

## June 2017 Quarterly Report

28th July 2017

### KEY POINTS FOR THE QUARTER

- Royalty payments of \$160,041 were received in the June quarter from the Weeks Royalty.
- Historic payments due from the Mt Garnet royalty continue to be delayed.
- The Bowdens silver project, where Royalco retains a sliding scale royalty interest, is being advanced by Silver Mines Limited.
- The operator at the Sam's Creek gold project in New Zealand is in the process of assigning its position to a third party with the intention of advancing a fresh public listing.

### CORPORATE DETAILS

ASX Code: RCO

Issued Capital: 52,714,183 shares

Share Price: 21.5 cents

Market Capitalisation: \$11.3 million

Cash/Liquids: \$2.635 million

#### Directors:

Peter Topham Executive Chairman  
& Managing Director

Malcolm McComas Director

Susan Thomas Director

#### Substantial Shareholders:

Fitzroy River Corporation, Noontide  
Investments, Samuel Terry Asset  
Management and High Peak Royalties.

*The company's strategy is to expand a core royalty portfolio of income-producing base metals, precious metals and energy interests.*

## ***Royalty Interests***

Royalco owns a 1.0% interest in the ***Weeks Petroleum Royalty*** (the equivalent of a 0.025% over-riding royalty from the entire hydrocarbon production of the main Bass Strait fields).

Income received during the quarter (based on production in the March 2017 quarter) was \$160,041. This compares with \$99,474 received in the prior quarter and \$112,241 for the same period last year.

The outlook is for a continued improvement in returns as production increases and gas prices continue to rise. Gas production has commenced from the Kipper field as part of the Kipper/Tuna/Turrum multi-billion dollar development.

Infill and extension drilling on the ***Bowdens Project*** near Mudgee in New South Wales, continued through the quarter. The operator, Silver Mines Limited (ASX:SVL), in its release to the ASX dated 22<sup>nd</sup> June 2017 made comment that the Feasibility Study and EIS are due for completion by the end of this calendar year. An updated Resource Estimate is scheduled for release by the end of September.

Royalco's sliding scale royalty over the project starts at a 2.0% net smelter return until US\$5 million has been received and then becomes a 1.0% net smelter return thereafter.

At ***Mt Garnet*** in far north Queensland, a Deed of Company Arrangement was executed by the operators on 8 December 2016. A formal shareholders meeting was meant to be held in May at which time the moneys due and payable to Royalco should have been clarified. This has not eventuated as a result of third party claims against the Trustees involved in the Administration process, the operators and other parties. The matter is due for review by the Supreme Court of Queensland on 11<sup>th</sup> August, 2017.

Of further note, production has been scheduled to recommence this current quarter from which additional royalties will be due from this 3% net smelter royalty interest.

The operator of the ***Sam's Creek*** Project in New Zealand, Mod Resources Limited (ASX:MOD) announced its intention to assign its interest (80%) in the project to a private group, Condamine Resources Limited, with the latter considering an ASX listing later 2017.

Royalco retains a 1% royalty on the main project area.

No activities of substance have been reported during the quarter on the other royalty interests.

## **Finance**

The company's cash balance at the end of June was \$2.635 million, compared to \$2.639 million at the end of March.



Peter J Topham

Executive Chairman  
& Managing Director

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Royalco Resources Limited

### ABN

53 096 321 532

### Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	160	629
1.2 Payments for		
(a) exploration & evaluation	-	(26)
(b) development	-	-
(c) production	-	-
(d) staff costs	(135)	(539)
(e) administration and corporate costs	(39)	(391)
1.3 Dividends received (see note 3)	-	
1.4 Interest received	15	72
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	(5)	(26)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(4)</b>	<b>(281)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	(18)
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	50
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>32</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid*	-	(264)
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>(264)</b>

\*Dividend 0.5 cent per share fully franked paid 27/9/16

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	2,639	3,148
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4)	(281)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	32
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	(264)
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>2,635</b>	<b>2,635</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	39	41
5.2 Call deposits	86	51
5.3 Bank overdrafts	-	-
5.4 Other (provide details) Term Deposits	2,510	2,547
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,635</b>	<b>2,639</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	101
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	20
9.2 Development	-
9.3 Production	-
9.4 Staff costs	430
9.5 Administration and corporate costs	100
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>550</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....

Date: 28th July 2017

Company secretary

Print name: Nick Boicos

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.