



Quarterly Activities Report (Quarter ended 30 September 2019)

HIGHLIGHTS:

- Royalty payment of \$204,469 received in September for the June quarter for the Weeks Royalty with \$726,883 received in the last 12 months;
- Royal Energy did not satisfy the Funding Condition for the acquisition of the Weeks Royalty and accordingly the Conditional Sale was terminated; and
- Strong Cash Position of \$2.428m.

CORPORATE DETAILS

ASX Code: RCO

Issued Capital: 52,714,183 shares

Shareholders: 169

Share Price: 19.0 cents

Market Capitalisation: \$10.0 million

Cash/Liquids (30 Sept.): \$2.428 million

Directors:

Sue Thomas
Non-Executive Chair

Malcolm McComas
Non-Executive Director

David Croll
Non-Executive Director

Company Secretary:

Justin Clyne

Substantial Shareholders:

Fitzroy River Corporation, Noontide Investments, Samuel Terry Asset Management and High Peak Royalties.

Royalco Resources Limited (**Royalco, RCO or Company**) is pleased to report on its activities during the quarter ended 30 September 2019.

1. Corporate:

1.1 Summary of Announcements During the Quarter:

Date:	Announcement
1 July	Update on Sale of Weeks Sale Process
31 July	Quarterly Activities Report
31 July	Quarterly Cashflow Report
24 September	Full Year Statutory Accounts

Table 1: Summary of ASX releases by Royalco during the September Quarter.

1.2 Weeks Royalty Sale Process:

Prior to the quarter, on 9 April, the Company announced that it had signed a conditional Deed of Assignment for the sale of the Company's 1.0% beneficial interest in the Weeks Royalty to Royal Energy Pty Ltd (**Royal Energy**) subject to Royal Energy completing its funding requirements and Royalco obtaining shareholder approval for the transaction.

During the quarter, on 1 July, Royalco announced that Royal Energy had not satisfied the funding condition and Royalco had terminated the conditional Deed of Assignment. Royalco is currently considering all options in relation to the Weeks Royalty and will keep the market updated on any material developments.

1.3 Finance:

There was a small increase in the Company's cash balance at the end of the September quarter which was \$2.428m, compared to \$2.344m at the end of June which was due to an increase in the royalty received from Weeks during the quarter of \$204,469 compared to \$118,371 received in the previous quarter.

2. Royalty Interests:

2.1 Weeks Royalty:

Income received during the quarter (based on production for the 3-month period ended 30 June 2019) was \$204,469 (*previous quarter - \$118,371¹ - 3 months to 31 March 2019*), (*prior corresponding quarter last year - \$211,930 - 3 months to 30 June 2018*).

¹ As noted in the previous quarterly, the royalty for the June quarter was lower than expected due to some temporary maintenance issues.

2.2 Reefton-Blackwater:

See update in Royalco's Quarterly Activities Report lodged with the ASX on 27 July 2018, in relation to the Agreement between Oceana Gold and Tasman Mining. No material updates are available at this date. The Royalco Board considers that if Tasman Mining makes a decision to mine and if it can fund and commence production (anticipated to take approximately 3 years), then Royalco expects to generate revenues from this royalty.

2.3 Sam's Creek:

During the quarter, in its Half-Year Financial Report released to the ASX on 3 September 2019, MOD Resources Ltd stated in relation to the Sam's Creek project:

"...Sams Creek is a substantial undeveloped gold project with +1 million ounce porphyry hosted gold resource ... which remains open at depth and along strike. MOD remains focused on advancing its copper projects in Botswana and is exploring other opportunities to monetise the Sams Creek Gold Project, however no discussions are advanced enough for the Company to reliably hold the Sam's Creek Gold Project as an asset held for sale with a supportable value and as such the asset held for sale has been fully impaired..."

Subsequent to the end of the quarter, on 23 October, Sandfire Resources NL (ASX: **SFR**) announced that the Scheme of Arrangement pursuant to which Sandfire will acquire all of the shares in MOD Resources has been completed.

Royalco will continue to watch any developments on this asset.

2.4 Bowdens:

There were no material updates from Silver Mines Limited (ASX: **SVL**) regarding the Bowdens Silver Project (which includes EL 5920 over which Royalco has a royalty) during the quarter. In its Annual Report released to the ASX just prior to the end of the quarter on 30 September 2019, Silver Mines stated, in part:

"...Exploration at the Bowdens Silver Project during the 2019 Financial Year was limited to planning and geological analysis. Subsequent to the financial year, extensional exploration has commenced with a regional gravity survey being planed in the Bowdens NW, Bundarra and surrounding areas. This is planned to be followed up by up to 4,000 metres of drilling targeting deeps zones of high-grade silver mineralisation, massive and semi-massive sulphide zones and the follow-up to the discovery of the porphyritic felsic intrusion beneath the Bowdens Silver Project..."

2.5 Other Royalties:

There were no activities of substance to report during the quarter on the Mt Garnet or LFB Molong royalties.

2.6 Schedule of Royalty Interests:

PROJECT	OPERATOR	ROYALTY	COMMODITY
Weeks Petroleum	ExxonMobil/Gippsland Basin JV	1% of 2.5%	Hydrocarbons
Reefton-Blackwater	Oceana Gold Ltd (ASX: OGC)	1-3% ORR	Gold
Sam's Creek	MOD Resources Ltd (ASX: MOD)	1% ORR	Gold
Mt Garnet	Consolidated Tin Mines Limited (ASX: CSD)	3% NSR	Zinc, lead, silver
Bowdens	Silver Mines Ltd (ASX: SVL)	1 – 2 % NSR	Silver
LFB (Molong)	Regis Resources Ltd (ASX: RRL)	3% NSR	Gold, copper

Table 2: Schedule of royalty interests.

2.7 Information Pursuant to Listing Rule 5.4.3:

In accordance with ASX Listing Rule 5.4.3, but noting its several royalty interests as described above, Royalco advises that:

- 1) No petroleum tenements were held at the end of the Quarter;
- 2) No petroleum tenements were acquired or disposed of during the Quarter;
- 3) The beneficial percentage interests held in farm-in or farm-out agreements at the end of the Quarter was nil; and
- 4) The beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the Quarter was nil.

3. Events Subsequent to the Quarter:

There have been no material events subsequent to the quarter's end as at the date of this report.

Susan Thomas

Non-Executive Chair

Dated: 28 October 2019

About Royalco Resources Limited (ASX: RCO):

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

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Royalco Resources Limited

ABN

53 096 321 532

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	213	213
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(136)	(136)
1.3 Dividends received (see note 3)		
1.4 Interest received	8	8
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	85	85
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) other non-current assets		
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	-	-
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	-	-
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,363	2,363
4.2 Net cash from / (used in) operating activities (item 1.9 above)	85	85
4.3 Net cash from / (used in) investing activities (item 2.6 above)		
4.4 Net cash from / (used in) financing activities (item 3.10 above)		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,448	2,448

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,448	2,363
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details) Term deposits		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,448	2,363

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

28

Director fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	
9.2 Development	
9.3 Production	
9.4 Staff costs	
9.5 Administration and corporate costs	110
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	110

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.



28 October 2019

 Sign here:
 (Company Secretary)

Date:

Print name:Justin Clyne.....

Note-++

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.