

Royalco Resources Limited

A Very Different Type Of Company.....



November 2010

Royalco Resources Limited

CAPITAL SUMMARY



- ASX CODE:RCO
- Total shares on issue – 52.7m (3.46m options)
- Current share price- 39.5 cents
- Market capitalisation – \$ 20.8 million
- Substantial Shareholders:
 - Directors 19.2%
 - Anglo Pacific 31.1%
 - OZ Minerals 19.1%
 - A total of 600 shareholders

Royalco Resources Limited

CORPORATE MODEL



- Originally modelled on Franco Nevada style royalty businesses which combine cash flow and resource development
- Convert exploration success to equities/royalties
- Acquire existing royalties
- Maintain strong balance sheet with a healthy cash position coupled with capital management discipline.
- ***UNIQUE PRODUCT IN THE AUSTRALIAN MARKET PLACE***



- ***Buy backs-two completed during GFC and Opes fiasco***
- ***Capital return-10 cents per share June 2010***
- ***Fully franked dividends imminent***

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EXISTING ROYALTY INTERESTS



<u>Company</u>	<u>Description</u>	<u>Pre Resource</u>	<u>Desk Studies</u>	<u>Feas. Study</u>	<u>In Production</u>
Oceana Gold Ltd	Reefton, 5,000 ounces pa,Gold				X
Kagara Zinc Ltd	Mt Garnet 3% NSR**, Zinc,Lead, Silver				X
China Sci Tech Ltd	Mt Kelly, 1% NSR Copper, Gold				Dec '10
Silver Standard Resources Inc.	Bowdens, 1-2% NSR Silver,Zinc,Lead			X	
Hydromet Corp Ltd	Stanton, 1% NSR, Nickel, Cobalt		X		
Deutsche Rohstoff	Red Dam, Gold				Dec'10
Oceana Gold Ltd	Sam's Creek, Gold		X		
Syrah Resources Ltd	Mt Lyndhurst, Copper	X			
Vale	Gambang, Copper,Gold	X			
Alkane Exploration Ltd	Molong,Gold	X			



Seeking extensions to mineralisation in existing pits.

Drilling highly prospective near-mine targets. This includes Target 3 which lies in an additional royalty area.

Deep drilling underway at the high grade Blackwater mine which also lies in an additional royalty area.

Source- Latest Oceana Gold Presentation, page 15

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INCOME BASE



- Reefton, 5000 ounces (pre withholding tax 15%) per annum until end 2012*. This equates to approx \$5.7 million per annum cash flow at A\$1350 per ounce.
- Mt Garnet, around \$1.2 million per annum. More than four years of reserves/resources. Drilling to lift to 5 years reserves and 5 years resources!
- Mt Kelly- 1% NSR but capped with a further ~ \$700,000 to pay.
- Dagworth/Red Dam milestone payment due December, then \$10 an ounce.
- Net revenue approx \$7.0 million plus on current commodity gold/zinc/copper prices.



CASH AND LIQUIDS

- ***Gold position of 1062.5 ounces held on deposit***
- ***Cash position \$ 10.75 million , 22nd November***
- ***Securities at current market values, approx \$160,000***
- ***Total cash and liquids approximately \$ 12.4 million using spot gold prices***



DIVIDEND POLICY

- ***Guideline is 60 per cent after tax profits to go in fully franked dividends.***
- ***Commencement first quarter 2011 then six monthly.***
- ***How many miners pay dividends ?...25 out of 900 plus, and only 14 hard rock players ? And what % are fully franked???***

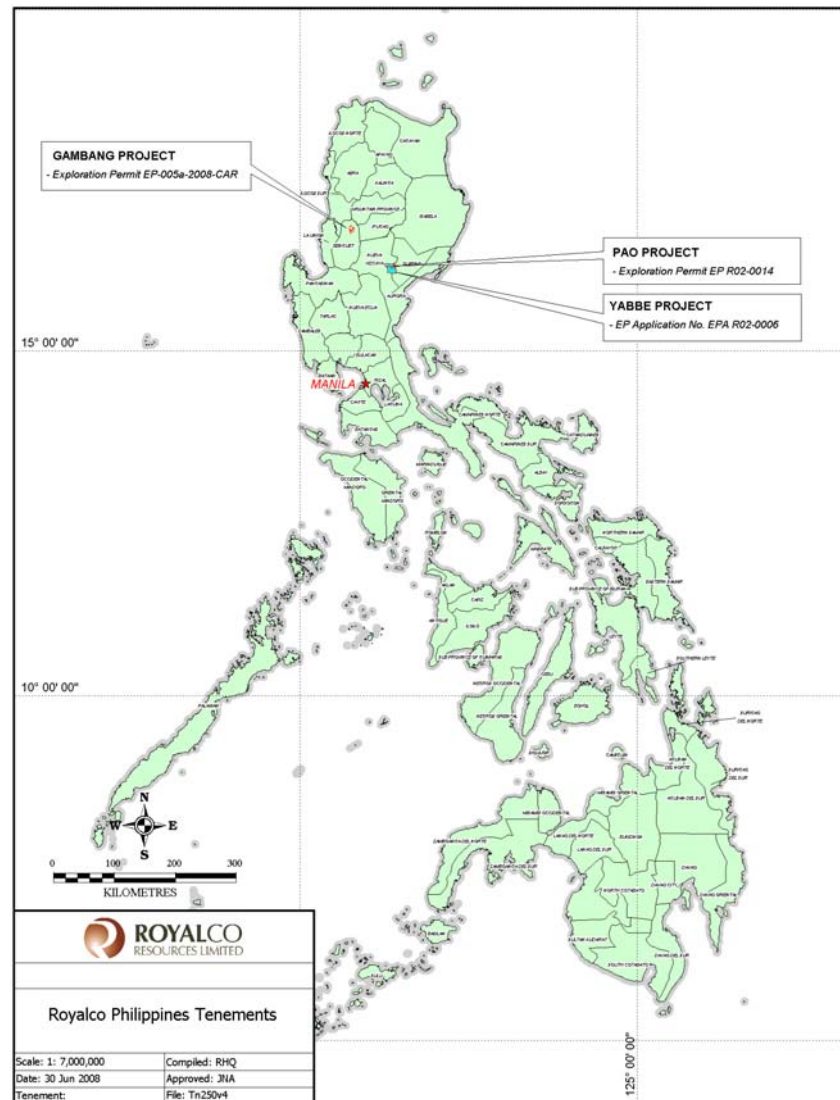
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PHILIPPINES EXPLORATION

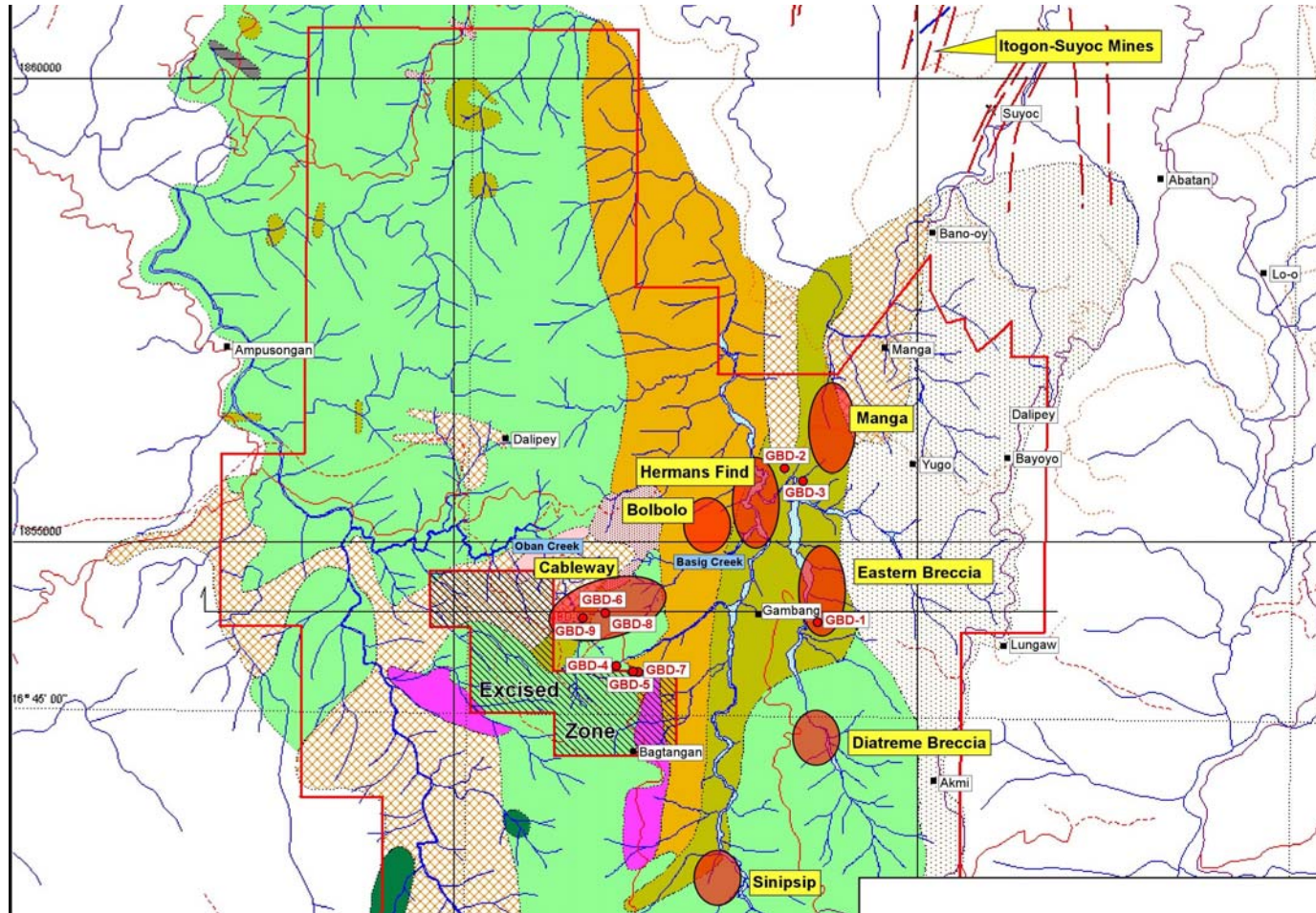
One of the more prospective parts of the planet
Ask Xstrata, Freeport, Vale etc

It has not hurt either Medusa or CGA-both have market caps > \$1bn



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GAMBANG



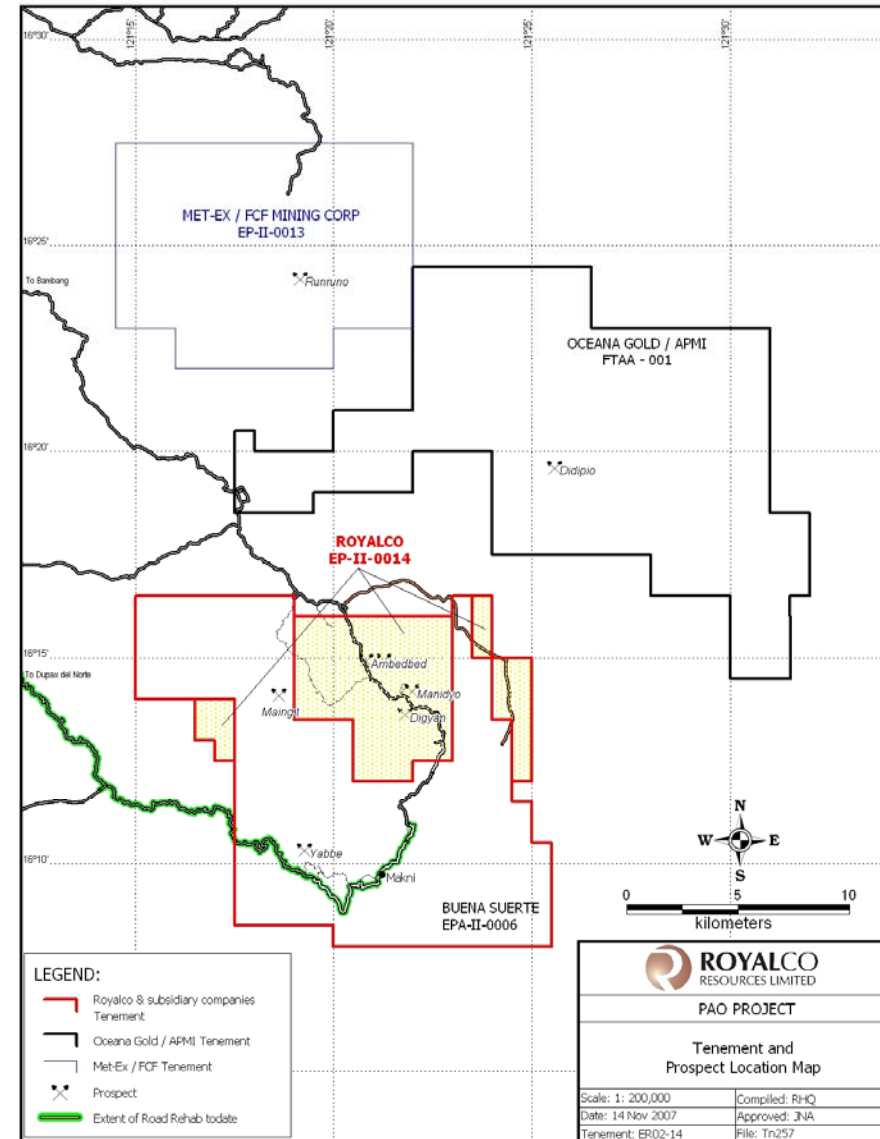
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GAMBANG-MANGA PROSPECT



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YABBE/PAO TENEMENTS



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PAO PROJECT



Pao Manidyo quartz enargite vein outcrop



FUTURE ACTIVITIES

EXPLORATION

- ***Vale diamond drilling has commenced (>6000 metres in first program)***
- ***Yabbe soil sampling-drilling 1st half 2011?***
- ***Other opportunities in other regions/countries –primarily gold and copper/gold targets***
- ***ROYALTIES***
- ***Ongoing-preference is to broaden base with additional energy exposure***



- ***ATTRACTIVE COMMODITY EXPOSURE (Gold, base metals)***
- ***STRONG BALANCE SHEET AND CASHFLOWS (Value)***
- ***FOCUSED ON SHAREHOLDER RETURNS (Management Discipline)***
- ***EXPLORATION INITIATIVES FROM A SOUND ASSET BASE***