



# Bidder's Statement

THIS DOCUMENT CONTAINS IMPORTANT INFORMATION AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH THIS DOCUMENT, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL OR OTHER PROFESSIONAL ADVISER AS SOON AS POSSIBLE.

Unconditional market offer  
from

**Starmont Ventures Pty Ltd**

ACN 137 002 067

a subsidiary of Anglo Pacific Group PLC to acquire all of your shares in

**Royalco Resources Limited**

ACN 096 321 532

For each Royalco Share you will receive **\$0.30 in cash.**

Argonaut Securities Pty Limited (ABN 72 108 330 650 /AFSL 274 099) has been appointed by Anglo Pacific (Starmont) as Broker and will stand in the market and purchase Royalco Shares offered to it at the Offer Price from 13 May 2009.

The Offer Period will officially commence on 28 May 2009 and will end on 29 June 2009, unless extended.

If you have any questions about the Offer or this document, or about how to accept the Offer, please contact the Offer Information Line on 1800 559 786 within Australia or + 61 2 8256 3390 from outside Australia.

Broker to the Offer:



Legal adviser:

**CLAYTON UTZ**

## IMPORTANT DATES AND INFORMATION

### Important dates

<b>Announcement of Offer</b>	13 May 2009
<b>Bidder's Statement lodged with ASIC</b>	13 May 2009
<b>Royalco Shareholders able to sell Royalco Shares to Anglo Pacific (Starmont)</b>	13 May 2009
<b>Offer Period officially opens</b>	9:00am (Perth time) on 28 May 2009
<b>Offer Period closes* (unless extended)</b>	29 June 2009

\* This date is indicative only and may be extended as permitted by the Corporations Act.

### Important information

**Bidder's Statement:** This Bidder's Statement is issued by Starmont Ventures Pty Ltd ACN 137 002 067 (**Anglo Pacific (Starmont)**), a subsidiary of Anglo Pacific Group PLC (**Anglo Pacific**), under Part 6.5 of the Corporations Act and in compliance with the requirements of sections 636 and 637 of the Corporations Act, in relation to the Offer described in Section 8 of this Bidder's Statement. This Bidder's Statement is an important document and should be read in its entirety before deciding whether to accept the Offer.

**No investment advice:** The information provided in this Bidder's Statement is not investment advice and has been prepared without taking into account your individual investment objectives, financial circumstances or particular needs. ***You should seek independent financial and taxation advice from your financial or other professional adviser before deciding whether to accept the Offer.***

**Forward looking statements:** This Bidder's Statement includes both information that is historical in character and that consists of forward looking statements. To the extent that any statements relate to future matters, you should consider that they are subject to risks and uncertainties. Those risks and uncertainties include factors and risks specific to the mining industry as well as matters such as general economic conditions including interest rates. Actual events or results may differ materially. None of Anglo Pacific (Starmont), Anglo Pacific, any of their respective directors, officers or advisers, or any other person named with their consent in the Bidder's Statement can assure you that any future results will be achieved.

**Information on the Royalco Group:** The information concerning the Royalco Group contained in this Bidder's Statement has been obtained from publicly available sources. Neither Anglo Pacific (Starmont) nor Anglo Pacific or its advisers assume any responsibility for the accuracy or completeness of this information.

**ASIC:** A copy of this Bidder's Statement was lodged with ASIC on 13 May 2009. ASIC takes no responsibility for the contents of this Bidder's Statement.

**Definitions:** A number of defined terms are used in this Bidder's Statement. Unless expressly specified otherwise, capitalised terms have the meaning given in the Glossary in Section 10 of this Bidder's Statement.

**Time:** All references to time in this Bidder's Statement are to Perth (Western Australia) time.

**Foreign shareholders:** The distribution of this Bidder's Statement may be restricted in some countries. Therefore persons who come into possession of this Bidder's Statement should make themselves aware of, and comply with, those restrictions.

## LETTER FROM THE CHAIRMAN OF ANGLO PACIFIC GROUP PLC

13 May 2009

Dear Royalco Shareholder,

I am pleased to present an offer by Anglo Pacific, via its Australian subsidiary, Anglo Pacific (Starmont), to acquire your shares in Royalco for **\$0.30 cash**. As Royalco's largest Shareholder, with a relevant interest of approximately 20%, we are legally obliged to make this formal offer to continue purchasing Royalco shares on market.

The all cash offer represents a premium of:

- 50% to the closing price of \$0.20 per Royalco Share on ASX on the last Trading Day for Royalco Shares prior to the Announcement Date; and
- 55% to the 30 day volume-weighted average price of Royalco Shares on ASX to the last Trading Day for Royalco Shares prior to the Announcement Date of 13 May 2009.

Anglo Pacific believes the offer is very attractive, particularly given the uncertain global economic outlook and the general illiquidity of Royalco Shares. The Offer delivers you a certain and immediate value for your Royalco Shares now. You should also be aware that the Offer Price is higher than the price received by any shareholder who accepted Royalco's recent buy-back offers.

**As the Offer is unconditional, you can sell your Royalco Shares to Anglo Pacific (Starmont) immediately on ASX and receive cash three Trading Days (T+3) after your acceptance.**

The Offer may only be accepted by selling your Royalco Shares on market on the ASX. You can do this through your stockbroker or through Argonaut Securities Pty Limited who have been retained by Anglo Pacific (Starmont) as Broker to the Offer. A summary of how to sell your Royalco Shares to Anglo Pacific (Starmont) is set out in Section 8.6 of this Bidder's Statement.

The Offer will close on 29 June 2009, unless extended.

Should you not accept and the Offer lapses, then Royalco's Share price may drop to pre-Offer levels or below with a reduced level of trading liquidity. Some consequences of not accepting are set out in section 2.

If you have any questions, please contact the shareholder information line on 1800 559 786 (callers within Australia) or +61 2 8256 3390 (callers outside Australia), or consult your financial or other professional adviser.

I strongly encourage you to carefully read this Bidder's Statement then contact your chosen broker to **ACCEPT** this offer.

Yours Sincerely



P. M. Boycott, Chairman

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## 1. Summary of the Offer

This Section 1 of the Bidder's Statement provides an overview of the Offer and is qualified in its entirety by the detailed information set out elsewhere in this Bidder's Statement. Section 8 of this Bidder's Statement contains the full terms and conditions of the Offer. You should read the entire Bidder's Statement before deciding whether to accept the Offer.

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<b>What is the Offer?</b>	Anglo Pacific (Starmont) is offering to acquire all of your Royalco Shares, by way of an on-market takeover bid. The Offer consideration is \$0.30 cash for each Royalco Share.
<b>Who is making the Offer?</b>	<p>Anglo Pacific (Starmont) is a wholly owned subsidiary of Starmont Holdings Pty Ltd ACN 007 427 418 (<b>Starmont Holdings</b>), which is in turn a wholly-owned subsidiary of Anglo Pacific.</p> <p>Anglo Pacific is a United Kingdom incorporated company that owns royalty interests in producing mining projects and acquires strategic exploration interests and shareholdings held for the purposes of earning future royalties. Anglo Pacific is dual listed on London Stock Exchange and ASX and has a market capitalisation of approximately \$ 371,602,500 (as of 12 May 2009).</p> <p>Further information on Anglo Pacific (Starmont) and Anglo Pacific is set out in Section 3 of this Bidder's Statement.</p>
<b>When can I sell my Royalco Shares to Anglo Pacific (Starmont)?</b>	<p>You can sell your Royalco Shares on-market to Anglo Pacific (Starmont) <b>immediately</b>. You may also accept the Offer on-market during the Offer Period.</p> <p>Argonaut Securities will stand in the market on behalf of Anglo Pacific (Starmont) and purchase Royalco Shares offered to it at the Offer Price from 9.00 am (Perth time) on the Announcement Date of 13 May 2009 until the end of the Offer Period on 29 June 2009 (unless extended in accordance with the Corporations Act).</p>
<b>How do I accept the Offer?</b>	<p>Because the Offer is a market offer, acceptance is made by selling your Royalco Shares through Anglo Pacific (Starmont)'s broker, Argonaut Securities or any Member Participant of ASX. You are not required to complete a form to accept the Offer.</p> <p>If your Royalco Shares are in a CHESS Holding, you will need to instruct your stockbroker to sell your Royalco Shares.</p> <p>If your holding is an Issuer Sponsored Holding, you may sell your Royalco Shares through a stockbroker of your choice, including Argonaut Securities.</p> <p>Royalco Shareholders wishing to accept the Offer through Argonaut Securities may contact Kevin Johnson - Executive Director on +61 2 9224 6880.</p> <p>Section 8.6 provides more detailed instructions on how to accept the Offer.</p>
<b>When will I be paid?</b>	If you accept the Offer, the usual rules for settlement of transactions which occur on-market on ASX will apply. Once you have accepted the Offer and sold your shares, you will be paid on a T+3 basis (being 3 Trading Days after your acceptance).

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**Do I have to pay brokerage if I accept?**

If your Royalco Shares are registered in an Issuer Sponsored Holding in your name, the relevant Broker you instruct to initiate acceptance on your behalf may charge transactional fees or service charges in connection with acceptance of the Offer.

Brokerage payable to Argonaut Securities for executed trades on your behalf will be the higher of \$100 or 1% of trade value (exclusive of GST).

If your Royalco Shares are registered in a CHESS Holding or if you are a beneficial holder and your Royalco Shares are registered in the name of a Broker, bank, custodian or other nominee (i.e. your Controlling Participant), the Controlling Participant may charge transactional fees or service charges in connection with acceptance of the Offer.

Accordingly you should ask your Broker or Controlling Participant (as applicable) in relation to brokerage.

Anglo Pacific (Starmont) will bear the cost of its own brokerage, if any, on the transfer of Royalco Shares acquired through acceptance of the Offer.

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**Do I have to pay stamp duty if I accept?**

You will not pay stamp duty on the disposal of your Royalco Shares if you accept the Offer.

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**When does the Offer close?**

The Offer is currently scheduled to close at 5:00 pm (Perth time) on 29 June 2009, unless extended in accordance with the Corporations Act.

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**Can the Offer be varied and can the Offer Period be extended?**

Yes, the Offer can be varied and the Offer Period can be extended by Anglo Pacific (Starmont) in accordance with the Corporations Act. Any variation or extension will be announced to the ASX. However if you have sold your Royalco Shares prior to any such announcement you will not receive any benefit from the variation.

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**What will happen if I do not accept the Offer?**

If you do not accept the Offer you will retain your Royalco Shares unless Anglo Pacific (Starmont) and its associates obtain a relevant interest in 90 per cent or more of all Royalco Shares during or at the end of the Offer Period. In those circumstances Anglo Pacific (Starmont) intends to exercise its rights to acquire your Royalco Shares under the compulsory acquisition provisions of the Corporations Act.

If this occurs, you will be paid the Offer consideration of \$0.30 cash for each of your Royalco Shares.

Further information on Anglo Pacific (Starmont)'s intentions is set out in Section 5 of this Bidder's Statement.

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**Are there any conditions to the Offer?**

No, the offer is unconditional.

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**Further information**

If you require any further information in relation to the Offer please call the Offer Information Line on 1800 559 786 (within Australia) or +61 2 8256 3390 (outside Australia).

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## 2. Reasons why you should accept the Offer

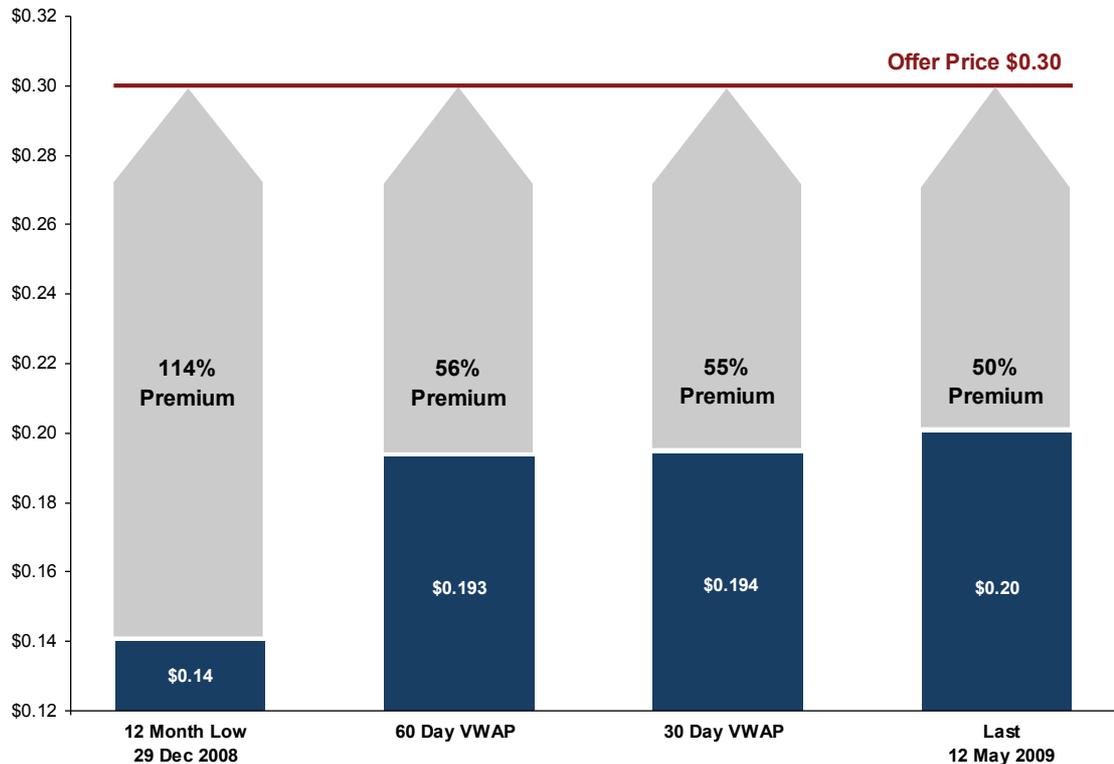
- The Offer represents a substantial premium to relevant pricing indicators over the past 12 months.
- You will receive certain and immediate value for your Royalco Shares through a 100% cash consideration payable on a T+3 basis.
- The Offer Price is higher than the price received by any shareholder who accepted Royalco's recent buy-back offers.
- Should you not accept and the Offer lapses, then Royalco's Share price may drop to pre-Offer levels or below with a reduced level of trading liquidity.



## The Offer represents a substantial premium to relevant pricing indicators over the past 12 months

Anglo Pacific (Starmont)'s Offer Price of \$0.30 per Royalco Share represents an attractive premium of:

- 50% to the closing price prior of \$0.20 per Royalco Shares on ASX on the last Trading Day for Royalco Shares prior to the Announcement Date;
- 55% to the 30 day volume weighted average price of Royalco Shares up to and including the last Trading Day for Royalco Shares prior to the Announcement Date of \$0.194;
- 56% to the 60 day volume weighted average price of Royalco Shares up to and including the last Trading Day for Royalco Shares prior to the Announcement Date of \$0.193; and
- 114% to the lowest closing price for Royalco Shares on ASX of \$0.14 in the last 12 months.



The Offer represents particularly attractive value to Royalco Shareholders given:

- the general illiquidity of Royalco Shares - Since 1 June 2008, only 13% of the total outstanding shares currently on issue have been traded (excluding trading completed by Anglo Pacific and Royalco); and
- the current volatile and uncertain global equity and debt markets.



**You will receive certain and immediate value for your Royalco Shares through a 100% cash consideration payable on a T+3 basis**

Key attributes of Anglo Pacific (Starmont)'s Offer to acquire your Royalco Shares are:

- 100% cash consideration of \$0.30 per Royalco Share;
- the Offer is unconditional;
- you may sell your Royalco Shares on market at the Offer Price immediately from 9.00am (Perth time) on the Announcement Date of 13 May 2009 until the Offer closes on 29 June 2009 unless extended or withdrawn. The Offer Period officially commences on 28 May 2009; and
- cash payment on a T+3 basis (being three Trading Days after your acceptance).

The certainty of this receipt of cash should be compared against the uncertainties of, and risks associated with, remaining a Royalco Shareholder in the current difficult economic environment. Key risks include continued exposure to:

- Royalco's uncertain earnings profile and ability to grow future earnings;
- ongoing base and precious metal price volatility;
- exploration risk in the Philippines;
- general illiquidity of the Royalco Shares; and
- potential risk of share price falls due to a number of factors including those mentioned above and general market risks.

You can choose, in effect, between the all-cash Offer of certain value which is available now and future uncertain value by retaining your Royalco Shares.

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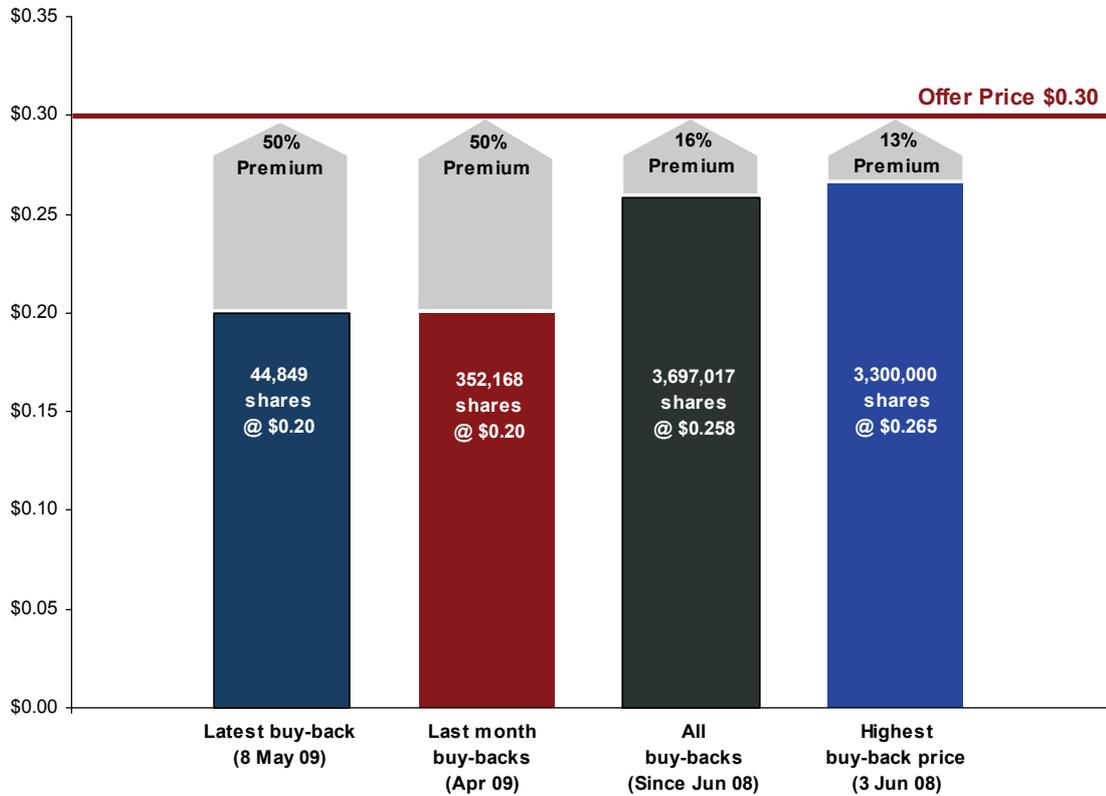


**The Offer Price is higher than the price received by any shareholder who accepted Royalco's recent buy-back offers**

Since June 2008, Royalco has undertaken an on market buy-back of its own shares. In total approximately 3.7 million Royalco Shares have been bought from shareholders at:

- The latest buy-back price of \$0.20 per Royalco Share.
- An average buy-back price of \$0.20 per Royalco Share in the last month.
- An average buy-back price of \$0.258 per Royalco Share since Royalco's on-market buy-back trades commenced on 3 June 2008.
- A highest buy-back price of \$0.265 per Share on 3 June 2008.

Anglo Pacific's Offer Price is higher than the price received by any shareholder who accepted these buy-back offers from Royalco.





### **Consequences of not accepting**

Anglo Pacific believes the Offer for Royalco is attractive.

However, if you choose not to accept the Offer you should be aware of certain risks that may emerge as follows:

- In the absence of this Offer, Royalco's Share price may drop to pre-Offer levels.
- If Anglo Pacific (Starmont) becomes the controlling shareholder in Royalco and Royalco remains a listed company, the market for your Royalco Shares may be less liquid or active. Therefore it could be more difficult to sell your Royalco Shares later, should you choose to do so.

You should consult your broker or financial adviser to ascertain the impact of the risks outlined above on the value of your Royalco Shares.

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### 3. Overview of Anglo Pacific (Starmont) and Anglo Pacific

#### 3.1 Anglo Pacific (Starmont)

Anglo Pacific (Starmont) is an Australian proprietary limited company which is a wholly-owned subsidiary of Starmont Holdings, which is a wholly-owned subsidiary of Anglo Pacific. Anglo Pacific (Starmont) was incorporated in Western Australia.

Anglo Pacific (Starmont) was incorporated on 8 May 2009. It has no current business activities and has not previously traded other than entering into the funding arrangements required in connection with the Offer.

The directors of Anglo Pacific (Starmont) are Peter Boycott, Brian Wides, Matthew Tack and Janis Nugawela.

#### 3.2 Anglo Pacific

##### Overview

Anglo Pacific is a United Kingdom incorporated company that owns royalty interests in producing mining projects and acquires strategic exploration interests and shareholdings held for the purposes of earning future royalties. Anglo Pacific is dual listed on the London Stock Exchange and ASX under the symbols APF and AGP and has a market capitalisation of approximately \$371,602,500 (as of 12 May 2009).

Anglo Pacific has a strong financial profile with earnings for the year ended 31 December 2008 of £29,261,000 (27.56p per share), total assets, including quoted and unquoted investments and royalties, valued at £176.4 million (as at 31st December 2008) and nil debt. Dividends paid for the year ended 31 December 2008 totalled £8,281,000 (7.80p per share).

Anglo Pacific generates returns for shareholders primarily by receiving royalties from coal mines in Australia operated by BHP Billiton and Rio Tinto. Anglo Pacific also owns a number of royalties on projects at various stages of development, including, inter alia, uranium and gold projects. Anglo Pacific holds strategic interests in listed and unlisted coal, gold, uranium, base metals and PGM mining projects.

The strategy of Anglo Pacific is to expand its royalty interests through acquisition and investment in exploration and development projects with a focus on activities in Australia, Canada and the USA. Anglo Pacific's continuing policy is to return a substantial proportion of these royalty earnings to shareholders as dividends.

##### Directors of Anglo Pacific

Name	Position
Peter Boycott	Chairman
Brian Wides	Chief Executive
Matthew Tack	Finance Director & Company Secretary
Mike Atkinson	Non-Executive Director
Dr. John Whellock	Non-Executive Director
Anthony Yadgaroff	Non-Executive Director

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### **Publicly Available Information**

Anglo Pacific is listed on the London Stock Exchange and ASX. As such, Anglo Pacific is subject to the continuous disclosure obligations of the UK Listing Authority, the Listing Rules and the Corporations Act. A substantial amount of information concerning Anglo Pacific is publicly available and may be accessed by accessing [www.anglo-pacificgroup.com](http://www.anglo-pacificgroup.com) and [www.asx.com.au](http://www.asx.com.au).

## 4. Overview of Royalco

### 4.1 Disclaimer

The following information on the Royalco Group has been prepared based on a review of publicly available information. Accordingly, Anglo Pacific (Starmont) has had limited opportunity to verify the information on the Royalco Group and, to the extent permitted by law, neither Anglo Pacific (Starmont), Anglo Pacific nor any of their respective directors, officers or advisers assume any responsibility for the accuracy or completeness of this information.

The information on the Royalco Group in this Bidder's Statement should not be considered comprehensive.

Further information relating to the Royalco Group's businesses and the Royalco Shares will be set out in the Target's Statement that Royalco is required to issue in response to the Offer.

### 4.2 Overview of Royalco Group

Royalco is an ASX listed royalty and mineral exploration company. Along with a portfolio of royalty interests, Royalco has 100% equity interests in a number of Philippines exploration tenements.

Royalty Interests				Phillipines Exploration				
Project	Operator	Royalty	Commodity	Project	Locality	Tenement No.	Licence Type	Equity
Reefton	Oceana Gold	Variable, currently 5000 ounces per annum (NZD gold greater than \$900)	Gold	Gambang	Bankun Benguet	005-2008-CAR	Exploration Permit	100%
Mt Garnet	Kagara	3% NSR	Zinc, lead, silver	Pao	Kasibu, Nueva Vizcaya	EP-II-000014	Exploration Permit	100%
Mt Kelly	CopperCo	1% NSR	Copper, Gold	Surigao	Malimono, Surigao del Norte	EP-XIII-015	Exploration Permit	100%
Bowden's	Silver Standard Resources	1-2% NSR	Silver	Malimona	Malimono, Surigao del Norte	EP-XIII-020	Exploration Permit	100%
Stanton	Hydromet Corp	1% NSR	Nickel, Cobalt	Yabbe	Nueva Vizcaya		Exploration Permit Application	100%
Dagworth / Huonfels	Plentex	1.5% ORR	Gold, silver					
Heathcote	Perseverance	2.5% ORR	Gold					
Xanadu	Pelican Resources	4% ORR	Gold					
LFB	Alkane Exploration	3% NSR	Gold, copper					
Lake Margaret	Copper Strike	1% NSR	Copper					
Mt Lyndhurst	Syrah Resources	1.5% NSR	Copper, Uranium					
Mackenzie / Archie	Syrah Resources	1.5% NSR	Zinc					
Levuka	Syrah Resources	1.5% NSR	Copper					

Of the 13 royalties currently owned by Royalco, only two royalties (being the Reefton and Mt Garnet royalties) are generating revenue).

### 4.3 Information about Royalco securities

Based on documents lodged with ASX up to and including 12 May 2009, Royalco's issued share capital comprises:

- 52,759,032 Royalco Shares; and

- 3,610,000 Royalco Options.

Further details regarding Royalco's securities are set out in Section 9.

Based on documents lodged with ASX up to and including 12 May 2009 and matters known to Anglo Pacific, the holders of substantial interests in Royalco are as follows:

Holder of interest	Total number	% of issued Royalco Shares
Anglo Pacific	10,592,559	20.1%
Oz Minerals	10,000,000	19.0%
Keryn Anne Topham & Associates	5,180,400	9.8%
David Lindsay Ogg & Associates	3,860,400	7.3%

The last recorded price of Royalco Shares on ASX before the Announcement was \$0.20.

#### 4.4 Anglo Pacific interests in Royalco Shares

As at the date immediately before the first Offer was sent, Anglo Pacific's voting power (as defined in section 610 of the Corporations Act) in Royalco Shares was 10,592,559 or 20.1 per cent of the total votes that may be cast at a meeting of Royalco Shareholders.

#### 4.5 Royalco directors

Name	Position
Peter Topham	Executive Chairman
David Ogg	Executive Director
Tom Eadie	Non-Executive Director
Bruce Pertzelt	Non-Executive Director

#### 4.6 Other Royalco information

Royalco Shares are listed on the ASX and Royalco is obliged to comply with the continuous disclosure requirements of the Listing Rules and the Corporations Act.

Information about Royalco (including copies of the financial statements, the Annual Report and the Half-Year Financial Report) may be obtained from either Royalco's website ([www.royalco.com.au](http://www.royalco.com.au)) or the ASX website ([www.asx.com.au](http://www.asx.com.au)).

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## **5. Intentions of Anglo Pacific and Anglo Pacific (Starmont)**

### **5.1 Introduction**

This Section 5 sets out Anglo Pacific's intentions, on the basis of the facts and information concerning the Royalco Group and the existing circumstances affecting the business of the Royalco Group which are known to Anglo Pacific at the time of preparation of this Bidder's Statement, in relation to the following:

- (a) the continuation of the business of the Royalco Group;
- (b) any major changes to be made to the operation of the Royalco Group, including any redeployment of the fixed assets of the Royalco Group; and
- (c) the future employment of the present employees of the Royalco Group.

The intentions of Anglo Pacific (Starmont) are the same as the intentions of Anglo Pacific, and both are collectively referred to as Anglo Pacific in this Section 5.

### **5.2 Present intentions**

Anglo Pacific and its advisors have reviewed information regarding Royalco that is publicly available. Anglo Pacific does not have knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, taxation, legal and financial implications of its current intentions. Consequently, any final decisions on these matters will only be reached in light of all material facts known to Anglo Pacific and the circumstances at the relevant time. Accordingly, the statements set out in this Section 5 are statements of present intention only which may vary as new information becomes available or circumstances change.

### **5.3 Intentions if 50% or less of Royalco is acquired**

Unless otherwise indicated in Section 5, if Anglo Pacific acquires 50% or less of Royalco Shares, Anglo Pacific intends to seek representation on the Royalco Board and gain a more detailed understanding of the corporate structure, assets, businesses, personnel, financing, capital structure and operations of Royalco. Anglo Pacific would then be in a better position to evaluate the performance, profitability and prospects of Royalco in light of the information then available to Anglo Pacific.

### **5.4 Intentions upon ownership of 50.1% or more of Royalco**

This Section 5.4 sets out Anglo Pacific's current intentions if Royalco becomes controlled by Anglo Pacific (i.e. Anglo Pacific acquires 50.1% or more of Royalco) but Anglo Pacific is not entitled to proceed to compulsory acquisition in accordance with Part 6A.1 of the Corporations Act. In that circumstance, Anglo Pacific's intentions are as follows:

#### **(a) Directors**

Anglo Pacific intends to procure the appointment of nominees of Anglo Pacific to the Royalco Board so that the number of Anglo Pacific directors will be approximately proportionate to Anglo Pacific's holding of Royalco Shares.

#### **(b) Review**

In the event that Anglo Pacific does not acquire 100 per cent of the issued Shares in Royalco, Anglo Pacific will propose, through its nominees on the Royalco Board,

that a review of the Royalco Group of the types referred to in Section 5.5(d) below be undertaken with the aim of pursuing, to the maximum extent possible and appropriate, the types of strategies and intentions, as described in Section 5.5(d), which might have been pursued if Anglo Pacific had acquired 100 per cent of Royalco.

(c) **Capital structure and dividends**

Anglo Pacific intends that a review of Royalco's capital structure would be undertaken as part of the operational review discussed at Section 5.5(d). That review will consider Royalco's need to retain sufficient funds to meet its ongoing activities and requirements for additional capital, as well as whether Royalco's capital structure is efficient and maximises shareholder value.

Given Royalco's uncertain earnings profile, it is Anglo Pacific's current intention to seek to preserve Royalco's present policy of not declaring dividends until Royalco has established long term profit streams which are capable of supporting Royalco's capital expenditure as well as distribution of dividends.

(d) **Utilisation of cash reserves**

If, following the close of the Offer, Royalco becomes controlled by Anglo Pacific but not a wholly owned subsidiary, Anglo Pacific's current intention is to procure that the Royalco Board continue Royalco's focus on acquiring new royalties and to utilise Royalco's cash reserves to achieve this. This is consistent with Anglo Pacific's goal of growing its existing royalty portfolio. Anglo Pacific has global experience in acquiring and managing royalties.

(e) **Buy-Back**

On 21 March 2009, Royalco announced that it intended to buy-back up to 4,810,000 Royalco Shares in the period commencing on 21 April 2009 and ending on 20 April 2010 (**Buy-Back**). In the event Anglo Pacific acquires 50.1% or more of Royalco but Anglo Pacific is not entitled to proceed to compulsory acquisition in accordance with Part 6A.1 of the Corporations Act, Anglo Pacific currently intends to procure that the Royalco Board reconsider the Buy-Back.

(f) **Listing on ASX**

Anglo Pacific would seek to retain the listing of Royalco on ASX, subject to there being a requirement under the Listing Rules to maintain that listing, including there being a sufficient spread of Royalco Shareholders. ASX may suspend and ultimately de-list a company which does not meet the spread requirements. Should ASX seek to do this, Anglo Pacific does not currently intend to oppose such a de-listing.

(g) **Further acquisitions of Royalco Shares**

Anglo Pacific may acquire additional Royalco Shares under the "creep" provisions of the Corporations Act. In summary, those provisions would permit Anglo Pacific (Starmont) and its associates (as defined in the Corporations Act) to acquire up to three per cent of Royalco Shares every six months. Anglo Pacific has not yet decided whether it will acquire Royalco Shares under the "creep" provisions, as that will be dependent upon (among other things) the extent of the voting power of Anglo Pacific and its associates in Royalco and market conditions at the time.

If Anglo Pacific becomes entitled to give notices to compulsorily acquire any outstanding Royalco Shares in accordance with section 664C of the Corporations Act (general compulsory acquisition power) as a result of acquisitions of additional Royalco Shares, Anglo Pacific intends to give such notices.

(h) **Information protocols**

Anglo Pacific will seek access to all books and records of Royalco to assist it to achieve its corporate objectives. Whether such access is given would be a decision for the independent directors of Royalco at the time, after complying with their statutory and fiduciary duties. If access is given, those books and records may contain confidential information concerning the Royalco Group. Anglo Pacific contemplates that such access would be given under an appropriate confidentiality agreement.

(i) **Limitations on intentions**

The implementation of Anglo Pacific's intentions in the event of less than 100 per cent ownership of Royalco will be subject to the Corporations Act, the Listing Rules and the Royalco constitution, and to the obligations of Royalco's Directors to act in the best interests of Royalco and all Royalco Shareholders.

In particular, if Anglo Pacific obtains control (but not 100 per cent) of Royalco, the "related party" provisions of Chapter 2E of the Corporations Act (and the Listing Rules) will apply.

Anglo Pacific would only make a decision on its courses of action in these circumstances after it receives appropriate legal and financial advice on such matters, including in relation to any requirements for Royalco Shareholder approval.

## **5.5 Intentions upon becoming able to compulsorily acquire Royalco Shares**

This Section sets out Anglo Pacific's current intentions if it and its associates have a relevant interest in 90 per cent or more of all Royalco Shares and is entitled to proceed to compulsory acquisition of the outstanding Royalco Shares.

(a) **Compulsory acquisition**

If it becomes entitled to do so under the Corporations Act, Anglo Pacific (Starmont) will:

- (i) give notices to compulsorily acquire any outstanding Royalco Shares in accordance with section 661B of the Corporations Act (compulsory acquisition power following takeover bid), including any Royalco Shares which are issued as a result of the exercise of Royalco Options after the end of the Offer Period and in the six weeks after Anglo Pacific (Starmont) gives the compulsory acquisition notices; and
- (ii) if necessary, give notices to compulsorily acquire any outstanding Royalco Shares in accordance with section 664C of the Corporations Act (general compulsory acquisition power).

If it is required to do so under section 662A and section 663A of the Corporations Act, Anglo Pacific (Starmont) intends to give notices to Royalco Shareholders offering to acquire their Royalco Shares, in accordance with section 662B and section 663C of the Corporations Act.

(b) **Directors**

Anglo Pacific intends to reconstitute the Royalco Board with nominees of Anglo Pacific. These nominees have not yet been identified by Anglo Pacific. A final decision on the selection of Anglo Pacific's nominees will be made in light of the circumstances at the relevant time.

(c) **Listing on ASX**

Upon acquiring ownership of 100 per cent of Royalco, Anglo Pacific will seek to have Royalco removed from the official list of ASX. Anglo Pacific may also seek to change the status of Royalco from that of a public company limited by shares to a proprietary company limited by shares.

(d) **Operational review**

If Anglo Pacific is entitled to acquire 100 per cent control of Royalco, Anglo Pacific intends to conduct a review of Royalco's corporate structure, assets, businesses, personnel, financing, capital structure and operations. This review will apply quantitative and qualitative factors to measure performance and areas for improvement.

While Anglo Pacific does not currently have any specific intentions in relation to this review or its outcomes, its current expectation is that the review will focus on identifying the most effective means of utilising Royalco's assets and maximising the investment Anglo Pacific has made in Royalco.

The acquisition of Royalco would enlarge Anglo Pacific's presence in Australia. Anglo Pacific's intentions with regard to Royalco are part of Anglo Pacific's goal of growing its existing royalty portfolio.

(e) **Employees**

Anglo Pacific believes that Royalco's management and employees, having built Royalco up to the company it is today, have appropriate skills and experience. Anglo Pacific would review the future employment of the present employees of Royalco after the close of the Offer, having regard to its plans for Royalco and upon completing the review referred to above at Section 5.5(d).

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## **6. Funding of cash consideration**

### **6.1 Background**

The Offer is not subject to a condition relating to the financing of the cash consideration payable pursuant to the Offer.

This Section 6 sets out the means by which Anglo Pacific (Starmont) intends to fund the Offer as at the date of this Bidder's Statement.

### **6.2 Cash consideration**

The consideration for the acquisition of your Royalco Shares under the Offer is to be satisfied wholly by the payment in cash of \$0.30 per Royalco Share.

### **6.3 Amount payable**

Based on the latest publicly available information, the maximum number of Royalco Shares which could be acquired by Anglo Pacific (Starmont) under the Offer, including Royalco Shares issued pursuant to the exercise of Royalco Options, is 56,369,032 Royalco Shares.

The amount payable by Anglo Pacific (Starmont) upon the acquisition of these Royalco Shares under the Offer if every holder of Royalco Shares accepted the Offer is approximately \$16,910,700, not including transaction costs such as brokerage.

Please refer to Section 9 for details of each class of securities Royalco has on issue.

### **6.4 Sources of funds**

The consideration under the Offer will be paid out of funds available to Anglo Pacific (Starmont) from Anglo Pacific pursuant to the Funding Undertaking given by Anglo Pacific described in Section 6.5.

Taking into account the matters discussed in Section 6.3, the aggregate of the funds available to Anglo Pacific (Starmont) described in this Section 6 is in excess of the maximum amount payable under the Offer together with the amounts required to cover all transaction costs associated with the Offer.

### **6.5 Funding Undertaking**

Pursuant to a written undertaking dated 12 May 2009 (**Funding Undertaking**), Anglo Pacific has irrevocably and unconditionally undertaken to fund, or procure that another member of the Anglo Pacific Group fund, Anglo Pacific (Starmont) with the total amounts payable required to satisfy Anglo Pacific (Starmont)'s obligations under the Offer. This includes the amounts payable for the cancellation of the Royalco Options referred to in Section 6.3 and any other amounts required to cover costs associated with the Offer.

The right of Anglo Pacific (Starmont) to draw down funds pursuant to the Funding Undertaking cannot be revoked by Anglo Pacific and is not subject to any conditions.

## **6.6 Source of Anglo Pacific funding**

The funds required to pay for all amounts relating to the Offer will be met through the Anglo Pacific Group's cash reserves.

The amounts currently available from the Anglo Pacific Group's cash reserves are approximately A\$46,901,450 (as per exchange rates as at 12 May 2009).

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## 7. Taxation information

The following is a general description of Australian income and capital gains tax consequences to Royalco Shareholders of the acceptance of the Offer and does not take into account the specific circumstances of any particular Royalco Shareholder. It does not constitute tax advice and should not be relied upon as such.

The outline reflects the current provisions of the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth) and the regulations made under those Acts. The outline does not otherwise take into account or anticipate any changes in the law, whether by way of judicial decision or legislative action, nor does it take into account tax legislation from countries apart from Australia.

The comments below are not exhaustive of all possible Australian income tax considerations that could apply to Royalco Shareholders. In particular, the comments are relevant to those Royalco Shareholders who are individuals, complying superannuation entities and companies that hold their investments on capital account. The tax treatment for Royalco Shareholders who hold their investments on revenue account, such as banks and other trading entities, has not been addressed. In addition, these comments do not take into account the circumstances of Royalco Shareholders who acquired their Royalco Shares in respect of their, or an associate's, employment with Royalco or any member of the Royalco Group. For Royalco Shareholders who are non-residents of Australia for tax purposes, it is assumed that the Royalco Shares are not held, and never have been held, as an asset of a permanent establishment of that Royalco Shareholder in Australia.

This information is not intended to be taxation advice to any particular Royalco Shareholder. All investors should seek independent professional advice on the consequences of their disposal of Royalco Shares, based on their particular circumstances.

Any references below to the apportionment of market value are not to be taken to be advice in respect of determining the market value of a Royalco Share.

### 7.1 Australian resident Royalco Shareholders

Upon disposal of a Royalco Share, an Australian resident Royalco Shareholder should make a capital gain if the consideration received on disposal exceeds the cost base of the Royalco Share. An Australian resident Royalco Shareholder should make a capital loss if the consideration received on disposal is less than the cost base of the Royalco Share.

No CGT rollover applies as Australian resident Royalco Shareholders do not acquire any Anglo Pacific or Anglo Pacific (Starmont) shares under the takeover.

In broad terms, the cost bases of the securities comprising a Royalco Share are generally the amount the Australian resident Royalco Shareholder paid for them (including incidental costs of acquisition and disposal). In some cases there may be financing costs of ownership that will form part of the cost base of the asset.

The taxable amount of any capital gain may be reduced if the CGT discount applies. If an Australian resident Royalco Shareholder is an individual, a complying superannuation entity or a trustee, the amount of the Australian resident Royalco Shareholder's capital gain may be reduced by the relevant CGT discount. If an Australian resident Royalco Shareholder who is an individual or trustee applies the CGT discount method, the shareholder's taxable capital gain (after offsetting any current year capital losses or carry forward net capital losses from previous income years) will be reduced by one half (or one third if the Australian resident Royalco Shareholder is a complying superannuation entity).

The CGT discount is not available to an Australian resident Royalco Shareholder that is an individual, a complying superannuation entity, or a trustee where the disposal occurs in the first 12 months after the acquisition of the Royalco Shares. That is, the Royalco Shares must have been held for 12 months prior to accepting the Offer for the CGT discount to be available. If the Australian resident Royalco Shareholder is a company, the CGT discount is not available at any time.

The above comments do not apply to Royalco Shareholders who buy and sell shares in the ordinary course of business, or those who acquired the shares for resale at a profit. In those cases, any gain will generally be taxed as ordinary income. Royalco Shareholders should seek their own advice.

## **7.2 Non-resident Royalco Shareholders**

A Royalco Shareholder who is not a resident of Australia for tax purposes will generally not have to pay Australian tax on any capital gain made when disposing of Royalco Shares.

However, a non-resident Royalco Shareholder may be required to pay Australian tax if both of the following requirements are satisfied:

- (a) the interest held in Royalco is a "non-portfolio" interest; and
- (b) the Royalco Shares pass the "principal asset test" at the time of disposal.

If either of these elements is absent, any capital gain made on the disposal of the Royalco Shares should not be subject to income tax in Australia.

A non-resident Royalco Shareholder will hold a "non-portfolio interest" in Royalco if (together with associates) they own, or owned, throughout a 12 month period during the 2 years preceding the sale of their Royalco Shares, a 10 per cent or more of all of the shares in Royalco.

The Royalco Shares would pass the "principal asset test" if the market value of Royalco's direct and indirect interests in Australian land (including leases and mining rights) is more than the market value of its other assets at the time a non-resident Royalco Shareholder accepts the Offer.

Detailed calculations are required to determine the results of the "principal asset test".

If a non-resident Royalco Shareholder buys and sells shares in the ordinary course of business, or acquired the shares for resale at a profit, any gain could be taxed in Australia as ordinary income and not as a capital gain (subject to any relief under a double tax treaty that Australia has concluded with the non-resident Royalco Shareholder's country of residence). Again, non-resident Royalco Shareholders should seek their own advice.

Non-resident Royalco Shareholders should seek advice from their taxation advisor as to the taxation implications of accepting the Offer in their country of residence.

## **7.3 Stamp duty**

No stamp duty will be payable by Royalco Shareholders in respect of a transfer of their Royalco Shares under the Offer. Anglo Pacific will pay the stamp duty (if any) payable in Australia on the transfer of Royalco Shares under the Offer.

**7.4 Goods & Services Tax**

No GST will be payable by Royalco Shareholders in respect of a transfer of their Royalco Shares under the Offer.

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## **8. Terms of the Offer**

### **8.1 Offer**

Anglo Pacific (Starmont) offers to acquire from you all of your Royalco Shares on the terms set out in this Bidder's Statement.

As announced to ASX by Argonaut Securities in the Announcement on 13 May 2009, Anglo Pacific (Starmont) will make an Offer under an on-market takeover bid to acquire all of the Royalco Shares that exist or will exist and are listed for quotation on ASX at any time during the Offer Period for \$0.30 in cash. A copy of the Announcement is annexed as Annexure A.

From 9.00am (Perth time) on the Announcement Date of 13 May 2009, Argonaut Securities will acquire in the market on behalf of Anglo Pacific (Starmont) all Royalco Shares offered at the Offer Price. Therefore you can sell your Royalco Shares to Anglo Pacific (Starmont) before the Offer Period officially commences.

The Offer does not extend to Royalco Options. The Offer will extend to Royalco Shares that are issued and listed for quotation on ASX at any time during the Offer Period as a result of the exercise of any Royalco Options. Details of the Royalco Options which may be exercised prior to the expiry of the Offer Period are set out in Section 9.2 below.

### **8.2 Consideration**

The consideration Anglo Pacific (Starmont) offers you is a cash payment of \$0.30 for each of your Royalco Shares. In accordance with the Corporations Act, Anglo Pacific (Starmont) may vary the Offer Price at any time except during the final 5 Trading Days of the Offer Period.

### **8.3 Payment for sale of Royalco Shares**

In accordance with usual rules for settlement of transactions which occur on-market on ASX, if you sell your Royalco Shares in accordance with Section 8.6 below, you will be paid on a T+3 basis (being three Trading Days after your acceptance).

### **8.4 Conditions**

The Offer is not subject to any conditions.

### **8.5 Offer Period**

The Offer will, unless withdrawn, officially open on the date of the Offer being 28 May 2009, and end at 2:00 pm (Perth time), 4:00 pm (Sydney time) on:

- (a) 29 June 2009; or
- (b) any date to which the period of the Offer is extended in accordance with the Corporations Act,

whichever is the later.

Anglo Pacific (Starmont) reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.

If within the last seven days of the Offer Period, the Offer is varied to improve the consideration offered or Anglo Pacific (Starmont)'s voting power in Royalco increases to more than 50 per cent, then the Offer Period will be automatically extended so that it ends 14 days

after the day on which the Offer is varied to improve the consideration offered or Anglo Pacific (Starmont)'s voting power increases to more than 50 per cent, as the case may be.

## 8.6 How to sell your Royalco Shares to Anglo Pacific (Starmont)

The Offer is for all of your Royalco Shares. Royalco Shareholders may sell their Royalco Shares to Anglo Pacific (Starmont) on-market:

- (a) by offering to sell all or some of their Royalco Shares on ASX at the Offer Price on and from the Announcement Date of 13 May 2009. Argonaut Securities will stand in the market on behalf of Anglo Pacific (Starmont) and acquire all Royalco Shares offered at the Offer Price during normal trading on ASX on and from the Announcement Date; or
- (b) by accepting the Offer during the Offer Period.

Whether selling your Royalco Shares to Anglo Pacific (Starmont) under (a) or (b) above, the process is as follows:

### (a) Issuer Sponsored Holding

If you are in an Issuer Sponsored Holding (i.e. your Security Reference Number starts with an "I"), you must instruct any broker (which may also include Argonaut Securities, where Argonaut Securities is your existing Broker or you appoint Argonaut Securities as your Broker) to sell your Royalco Shares on-market at the Offer Price.

### (b) CHESS Holding

If your Royalco Shares are in a CHESS Holding (i.e. your Holder Identification Number starts with an "X"), you must instruct your Broker (your Controlling Participant) to sell your Royalco Shares on-market at the Offer Price.

### (c) Broker or ASTC Participant

If you are a Broker or an ASTC Participant, to sell your Royalco Shares to Anglo Pacific (Starmont) you must initiate acceptance in accordance with the ASTC Settlement Rules.

Argonaut Securities will execute trades on behalf of any Royalco Shareholder wishing to accept the Offer. Should you wish to sell your Royalco Shares into the Offer please contact Kevin Johnson – Executive Director on +61 8 9224 6880. Brokerage payable to Argonaut Securities to execute these trades is set out in Section 8.8.

## 8.7 Certain Royalco Shareholders

### (a) Approvals for payment of consideration

Anglo Pacific is not aware of any Royalco Shareholder who requires any approval or clearance in order to be entitled to receive any consideration under the Offer.

### (b) Banking (Foreign Exchange) Regulations 1959 (Cth)

The Banking (Foreign Exchange) Regulations 1959 (Cth) may impose restrictions on certain financial transactions and require the consent of the Reserve Bank of Australia for the movement of funds into and out of Australia.

Restrictions currently apply if funds are to be paid to, or received from:

- (i) specified supporters of the former government of the Federal Republic of Yugoslavia;
- (ii) specified ministers and senior officials of the Government of Zimbabwe;
- (iii) certain specified entities associated with the Democratic People's Republic of Korea (North Korea); and
- (iv) specified individuals associated with the Burmese regime.

(c) **Other legislation**

The Charter of the United Nations Act 1945 (Cth) prohibits:

- (i) assets from being provided to proscribed persons or entities; and
- (ii) the use or dealing, and facilitation of such use or dealing, of certain assets owned or controlled by proscribed persons or entities,

in each case without the written consent of the Minister for Foreign Affairs.

Persons and entities from various countries have been proscribed under various Regulations, including the Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth) including in relation to Afghanistan, Côte d'Ivoire, Democratic People's Republic of Korea, Democratic Republic of Congo, Iran, Iraq, Lebanon, Liberia, Rwanda, Sierra, Somalia and Sudan.

## 8.8 **Brokerage and stamp duty**

If your Royalco Shares are registered in an Issuer Sponsored Holding in your name, the relevant Broker you instruct to initiate acceptance on your behalf may charge transactional fees or service charges in connection with acceptance of the Offer.

If your Royalco Shares are registered in a CHESS Holding or if you are a beneficial holder and your Royalco Shares are registered in the name of a Broker, bank, custodian or other nominee (i.e. the Controlling Participant), the Controlling Participant may charge transactional fees or service charges in connection with acceptance of the Offer.

Accordingly you should ask your Broker or Controlling Participant (as applicable) in relation to brokerage which may be charged in connection with your acceptance of the Offer.

Brokerage payable to Argonaut Securities for executed trades on your behalf will be the higher of \$100 or 1% of trade value (exclusive of GST).

No stamp duty will be payable on the disposal of your Royalco Shares if you sell them to Anglo Pacific (Starmont).

## 8.9 **Withdrawal of the Offer**

Anglo Pacific (Starmont) may withdraw the Offer in respect of unaccepted Offers at any time:

- (a) with the written consent of ASIC and subject to the conditions (if any) specified in such consent; or

- (b) where Royalco experiences an insolvency event such as the appointment of a liquidator or administrator, a court makes an order for Royalco to be wound up, Royalco executes a deed of company arrangement or a receiver and manager is appointed in relation to Royalco's property.

Anglo Pacific (Starmont) may also withdraw unaccepted Offers where Anglo Pacific (Starmont)'s voting power in Royalco is at or below 50% and one of the following occurs:

- (a) Royalco converts all or any of its shares into a larger or smaller number of shares;
- (b) a Royalco Group member resolves to reduce its share capital;
- (c) a Royalco Group member enters into a buy-back agreement or resolves to approve a buy-back agreement under the Corporations Act;
- (d) a Royalco Group member issues shares, grants an option over its shares, or agrees to make such an issue or grant such an option;
- (e) a Royalco Group member issues, or agrees to issue, convertible notes;
- (f) a Royalco Group member disposes, or agrees to dispose of the whole or a substantial part of its business or property; or
- (g) a Royalco Group member creates, or agrees to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of the business or property of the Royalco Group.

Notice of withdrawal of the Offer must be given by Anglo Pacific (Starmont) to ASX.

#### **8.10 Variation of the Offer**

Anglo Pacific (Starmont) may vary the Offer in accordance with the Corporations Act. If you have sold your Royalco Shares prior to any such announcement you will not receive any benefit from the variation.

#### **8.11 Notices**

- (a) Any notice, nomination, or other communication to be given by Anglo Pacific (Starmont) to you under the Offer will be deemed to be duly given if it is given in writing and is signed or purports to be signed (whether in manuscript, printed or reproduced form) on behalf of Anglo Pacific (Starmont) by any of its directors or managers and is delivered to or sent by post in a pre-paid envelope or by courier to your address as recorded on the register of Royalco Shareholders.
- (b) All costs and expenses of the preparation, dispatch and circulation of the Offer and all stamp duty payable in respect of a transfer of your Royalco Shares in respect of which the Offer is accepted, will be paid by Anglo Pacific (Starmont).

#### **8.12 Governing law**

The Offer and any contract that results from your acceptance of the Offer are governed by the laws in force in Western Australia.

## 9. Additional information

### 9.1 Royalco securities

According to information available to Anglo Pacific, the Royalco securities on issue as at the date of this Bidder's Statement are as follows:

- (a) 52,759,032 Royalco Shares - the Royalco Shares are quoted on ASX with ASX code RCO; and
- (b) 3,610,000 Royalco Options, described in further detail in Section 9.2 below.

### 9.2 Royalco Options

The Offer extends to any Royalco Shares that are issued between 13 May 2009 and the end of the Offer Period as a result of the exercise of Royalco Options. According to information released on ASX, all of the Royalco Options are currently out of the money.

According to information released on ASX, the details of the Royalco Options, which are unlisted, are as follows:

Number	Exercise price	Expiry date
2,950,000	\$0.50	31 March 2011
510,000	\$0.52	31 March 2011
150,000	\$0.80	31 March 2011

### 9.3 Inducing benefits given during previous 4 months

Neither Anglo Pacific (Starmont), nor any of its associates, have during the period of 4 months ending on the day immediately before the date of the Offer, given, offered or agreed to give, a benefit to another person which was likely to induce the other person, or an associate, to:

- (a) accept the Offer; or
- (b) dispose of Royalco Shares,

and which benefit was not offered to all Royalco Shareholders under the Offer.

### 9.4 Acquisitions and disposals of Royalco Shares during the previous 4 months

Other than as set out below, neither Anglo Pacific (Starmont), nor any of its associates, have provided, or agreed to provide, consideration for any Royalco Shares during the 4 months preceding the date of this Bidder's Statement.

In the 4 months before the date of this Bidder's Statement, on 10 March 2009 Indian Ocean Resources Pty Ltd ACN 009 099 067 (**Indian Ocean**) (a wholly-owned subsidiary of Anglo Pacific) acquired a total of 3,300,000 Royalco Shares at \$0.19 per Royalco Share. The consideration paid for this acquisition was cash.

## 9.5 Royalco Shares held by Indian Ocean

As at the date of the Announcement on 13 May 2009, Indian Ocean held 10,592,559 Royalco Shares. Indian Ocean is a subsidiary of Anglo Pacific and a related body corporate of Anglo Pacific (Starmont).

## 9.6 Social security and superannuation

Acceptance of the Offer may have implications for your superannuation or pension arrangements or on your social security entitlements. If in doubt, Royalco Shareholders should seek specialist advice before accepting the Offer.

## 9.7 Miscellaneous matters

### (a) ASIC modifications

Anglo Pacific (Starmont) has not obtained from ASIC any modifications to, nor exemptions from, the Corporations Act in relation to the Offer. However, ASIC has published various instruments providing modifications and exemptions that apply generally to all persons, including Anglo Pacific and Anglo Pacific (Starmont), and on which Anglo Pacific and Anglo Pacific (Starmont) may rely.

### (b) Date for determining holders of Royalco Shares

The date for determining the persons to whom information is to be sent under item 6 of section 635(1) of the Corporations Act is 14 May 2009.

### (c) Consents

Each of Anglo Pacific and Anglo Pacific (Starmont) has given, and has not before the date of this Bidder's Statement withdrawn, its written consent:

- to be named in this Bidder's Statement in the form and context in which it is named; and
- to statements made by it in the Bidder's Statement, or statements said in the Bidder's Statement to be based on statements by it, in the form and context in which those statements are included in the Bidder's Statement.

Clayton Utz has given, and has not before the date of this Bidder's Statement withdrawn, its written consent to be named in this Bidder's Statement as legal adviser to the Offer.

Argonaut Securities has given, and has not before the date of this Bidder's Statement withdrawn, its written consent to be named in this Bidder's Statement as broker to the Offer.

This Bidder's Statement contains statements which are made in, or based on statements made in, documents lodged with ASIC or given to the ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of these documents (free of charge) please contact the Offer Information Line on 1800 559 786 (toll free) (within Australia) or +61 2 8256 3390 (outside Australia).

In addition, as permitted by ASIC Class Order 03/635, this Bidder's Statement may include or be accompanied by certain statements fairly representing a statement by

an official person or from a public official document or a published book, journal or comparable publication.

(d) **Disclaimer**

Each person who is named in this Bidder's Statement as acting in a professional capacity for Anglo Pacific or Anglo Pacific (Starmont) in relation to the Offer:

- does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based, other than a statement included in this Bidder's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than any statement which has been included in this Bidder's Statement with the consent of that party.

(e) **No other material information**

Except as set out in this Bidder's Statement, there is no other information that:

- (i) is material to the making of a decision by a Royalco Shareholder whether or not to accept the Offer;
- (ii) is known to Anglo Pacific (Starmont); and
- (iii) has not previously been disclosed to Royalco Shareholders.

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## 9.8 Approval of Bidder's Statement

The copy of this Bidder's Statement that is to be lodged with ASIC has been approved by a resolution passed by the directors of Anglo Pacific (Starmont) on 12 May 2009.

Signed on behalf of Starmont Ventures Pty Ltd:

Janis Nugawela  
**Director**

13 May 2009

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## 10. Glossary

### 10.1 Defined terms

<b>ABN</b>	Australian Business Number.
<b>ACN</b>	Australian Company Number.
<b>Anglo Pacific</b>	Anglo Pacific Group PLC.
<b>Anglo Pacific Group</b>	Anglo Pacific and its subsidiaries.
<b>Anglo Pacific (Starmont)</b>	Starmont Ventures Pty Ltd ACN 137 002 067.
<b>Announcement</b>	The announcement of the Offer set out in Annexure A.
<b>Announcement Date</b>	13 May 2009.
<b>Argonaut Securities</b>	Argonaut Securities Pty Limited (ABN 72 108 330 650/AFSL 274 099), the Broker to the Offer.
<b>ASIC</b>	Australian Shares and Investments Commission.
<b>ASTC</b>	ASX Settlement and Transfer Corporation Pty Limited ACN 008 504 532.
<b>ASTC Participant</b>	An ASTC participant under the ASTC Settlement Rules.
<b>ASTC Settlement Rules</b>	The operating rules of the settlement facility provided by ASTC.
<b>ASX</b>	ASX Limited ABN 98 008 624 691.
<b>Bidder's Statement</b>	This Bidder's Statement in respect of the Offer given by Anglo Pacific (Starmont) pursuant to Part 6.5 of the Corporations Act.
<b>Broker</b>	A Market Participant in ASX and a participant in CHESS.
<b>Business Day</b>	A day which is both: <ul style="list-style-type: none"><li>(a) a business day under the Listing Rules; and</li><li>(b) a day on which retail banks are open for general business in Perth other than a Saturday, Sunday or public holiday.</li></ul>
<b>CGT</b>	Capital gains tax under the Income Tax Assessment Act 1936 (Cth).
<b>CHESS</b>	Clearing House Electronic Sub-register System operated by ASX Settlement and Transfer Corporation Pty Limited ACN 008 504 532.
<b>CHESS Holding</b>	A holding of Royalco Shares on the CHESS subregister of Royalco.

<b>Controlling Participant</b>	In relation to your Royalco Shares, means the person that has the capacity in CHESS to transfer your Royalco Shares (usually your broker).
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>Funding Undertaking</b>	The funding undertaking given by Anglo Pacific in favour of Anglo Pacific (Starmont) described in Section 6.5.
<b>GST</b>	Goods and services tax imposed under the A New Tax system (Goods and Services Tax) Act 1999 Cth and the related imposition acts of the Commonwealth of Australia.
<b>Holder Identification Number</b>	Has the meaning given to "HIN" as set out in the ASTC Settlement Rules.
<b>Indian Ocean</b>	Indian Ocean Resources Pty Ltd ACN 009 099 067.
<b>Issuer Sponsored Holding</b>	A holding of Royalco Shares on Royalco's issuer sponsored subregister.
<b>Listing Rules</b>	The official listing rules of the ASX, as amended or waived from time to time.
<b>Offer</b>	The offer by Anglo Pacific (Starmont) to acquire Royalco Shares pursuant to this Bidder's Statement.
<b>Offer Period</b>	<p>The period the Offer is open for acceptance being the period from the date of the Offer, being 28 May 2009, and ending at 5:00 pm (Perth time) on:</p> <p>(a) 29 June 2009; or</p> <p>(b) any date to which the period of the Offer is extended in accordance with the Corporations Act,</p> <p>whichever is later.</p>
<b>Offer Price</b>	\$0.30 for each Royalco Share.
<b>Related Entity</b>	<p>Of a party means another entity which is:</p> <p>(a) related to the first entity within the meaning of section 50 of the Corporations Act; or</p> <p>(b) in any consolidated entity (as defined in section 9 of the Corporations Act) which contains the first entity.</p>
<b>Representative</b>	<p>In the case of:</p> <p>(a) Royalco means each Related Entity of Royalco and each director, officer, employee, advisor, agent or representative of any of them or of Royalco; and</p> <p>(b) Anglo Pacific or Anglo Pacific (Starmont) means each Related Entity of Anglo Pacific and each director, officer, employee,</p>

adviser, agent or representative of any of them.

<b>Royalco Board</b>	The board of directors of Royalco.
<b>Royalco Director</b>	A director of Royalco.
<b>Royalco Group</b>	Royalco and its Related Entities.
<b>Royalco Option</b>	An option over an unissued Royalco Share.
<b>Royalco Share</b>	A fully paid ordinary share in the capital of Royalco.
<b>Royalco Share Register</b>	The register of members maintained by or on behalf of Royalco in accordance with the Corporations Act.
<b>Royalco Shareholder</b>	A person who is registered in the Royalco Share Register as a holder of Royalco Shares.
<b>Security Reference Number</b>	Has the meaning given to "SRN" as set out in the ASTC Settlement Rules.
<b>Starmont Holdings</b>	Starmont Holdings Pty Ltd ACN 007 427 418.
<b>Takeovers Panel</b>	The panel established by Part 10 of the Australian Securities and Investment Commission Act 2001 (Cth) and having functions specified in Part 6.10, Division 2 of the Corporations Act.
<b>Target's Statement</b>	The target's statement to be issued by Royalco under section 638 of the Corporations Act in response to the Offer.
<b>Third Party</b>	A person other than a member of the Anglo Pacific Group.
<b>Trading Day</b>	Has the meaning given in the Listing Rules.
<b>VWAP</b>	The volume weight average price of Royalco Shares sold on the ASX during the relevant period.

## 10.2 Interpretation

Terms used in this Bidder's Statement have the meaning (if any) given to them in Chapter 6 of the Corporations Act, the Listing Rules or the ASTC Settlement Rules unless that meaning is inconsistent with the context in which the term is used.

In this Bidder's Statement (including the Offer) and the Acceptance and Transfer Form, the following principles of interpretation apply unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the meaning of the paragraphs they introduce;

and unless the context otherwise requires:

- (b) the singular includes the plural and vice versa;

- (c) words importing any gender include any other genders;
- (d) references to persons include corporations;
- (e) appendices and annexures to this Bidder's Statement form part of this Bidder's Statement;
- (f) references to "dollar" or "\$" are references to Australian currency; and
- (g) references to paragraphs are to paragraphs in the Bidder's Statement.

To the extent permissible under applicable law, this Bidder's Statement (including the Offer) and the Acceptance and Transfer Form are governed by Western Australian law.

## Corporate directory

### Starmont Ventures Pty Ltd

6 Price Street  
Subiaco WA 6008  
AUSTRALIA

### Anglo Pacific Group PLC

17 Hill Street  
Mayfair, London W1J 5NZ  
ENGLAND

### Broker to the Offer

Argonaut Securities Pty Limited  
Level 30, 77 St Georges Terrace  
Perth WA 6000  
AUSTRALIA

Royalco Shareholders wishing to ACCEPT the Offer through Argonaut Securities should contact:

Kevin Johnson – Executive Director  
Direct: +61 8 9224 6880

### Corporate adviser

Argonaut Capital Limited  
Level 30, 77 St Georges Terrace  
Perth WA 6000  
AUSTRALIA

### Legal adviser

Clayton Utz  
Level 27, 250 St George's Terrace  
Perth WA 6000  
AUSTRALIA

### Offer Information Line

Within Australia: 1800 559 786 (toll free)  
International: +61 2 8256 3390

**Annexure A**  
**Announcement of the Offer**

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**ARGONAUT**  
SECURITIES PTY LIMITED

ABN 72 108 330 650  
AFS Licence No. 274 099  
ASX Market Participant

13 May 2009

Company Announcements Platform  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

**For immediate release to the market**

**UNCONDITIONAL ON-MARKET OFFER FOR ROYALCO RESOURCES LIMITED AT  
A\$0.30 PER SHARE**

Argonaut Securities Pty Limited (ABN 72 108 330 650) (**Argonaut Securities**) will, on behalf of Starmont Ventures Pty Ltd (ACN 137 002 067), a subsidiary of Anglo Pacific Plc (**Starmont**), offer (**Offer**) pursuant to section 635 of the *Corporations Act 2001* (Cth) (**Corporations Act**) to acquire on-market all of the fully paid ordinary shares in Royalco Resources Limited (**Royalco**) on the Australian Securities Exchange (**ASX**) that exist or will exist at any time during the Offer Period (as defined below) and are not already controlled by Anglo Pacific (**Royalco Shares**).

The Offer will be made at a price of A\$0.30 per Royalco Share (**Offer Price**).

**From the date and time of this announcement and ending at 5.00pm on 29 June 2009 (unless extended), Argonaut Securities (on behalf of Starmont) will accept at the Offer Price every Royalco Share offered to it on-market, up to a maximum number of 52,759,032 Royalco Shares (this number includes 10,592,559 Royalco Shares already controlled by Anglo Pacific) plus any additional Royalco Shares which are issued during the Offer Period.**

As the bid is a market bid, the Offer is unconditional and payment of the consideration will be by way of cash.

The key features of the Offer are:

- the bid is by way of an on-market, unconditional offer of A\$0.30 cash per Royalco Share;
- Argonaut Securities will accept Royalco Shares offered to it on-market **from today**, at the Offer Price; and
- Argonaut Securities will stand in the market on behalf of Starmont and accept Royalco Shares offered to it at the Offer Price from the date of this Announcement. However, the Offer will officially commence on **28 May 2009** (being the first trading day after the end of 14 days after the period of this announcement) and ending on **29 June 2009 (Offer Period)**, unless extended as permitted under the Corporations Act.

**Broker**

Starmont has appointed Argonaut Securities as its agent for the purchase of Royalco Shares on-market.

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### **Acceptance**

As the Offer will be an on-market offer, accepting shareholders may only accept the Offer on-market through brokers which are members of ASX.

### **Variation of Offer**

In accordance with ASX Market Rule 20.2.1(e)(iii), Argonaut Securities is required to state that the Offer Period may be extended and the Offer Price may be increased in accordance with the Corporations Act.

Starmont reserves the right to withdraw unaccepted Offers in the limited circumstances permitted by, and in accordance with, Part 6.7 of the Corporations Act, at any time before the end of the period in which the Offers remain open for acceptance.

### **Payment of consideration for Shares and brokerage**

The usual rules for settlement of transactions which occur on-market with ASX will apply in respect of acceptance of the Offer and purchase of Royalco Shares by Argonaut Securities on behalf of Starmont. This means that if a holder of Royalco Shares accepts the Offer, they will receive the Offer Price per Royalco Share on the date of acceptance on a T + 3 basis (being the third trading day after the date of the transaction) in accordance with ASX practice.

Any brokerage charged by brokers acting for holders of Royalco Shares wishing to sell their shares will be the sole responsibility of Royalco Shareholders.

### **Bidder's Statement**

In accordance with section 635(1) of the Corporations Act, a Bidder's Statement will today be served on Royalco. Copies of the Bidder's Statement will also be sent to the ASX and lodged with the Australian Securities and Investments Commission. A copy of the Bidder's Statement will also be sent to the holders of Royalco Shares before commencement of the Offer Period.

Argonaut Securities has not authorised, caused or been involved in the issue of the Bidder's Statement. Argonaut Securities makes no representation regarding, and to the extent permitted by law, excludes any responsibility for, any statements in or omissions from any part of the Bidder's Statement.

### **Announcement**

This announcement has been prepared by Argonaut Securities from the information contained in the Bidder's Statement provided by Starmont to Argonaut Securities. To the extent permitted by law, Argonaut Securities excludes any responsibility for any statement in or omission from this announcement to the extent that the statement or omission is based upon the information contained in the Bidder's Statement provided by Starmont to Argonaut Securities.

### **Royalco Shares**

Immediately prior to the making of this announcement:

- as far as Starmont is aware, there are 52,759,032 Royalco Shares on issue;
- Starmont and its associates had a relevant interest in 10,592,559 Royalco Shares; and
- Starmont and its associates had a voting power in Royalco Shares of approximately 20.1%.

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Signed for and on behalf of Argonaut Securities Pty Limited:

A handwritten signature in black ink, appearing to read 'E. Rigg'.

**EDWARD G. RIGG**  
**Managing Director**

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London W1J 5NZ  
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LSE Code: APF  
ASX Code: AGP