



9 April 2019

Company Announcements Office
ASX Limited

Sale of the Weeks Royalty Interest

Royalco Resources Limited (ASX: **RCO**) (**Royalco** or **Company**) is pleased to announce it has signed a binding Deed of Assignment (**Assignment Deed**) with Royal Energy Pty Ltd (**Royal Energy**), for the sale of the Company's 1.0% beneficial interest in the Weeks Royalty (**Weeks Royalty**) to Royal Energy for a cash price of \$5.8 million.

The sale is subject to the following Conditions Precedent (**CP**):

- Royal Energy completing its funding arrangements for the acquisition (**Funding Condition**); and
- Royalco shareholders approving the sale at an Extraordinary General Meeting (**EGM**).

The parties have agreed a period for Royal Energy to satisfy the Funding Condition and, upon satisfaction thereof, the Company expects to distribute a Notice of EGM to its shareholders outlining the approval requirements for the disposal of the Weeks Royalty via resolutions to be put to shareholders at the EGM. During the Funding Condition period, Royalco will draft the EGM Notice and liaise with ASX to ensure that the EGM Notice can be dispatched immediately after satisfaction of that condition.

The EGM is expected to be held in June 2019 with settlement of the transaction expected to take place shortly thereafter.

In addition to the CPs, the Assignment Deed also contains clauses pertaining to:

- The parties sharing in equal proportion the royalty income from the Weeks Royalty from 1 January 2019 up to settlement of the transaction;
- Termination events;
- Exclusivity and no shop/no talk arrangements between the parties;
- Standard representations and warranties for a transaction of this type; and
- Other customary terms and conditions.

Recommendation from directors: In the absence of a superior proposal, the Royalco Board intends to unanimously recommend shareholders vote in favour of the transaction, and each director who controls shares in Royalco intends to vote those shares in favour of the transaction.

Fitzroy River Corporation Limited, which owns approx. 48% of Royalco, has advised the parties that, in the absence of a superior proposal, it currently intends to vote in favour of the various resolutions at the EGM.

Royalco will make appropriate further announcements upon Royal Energy satisfying the Funding Condition.

Subject to the receipt of an appropriate tax ruling from the ATO, the Board's intention is to distribute to Royalco shareholders a cash amount closely representing the net sale proceeds (after transaction costs). Shareholders will be advised of further details relating to the distribution at the appropriate time.



SUSAN THOMAS

Non-Executive Chair

About Royalco Resources Limited (ASX: RCO)

Royalco Resources Limited is an ASX listed resources company that owns a 1% interest in the Weeks Royalty and a portfolio of other royalty opportunities in hydrocarbons, gold, zinc, copper, silver and other minerals located primarily in Australia and New Zealand. The Weeks Petroleum Royalty covers 20 producing fields with 19 platforms in the offshore Gippsland Basin that is owned by ExxonMobil (operator) and BHP Billiton.

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