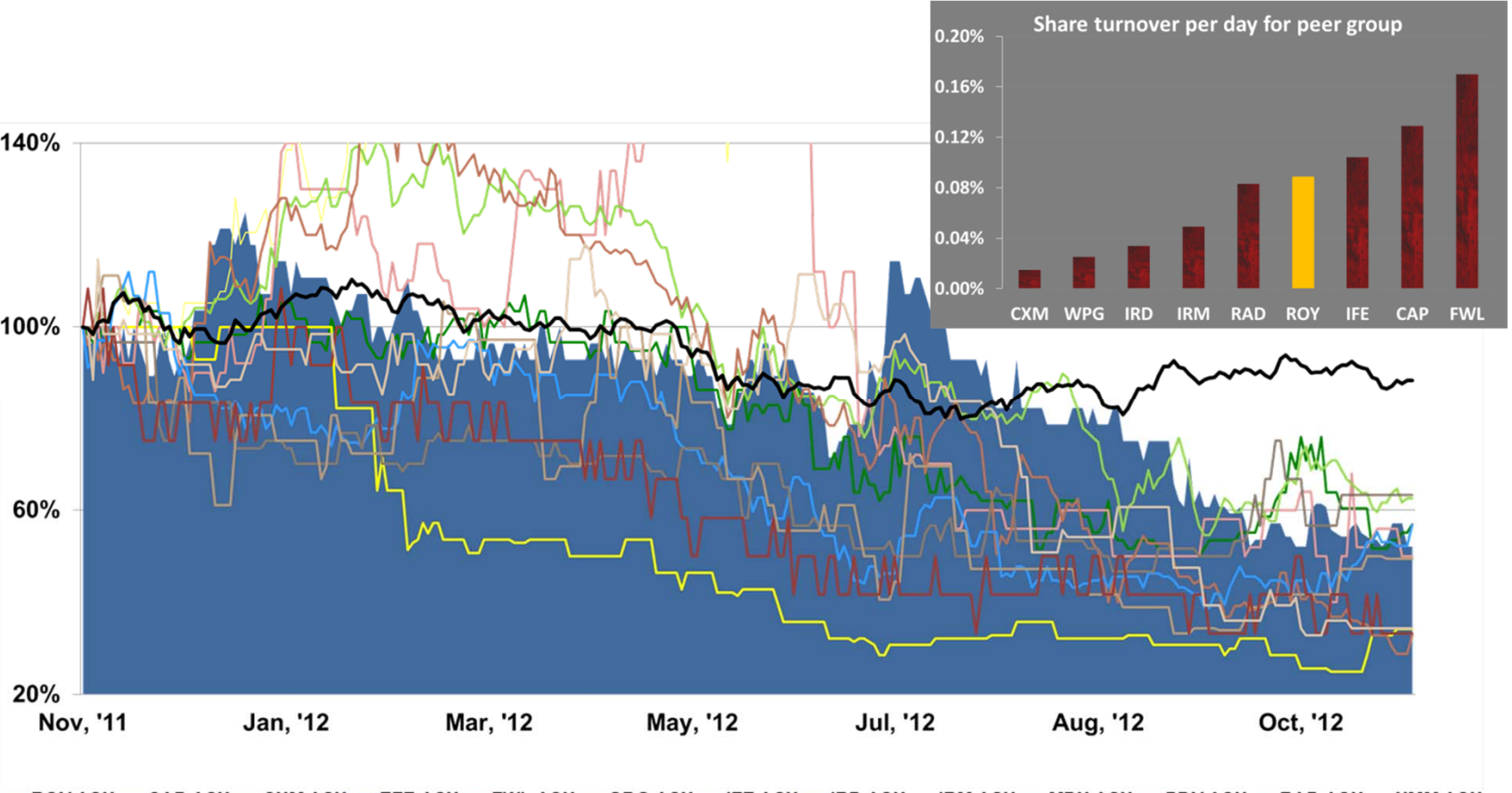
CAPITAL STRUCTURE & SHARE HOLDINGS

Rank	Name	%
1	LODESTONE EQUITIES LIMITED	19.51
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12.71
3	RAGGED RANGE MINING PTY LTD & ASSOCIATES	7.26
4	CITICORP NOMINEES PTY LIMITED	4.49
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	3.28
6	MR RICK WAYNE CRABB	1.47
7	NORILSK NICKEL AUSTRALIA PTY LTD	1.36
8	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	1.18
9	MR FRANK DEMARTE	0.88
10	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	0.88
11	THUNDELARRA EXPLORATION LTD	0.86
12	UOB KAY HIAN PRIVATE LIMITED <CLIENTS A/C>	0.72
13	MR CHING WOO GOH	0.72
14	WESTESSA HOLDINGS PTY LTD	0.66
15	MR ROSS SPENCER	0.64
16	RENIQUE HOLDINGS PTY LTD <RANDALL SUPER FUND A/C>	0.56
17	MR MARCUS FLIS	0.55
18	MR EDWIN L DAVIES + MRS SUSAN L DAVIES <L & S DAVIES SUPER FUND>	0.53
19	BNP PARIBAS NOMS PTY LTD <DRP>	0.51
20	MR WILLIAM JANSEN + MRS MARILYN GAIL JANSEN <W & M G JANSEN S/F>	0.49
Totals: Top 20 holders of ORDINARY SHARES (198852427 shares)		59.24
Total Remaining Holders Balance (136800603 shares)		40.76

Issued Shares	c336 million
Share Price	\$0.055
Market Capitalisation	c\$20 million
Cash	c\$5 million



ROYAL'S 12 MONTH SHARE PRICE PERFORMANCE & LIQUIDITY



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