

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Royalco Resources Limited

ABN / ARBN:

53 096 321 532

Financial year ended:

30 June 2016

Our corporate governance statement² for the above period above can be found at:³

- These pages of our annual report:
- This URL on our website:
http://www.royalco.com.au/Corporate_Governance_Statement_2016.pdf

The Corporate Governance Statement is accurate and up to date as at 22 September 2016 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 22 September 2016

Name of Director or Secretary authorising
lodgement:

Nick Boicos

Company Secretary

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at www.royalco.com.au	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

CORPORATE GOVERNANCE STATEMENT FOR YEAR ENDED 30 JUNE 2016

The Board of Directors of Royalco Resources Limited (“Board or the Company”) is committed to maintaining a high standard of corporate governance and has implemented policies, procedures and systems of control with the intent of providing a strong framework and practical means pursuing the true spirit of corporate governance commensurate with the Company’s needs.

To the extent they are applicable to the Company, the Board has adopted the 3rd Edition of the ASX Corporate Governance Council’s Corporate Governance Principles and Guidelines (‘Principles & Recommendations’). Where the Company’s corporate governance practices do not correlate with the ASX Principles & Recommendations the Company does not consider it practicable or necessary to implement these practices due to the size or complexity of its operations and the Board’s reasoning for any departure is explained.

Principles and Recommendations	Adopted	If not, Explanation Provided
Principle 1 – Lay Solid Foundations for Management and Oversight		
Recommendation 1.1 – Companies should disclose the roles and responsibilities of board and management, those expressly reserved to the board and those delegated to management.	Yes	
Recommendation 1.2 – Companies should undertake appropriate checks prior to the appointment or election of a director and provide shareholders with information relevant to the election of a director.	Yes	
Recommendation 1.3 – Companies should have written agreements as to the appointment of directors and senior executives.	Yes	
Recommendation 1.4 – The Company Secretary should be accountable directly to the board, through the Chairman, as to the proper functioning of the board.	Yes	
Recommendation 1.5 – Companies should have and disclose a diversity policy setting measurable objectives for achieving gender diversity and annually assess and disclose the objectives and progress towards their achievement.	No	Yes
Recommendation 1.6 – Companies should have and disclose processes for evaluating board, committee and director performance, and disclose any performance evaluation undertaken.	Yes	
Recommendation 1.7 – Companies should have and disclose processes for evaluating senior executive performance, and disclose any performance evaluation undertaken.	Yes	
Principle 2 – Structure the Board to Add Value		
Recommendation 2.1 – The board should establish a nomination committee of at least three non-executive directors (the majority being independent), chaired by an independent director, not being the chairman, and disclose the committee charter, qualifications and experience of the committee members and the frequency and attendees of the committee’s meetings. If not, companies should disclose its processes that ensure board succession, skills, knowledge, experience, independence and diversity	No	Yes
Recommendation 2.2 – Companies should have and disclose a board skills matrix setting out the mix of skills and diversity available to the board	No	Yes
Recommendation 2.3 – Companies should disclose their independent directors, any interest, position or association that the board considers does not compromise independence, and why, and the length of each director’s service.	Yes	
Recommendation 2.4 – A majority of the Board should be independent directors.	No	Yes
Recommendation 2.5 – Companies should have an independent director as chairman who should not also hold the position of CEO.	No	Yes
Recommendation 2.6 – Companies should have an induction program for new directors and provide professional development opportunities for directors.	Yes	
Principle 3 – Act Ethically and Responsibly		
Recommendation 3.1 – Companies should establish a code of conduct and disclose the code or a summary of the code.	Yes	
Principles and Recommendations	Adopted	If not, Explanation

		Provided
Principle 4 – Safeguard Integrity in Corporate Reporting		
Recommendation 4.1 – The board should establish an audit committee of at least three non-executive directors (the majority being independent), chaired by an independent director, not being chairman, and disclose the committee charter, qualifications and experience of the committee members and the frequency and attendees of the committee's meetings.	No	Yes
Recommendation 4.2 – Companies should prior to approval of financial statements receive from the CEO and CFO a declaration that the financial records have been properly maintained, the financial statements comply with accounting standards, give a true and fair view of the financial position based on sound risk management, and that internal controls are operating effectively.	Yes	
Recommendation 4.3 – Companies should ensure that their external auditor attends the AGM and is available to answer to the audit.	Yes	
Principle 5 – Make Timely and Balanced Disclosure		
Recommendation 5.1 – Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	No	Yes
Principle 6 – Respect the Rights of Shareholders		
Recommendation 6.1 – Companies should provide information about themselves and their governance on their website.	Yes	
Recommendation 6.2 – Companies should design and implement an investor relations program to facilitate communication.	Yes	
Recommendation 6.3 – Companies should disclose their policies and processes to facilitate and encourage participation at shareholder meetings.	Yes	
Recommendation 6.4 – Companies should give shareholders the option to receive and send messages to the Company and its share registry electronically.	Yes	
Principle 7 – Recognise and Manage Risk		
Recommendation 7.1 – The board should establish a committee to oversee risk of at least three directors, the majority being independent, chaired by an independent director, and disclose the committee charter, committee members, and the frequency and attendees of the committee's meetings.	No	Yes
Recommendation 7.2 – The board or a board committee should review the company's risk management framework annually as to soundness and disclose in relation to each reporting period whether the review has taken place.	Yes	
Recommendation 7.3 – Companies should disclose if they have an internal audit function, how that function is structured and what role it performs, and if it does not have an internal audit function, disclose that fact and the processes employed for evaluating and continually improving its risk management and internal control processes.	Yes	
Recommendation 7.4 – Companies should disclose if they have any material exposure to economic, environmental and social sustainability risks and if so how they manage those risks.	Yes	
Principle 8 – Remunerate Fairly and Responsibly		
Recommendation 8.1 – The board should establish a remuneration committee of at least three directors, the majority being independent, chaired by an independent director, and disclose the committee charter, members of the committee and the frequency and attendees of the committee's meetings. If the company does not have a remuneration committee that fact should be disclosed and the processes employed for setting directors and senior executives remuneration and ensuring that remuneration is appropriate and not excessive.	No	Yes
Recommendation 8.2 – Companies should separately disclose their policies and practices for remuneration of non-executive and executive directors and senior executives.	Yes	
Recommendation 8.3 – Companies which have equity based remuneration schemes should have a policy on whether participants are permitted to enter transactions (such as derivatives or otherwise) which limit the economic risk of scheme participation, and disclose the policy or a summary.	No	Yes

Set out below are the fundamental corporate governance practices of the Company

1 – The Board Lays Solid Foundations for Management and Oversight

The Board is responsible for ensuring that the Company is managed in a manner which protects and enhances the interests of its shareholders and takes into account the interests of all stakeholders. To fulfil this role, the Board is responsible for setting the strategic directions for the Company, establishing goals for management and monitoring the achievement of these goals.

The Board has adopted a Board Charter, in general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company with a view to maximising shareholder value, consistent with ethical behaviour and acceptable risk parameters.

A summary of the Board's responsibilities is as follows:

- Ensuring the Company is properly managed;
- Supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed;
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- Approval of the annual budget;
- Monitoring the financial performance of the Company;
- Approving and monitoring financial and other reporting;
- Overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- Appointing and where appropriate removing the Executive Chairman;
- Liaising with the Company's external auditors as appropriate; and
- Monitoring, and ensuring compliance with all of the Company's legal obligations, in particular those obligations relating to the environment, native title, cultural heritage and occupational health and safety.

The Board is responsible for ensuring it is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and best standards of governance. This will include undertaking appropriate checks before appointing a person or putting them forward as a candidate for election as a director. The qualifications, experience and responsibilities of the Board members are set out in the Directors Report of the Financial Statements for year ended 30 June 2016.

The directors and senior executives have written agreements setting out the terms of their appointment

The performance of all directors, and senior executives is reviewed at least annually. The remuneration committee evaluates the performance of the Executive Chairman and any other senior executives having regard to such things as:

- The responsibilities of the executive;
- Performance against budget;
- Any communicated key performance indicators; and
- Qualitative as well as quantitative measures

No director or senior executive is involved with his or her own evaluation, and the remainder of the Board evaluates such parties without such parties being present.

A review of the performance of the Board, its directors and senior executives was carried out in December 2015, and was undertaken in accordance with the above policy.

The Company has adopted a Diversity Policy and supports diversity of employees with differing skills, values, backgrounds and experiences and will ensure that recruitment and selection decisions are based on the principle of merit and a person's skills and qualifications regardless of their age, gender, nationality, cultural background or any other factor not relevant to the position. However as measurement of gender diversity, the proportion of women employees in the consolidated entity as at 30 June 2016 is as follows:

Women on the Board	20% (Alternate Director)
Women in senior executive roles	20%
Women in the organisation	20%

Due to the size and scale of operations of the Company, the Board has determined that a long term gender diversity objective cannot be set at this stage.

2 – The Board is structured to Add Value

To add value to the Company, the Board has been formed so that it has an effective composition, size, commitment, skills and experience to adequately discharge its responsibilities.

The Board established a remuneration committee. The remuneration committee undertakes the process of reviewing the skill base and experience of existing directors and the identification of attributes required in new directors. The remuneration committee reviews succession plans, appointment and re-election of directors and the process for evaluation of the performance of the Board, its members and senior executives. Where appropriate, independent consultants will be engaged to identify possible new candidates for the Board.

2 – The Board is structured to Add Value (cont.)

Should the Company's activities increase in size, scope and nature, the appointment of a nomination committee will be reviewed by the Board and implemented if appropriate.

While the Company does not have or disclose a formal skills matrix it does consider directors attributes prior to any appointment. The qualifications, skills, expertise relevant to the position of director held by each director in office at the date of the Annual Report and their attendance at Board and Committee meetings is included in the Directors' Report.

The Company currently has four directors, Mr Peter Topham (Executive Chairman, length of service 10 years), Mr Bruce Pertzelt (Non-Executive Director, length of service 8 years), Mr Piers Reynolds (Non-Executive Director, length of service 4 years) and Mr Malcolm McComas (Non-Executive Director, length of service 6 months). Further details about the directors are set out in the Annual Report. Mr David Ogg (Non-Executive Director and previously Executive Director, length of service 10 years) resigned 23 June 2016.

With reference to the factors affecting independent status as set in the ASX Principles and Recommendations Mr Piers Reynolds is considered by the Board to be an independent non-executive director. Mr Bruce Pertzelt is not considered to be an independent director due to his services as a geologist to the Company. Mr Malcolm McComas is not considered to be an independent director as he is associated with a substantial shareholder of the Company.

The independence of non-executive directors is assessed annually. The directors acknowledge that a majority of the Board is not independent; nevertheless all incumbent directors bring an independent judgement to bear in Board deliberations and the current representation is considered adequate given the Company's size and the stage of development.

Mr Peter Topham, the Executive Chairman, is not an independent director. Whilst the Board recognises that it is desirable for the Chairman to be an independent director, the Company's current stage of development and size dictate that this is the most efficient mode of operation at the current time. The Board will review the appointment of an independent Chairperson should the Company's size and growth warrant.

The Board's induction program provides incoming directors with information that will enable them to carry out their duties in the best interests of the Company. This includes supporting ongoing education of directors for the benefit of the Company. Members of the Board are able to take independent professional advice at the expense of the Company.

3 – The Board Promotes Ethical and Responsible Decision Making

In accordance with legal requirements and agreed ethical standards, directors and key senior executives of the Company have agreed to keep confidential information received in the course of the exercise of their duties and will not disclose non-public information, except where disclosure is authorised or legally mandated.

The Company has adopted a Code of Conduct. The code establishes a clear set of values which emphasise a culture encompassing strong corporate governance, sound business practices and good conduct from an ethical stand point. The Code is available on the Company's website.

The Company has adopted a Policy for Trading in Company Securities for directors, senior executives and other employees of the Company, which is appropriate for a company whose shares are admitted to trading on the ASX. The Company takes all reasonable steps to ensure compliance.

The Policy for Trading in Company Securities is available on the Company's website.

4 – The Board Safeguards Integrity in Financial Reporting

The Board has established an audit committee, which is responsible for the following areas:

- Establishment and review of internal control frameworks within the Company;
- Review of the financial statements, annual report and any other financial information distributed to shareholders or other external stakeholders;
- Review of audit reports and any correspondence from auditors, including comments on the Company's internal controls;
- Nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual audit and half year review; and
- Monitoring compliance with the Corporations Act, ASX listing Rules and any other regulatory requirements.

The audit committee consists of two non-executive directors. Because of the size of the Company it is not feasible to have an audit committee which includes three members at this stage.

Because of the size of the organisation it has not been deemed necessary to establish a formal charter to govern the audit committee. However the committee has been established to meet the five key responsibilities outlined above.

The external auditors are requested to attend the AGM and be available to answer shareholder questions relevant to the audit.

5 – The Board Makes Timely and Balanced Disclosure

The Board has designated the company secretary as the person responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

The Company has adopted a continuous disclosure policy that requires all directors, officers and executives to inform the Chairman, or in his absence the company secretary, of any potentially material information as soon as practicable after they become aware of that information. The Company does not currently have a formal written policy in place, but instead relies on the extensive experience of the Board and senior management to ensure ongoing compliance.

6 – The Board Respects the Rights of Shareholders

The Company respects the rights of its shareholders and has adopted communications protocols which are contained in the Communications Policy a copy of which is available on the Company's website. The Company uses its website (www.royalco.com.au), annual and half yearly reports, quarterly reports, market disclosures and media announcements to communicate with its shareholders, as well as encourages participation at general meetings.

The company is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way;
- Complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act in Australia ; and
- Encouraging shareholder participation at general meetings.

The external auditors are requested to attend the AGM and be available to answer shareholder questions relevant to the audit. The Company's registrar, Security Transfer Registrars, provides the option for shareholders to receive and send communications electronically.

7 – The Board Recognises and Manages Risk

The Company recognises the importance of identifying and managing business risks and ensuring appropriate control measures are in place. The Company has established a Business Risk Policy and system for oversight and management of material risk. The Business Risk Policy is available on the Company's website.

All business risks are the responsibility of the Board, and the Board believes the risk management and internal control systems designed and implemented by the directors and the chief financial officer in conjunction with the audit committee are adequate given the size and nature of the Company's activities. The Board requests management to report informally on risk management and internal control, and to highlight any additional risks that may have been identified, as well as reporting on matters that may have arisen from the Company's internal control procedures.

Prior to Board approval of the of the annual and half yearly financial accounts the executive chairman and chief financial officer (or company secretary) confirm to the Board that the Company's Financial Reports present a true and fair view, in all respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards, and that this declaration provided in accordance with section 295A of the Corporations Act, is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Key operational and financial risks are presented to and reviewed by the Board at each Board meeting. The Board in conjunction with the audit committee intends to review and oversee the operation of systems of risk management regularly to ensure that the significant risks facing the Company are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with.

8 – The Board Remunerates Fairly and Responsibly

The Board established a remuneration committee, to evaluate the remuneration of both executive, non-executive directors and senior executives.

The remuneration committee consists of two non-executive directors. Because of the size of the company it is not feasible to have a remuneration committee which includes three members at this stage.

The Company complies with the guidelines for executive, non-executive director and senior executive remuneration, details of which are included in the remuneration report contained within the Annual Report.

The Company's Share Trading policy does not currently contain a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The matter is under review.

The structure of executive and non-executive directors' remuneration is detailed in the remuneration report, which forms part of the Directors' report in the annual report.

Approved by the Board on 21 September 2016.
End of Corporate Governance Statement