

27th August 2013

The Manager
ASX Company announcements
Level 45,
Rialto South Tower
525 Collins Street
Melbourne Vic 3000

Dear Sir/Madam,

re: Exploration Update

The Directors of Royalco Resources Limited advise that the company has entered into a Memorandum of Understanding with Blackstone Ichiban Limited, to assign Royalco's tenement holdings in Uganda in return for a 1.55 per cent Over Riding Royalty Interest, ("ORRI").

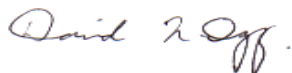
The conversion of this tenement holding is consistent with Royalco's objective of undertaking exploration initiatives, then converting these activities into a future royalty interest.

Exploration in the Philippines has been downscaled following the cessation of diamond drilling in the Pao tenement located in Nueva Viscaya. The five hole program failed to detect any mineralisation of significance with the initial review of results suggesting that the porphyry copper potential of this region may lie at greater depths than that undertaken in the program just completed.

Results from this program will be discussed in more detail in Royalco's next quarterly report to the ASX.

Blackstone Ichiban is a company incorporated in Uganda and is a member of the Blackstone Minerals group based in Skandinavia. This group has more recently been active in gold production in Ghana.

Yours faithfully



David L Ogg
Executive Director

Contact:-

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