

18th March 2008

Exploration Update March 2008

PAO

Royalco Resources Limited, through its Filipino subsidiary, has commenced drilling in the Pao tenement located in the province of Nueva Viscaya in northern Luzon.

Two diamond drill holes (DDH 010 and 011) are planned on the first anomaly area within the tenement to test a potential copper/gold porphyry target. Geophysical interpretation suggests the target depth is within 250 metres from surface.

On completion the rig will move to the Digyan Prospect, a potential high grade epithermal gold bearing vein system where a further two holes are planned.

A second rig should then be mobilised subject to availability, (concurrent with the Digyan drilling), to drill beneath an enargite vein outcrop at the Manidyo Prospect.

Since August 2007, over 30 kilometres of roadworks have been completed using up to five bulldozers and over 200 porters to establish the exploration program within this tenement.

MALANGZA

Road access has been re-established to the tenement following heavy rainfalls and an exploration camp is being constructed.

A four hole man portable diamond drilling program is scheduled to commence April/May to gain information for additional structural interpretation.

GAMBANG

Approvals for tenement grant are proceeding. The first region has received NCIP approval with the second due shortly. Once the third region has received ratification from the MGB the exploration program will be accelerated.



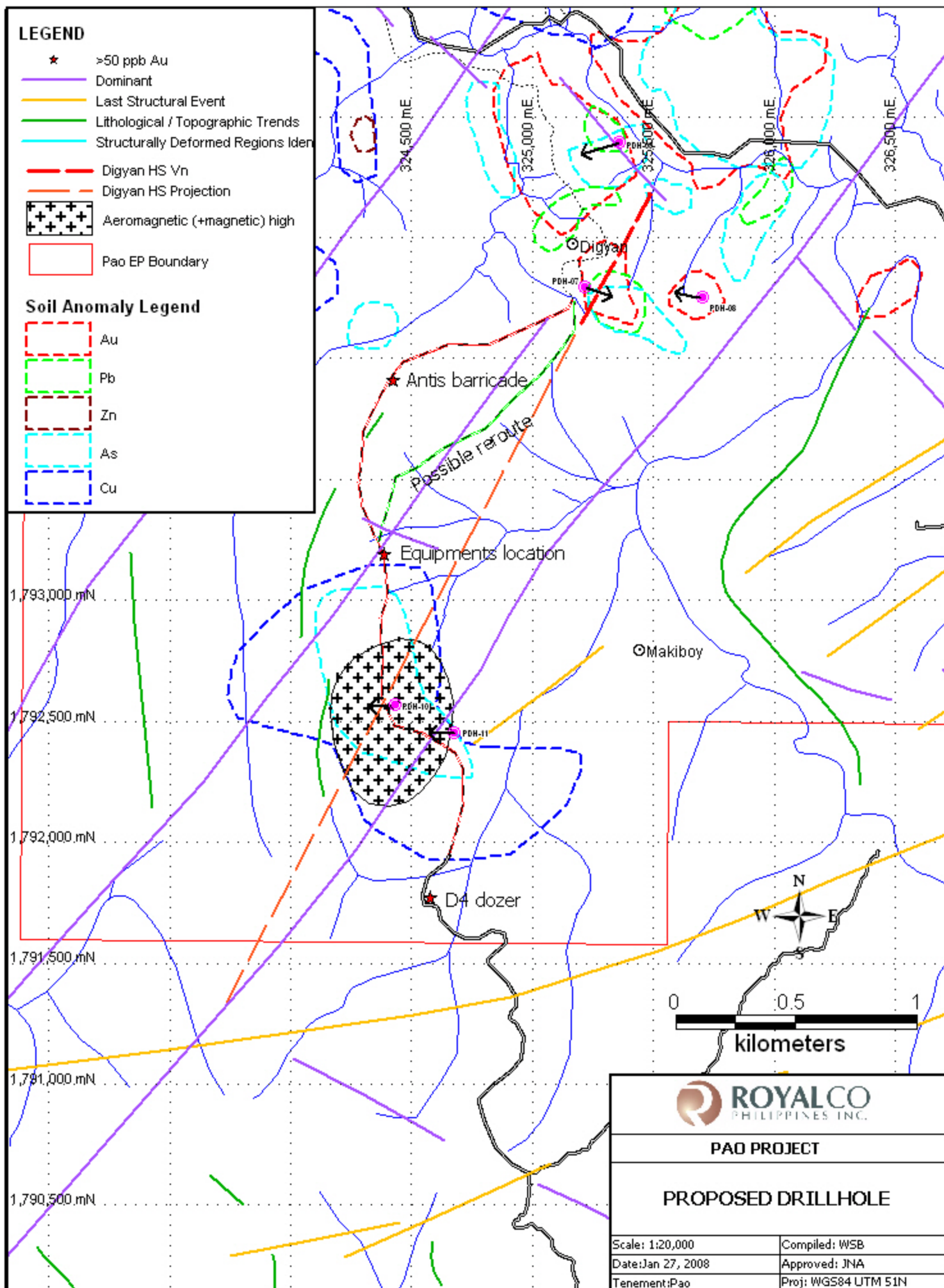
Peter Topham
Executive Chairman

LEGEND

- ★ >50 ppb Au
- Dominant
- Last Structural Event
- Lithological / Topographic Trends
- Structurally Deformed Regions Identifier
- Digyan HS Vn
- Digyan HS Projection
- ⊕⊕⊕⊕ Aeromagnetic (+magnetic) high
- Pao EP Boundary

Soil Anomaly Legend

- Au
- Pb
- Zn
- As
- Cu



PAO PROJECT

PROPOSED DRILLHOLE

Scale: 1:20,000

Compiled: WSB

Date: Jan 27, 2008

Approved: JNA

Tenement: Pao

Proj: WGS84 UTM 51N