



29 January 2018

Company Announcements Office
ASX Limited

Company Update – Sale of Royalco’s 1% Interest in the Weeks Royalty

The Board of Royalco Resources Limited (ASX: **RCO**) (**Royalco** or **Company**) is pleased to provide this Company update to shareholders.

Since the last Company Update announcement on 21 November 2017, the Board has continued to consider ways of enhancing returns for all shareholders. This process has included consideration of the strategic direction of the Company, the substantial reductions in cash operating costs that have been achieved recently and the prospects of the Company if it was to continue as an ASX listed entity. These issues were also discussed at the Royalco Annual General Meeting on 22 November 2017.

Consultation has also occurred with the Company’s four largest shareholders representing approximately 92% of issued share capital and discussion with various experts about the options. It was clear from these discussions that there was interest in RCO initiating action to establish market values for its various assets, look at sale options and to return any sale proceeds to shareholders.

The RCO Board has resolved to commence a sale process of Royalco’s 1.0% interest in the Weeks Royalty (**Weeks Royalty**). It is noted that several Royalco shareholders have indicated that they may wish to bid for the Weeks Royalty through the sale process. This will be encouraged, subject to shareholder approval by non-associated shareholders, at an Extraordinary General Meeting of shareholders.

Royalco is now sourcing legal and commercial advice in relation to the sale process. The issues to be resolved include, but are not limited to, the method and timetable of the sale, the use of the proceeds, tax implications, ASX Listing Rule requirements and the need for an open and transparent sale process. A data-room will be established for qualified bidders. Some vendor due-diligence material on the Weeks Royalty will be provided in the data-room, under confidentiality arrangements.

The sale process will be supervised by the Company’s independent director Mr Geoff Barker. The Royalco Chair, Ms Sue Thomas and Malcolm McComas (director) have advised the Royalco board that they may have a potential conflict of interest in the sale process as they are also directors of Royalco’s largest shareholder (Fitzroy River Corporation Limited – ASX: **FZR**) and, accordingly, they will not participate in any Royalco Board deliberations in relation to the sale process.

When further information is available about the sale process, it will be advised to shareholders via the ASX. Royalco expects that the sale process will be initiated in February and concluded by June 2018.

SUE THOMAS

Non-Executive Chair

About Royalco Resources Limited (ASX: RCO)

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

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