

ROYALCO RESOURCES LIMITED

ACN 096 321 532

Registered Office: 1st Floor, 394 - 396 Little Bourke Street, Melbourne, Victoria 3000

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of Royalco Resources Limited ("Royalco" or the "Company") will be held at the offices of Baker & McKenzie, Level 19, 181 William Street, Melbourne 3000 at 9.00 am on Thursday 24 November 2016.

The following items of business will be considered:

Receipt and consideration of Accounts and Reports

To receive and consider the financial reports of Royalco Resources Ltd and the report of the Directors and Auditor for the year ended 30 June 2016.

Note: There is no requirement for shareholders to approve these reports other than the Remuneration Report as set out in Resolution 2. Accordingly no resolution will be put to shareholders on this item of business.

Resolution 1: Election of a Director

1. To consider, and if thought fit, to pass the following as an ordinary resolution:

“That Mr Piers Reynolds be re-elected as a Director of the Company”.

Mr Reynolds was appointed a director of the company on 19 June 2012, and in accordance with the Company’s constitution, retires at this AGM, and being eligible, offers himself for election.

The Board (in the absence of Mr Reynolds, who abstains from voting) unanimously recommends the re-election of Mr Reynolds.

The Chairman of the Meeting intends to vote all available proxies in favour of this Resolution.

Resolution 2: Adoption of Remuneration Report

2. To consider, and if thought fit, to pass the following as an ordinary resolution:

“That the Remuneration Report for the year ended 30 June 2016 be adopted”

Note – the vote on this resolution is advisory only and does not bind the directors or the Company.

Voting Exclusion Statement for Resolution 2

The Corporations Act 2001 (Corporations Act) restricts members of the key management personnel (**KMP**) which comprises directors and other persons disclosed as KMP in the Remuneration Report and their Closely Related Parties from voting on Resolution 2. Closely Related Party is defined in the Corporations Act and includes a spouse, dependents and certain other close family members, as well as companies controlled by a member of the KMP. The Company will disregard any votes cast (in any capacity) on Resolution 2 by or on behalf of:

- members of the KMP; and
- Closely Related Parties of those persons, unless the vote is cast:
 - as proxy for a person entitled to vote in accordance with a direction on the proxy form; or
 - as proxy for a person entitled to vote by the Chairman of the Meeting where he has been expressly authorised to exercise the proxy (even though the resolution is connected directly or indirectly with remuneration of a member of the KMP).

What this means for Shareholders:

If you intend to appoint a member of the KMP (such as one of the directors) as your proxy, please ensure you direct them how to vote on the Resolution 2.

Chairman's Voting Intention:

If you intend to appoint the Chairman of the Meeting as your proxy, you can direct him how to vote by either marking the boxes for Resolution 2 (for example, if you wish to vote against or abstain from voting), or you can give the Chairman your express authority to vote your proxy in accordance with the Chairman's intention set out below.

The Chairman of the Meeting intends to vote all available proxies in favour of this resolution.

The Board unanimously recommends that members vote in favour adopting the Remuneration Report.

CONTINGENT BUSINESS

Resolution 3: Holding a Spill Meeting

Resolution 3 will only be considered at the meeting if at least 25% of the votes cast on Resolution 2 (Adoption of Remuneration Report) are "against" the adoption of the Remuneration Report. The Explanatory Memorandum further explains the circumstances in which Resolution 3 will be put to the Meeting.

3. If the condition described above is satisfied, to consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That:

- (a) a meeting of the Company's members be held within 90 days of the of the 2016 Annual General Meeting (the "**Spill Meeting**");
- (b) each of Bruce Pertzelt and Piers Reynolds* cease to hold office immediately before the end of the Spill Meeting; and
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting"

* This assumes Mr Reynolds is re-elected in Resolution 1 at the AGM

Voting Exclusion Statement for Resolution 3

The Corporations Act restricts members of the KMP which comprises Directors and other persons disclosed as KMP in the Remuneration Report and their Closely Related Parties from voting on Resolution 3.

The Company will disregard any votes cast (in any capacity) on the resolution in Resolution 3 by or on behalf of:

- members of the KMP; and
 - Closely Related Parties of those persons,
- unless the vote is cast:
- as proxy for a person entitled to vote on Resolution 3 in accordance with a direction on the proxy form; or
 - as proxy for a person entitled to vote on Resolution 3 by the Chairman of the Meeting where he has been expressly authorised to exercise the proxy (even though the resolution is connected directly or indirectly with remuneration of a member of the KMP).

What this means for Shareholders:

If you intend to appoint a member of the KMP (such as one of the Directors) as your proxy, please ensure you direct them how to vote on the Resolution 3.

Chairman's Voting Intention:

If you intend to appoint the Chairman of the Meeting as your proxy, you can direct him how to vote by either marking the boxes for Resolution 3 (for example, if you wish to vote against or abstain from voting), or you can give the Chairman your express authority to vote your proxy in accordance with the Chairman's intention set out below.

The Chairman of the Meeting intends to vote all available proxies against this resolution.

The Board unanimously recommends that members vote AGAINST the spill resolution.

Necessary information

Information relevant to each Resolution is set out in the Explanatory Notes which forms part of this Notice of Meeting to members.

**By Order of the Board
Royalco Resources Limited**



**Nick Boicos
Company Secretary**

Dated: 18th October 2016

EXPLANATORY NOTES

Receipt and consideration of Accounts and Reports

This item is self explanatory. It is intended to provide an opportunity for shareholders to raise questions on the reports themselves and on the performance of the company generally.

There is no requirement either in the Corporations Act or the Constitution for Members to approve the Financial Report, the Director's Report (other than the Remuneration Report as set out in Resolution 1) or the Auditors Report.

Resolution 1: Election of a Director

In accordance with the Company's constitution, Piers Reynolds resigns as a director, and being eligible, offers himself for re-election. Mr Reynolds has been a director since 19 June 2012. Background information relating to Mr Reynolds can be found in the Annual Report in the Directors Report section. The Board does consider Mr Reynolds to be an independent director.

The Board (in the absence of Mr Reynolds, who abstains from voting) unanimously recommends the re-election of Mr Reynolds.

The Chairman of the Meeting intends to vote all available proxies in favour of this Resolution.

Resolution 2: Adoption of Remuneration Report

In accordance with the Corporations Act, the Company submits its remuneration report to shareholders for consideration and adoption by way of a non – binding resolution.

The remuneration report is set out in the Company's Annual Report. The report:

- Explains the board's policies in relation to the nature and level of remuneration paid to directors, secretaries and key management personnel of the Company;
- Sets out the Company's policy with regards to both executive director and non – executive director remuneration;
- Explains the policy with regards to the issue of options to both directors and executives.

In considering this resolution, the attention of shareholders is drawn to the following matters, as further set out in the Remuneration Report and Chairman Address:

- The company is an active operator in a tough, competitive and challenging environment with a small team of executive and non-executive personnel.
- It is the practice at Royalco to review all directors and staff emoluments on a regular basis. The outcome at end of 2015/16 is that Royalco continues to be cost-competitive when contrasted with its peers, while at the same time remaining pro-active in the resources sector.
- Aggregate remuneration paid to non-executive directors for 2016 represents 49% of the approved shareholder limit. In June 2016 Mr David Ogg retired as non-executive director.

The Corporations Act's "two strikes rule" provides that if at least 25% of votes cast on the adoption of the Remuneration Report at two consecutive AGMs are against adopting the Remuneration Report, members will have the opportunity to vote on a "spill resolution".

At the Company's AGM held in 2015, the Company recorded a "first strike" and accordingly if a "second strike" is recorded at this Meeting then a "spill resolution" will be put to the Meeting as Resolution 3. A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Board unanimously recommends that members vote in favour adopting the Remuneration Report.

The Chairman of the Meeting intends to vote all available proxies in favour of this Resolution.

CONTINGENT BUSINESS

Resolution 3: Holding a Spill Meeting

The Corporations Act's "two strikes rule" provides that if at least 25% of votes cast on the adoption of the Remuneration Report at two consecutive AGMs are against adopting the Remuneration Report, members will have the opportunity to vote on a "spill resolution"

At the Company's AGM held in 2015, the Company recorded a "first strike" because at least 25% of the votes cast on the adoption of the Remuneration Report were against adopting that report.

If **at least 25%** of the votes cast on the adoption of the Remuneration Report in Resolution 2 of this meeting (2016 AGM) are against adopting the report, then a "second strike" will be recorded and a "spill resolution" will be put to the Meeting as Resolution 3.

If **less than 25%** of the votes cast on Resolution 2 are against adopting the Remuneration Report at the 2016 AGM, there will be no "second strike" and Resolution 3 will not be put to the Meeting.

If put, the spill resolution will be considered as an **ordinary resolution**.

If the spill resolution is passed, an extraordinary general meeting of members must be held within ninety (90) days of the 2016 AGM (**Spill Meeting**). All directors who were in office when the last Directors' report was approved (except for the Executive Chairman/Managing Director) will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

Each director is eligible to seek re-election as a director of the Company at the Spill Meeting. If the Spill Resolution is passed, members should note that each of the relevant directors intends to stand for re-election.

The Board unanimously recommends that members vote against the spill resolution.

The Chairman of the Meeting intends to vote all available proxies AGAINST the spill resolution.

NOTES

Voting Entitlements

For the purposes of the meeting, shares will be taken to be held by the persons who are registered as shareholders as at 7.00 pm on Tuesday 22 November 2016.

Proxies

If you are a shareholder entitled to attend and vote, you are entitled to appoint one or two proxies. Where two proxies are appointed, you may specify the number or proportion of votes that each may exercise, failing which each may exercise half of the votes. A proxy need not be a shareholder of the Company.

If you wish to appoint one proxy, please use the form provided. If you wish to appoint two proxies, please follow the instructions in point 4 on the reverse side of the proxy form.

The Company's constitution provides that on a show of hands, every person present and qualified shall have one vote. If you appoint one proxy, that proxy may vote on a show of hands, but if you appoint two proxies, neither proxy may vote on a show of hands.

If you appoint a proxy who is also a shareholder or is also a proxy for another shareholder, your directions may not be effective on a show of hands. But your directions will be effective if a poll is required and your proxy votes.

To be effective, the proxy form must be received by fax to the Company at 03 9670 4479, or at our registered office, 1st Floor, 394 – 396 Little Bourke Street, Melbourne Victoria 3000 not later than 9.00 am (AEDT) on Tuesday 22 November 2016.

Admission to Meeting

Shareholders who will be attending the meeting, and who will not be appointing a proxy, are asked to bring the proxy form to the meeting to help speed admission.

Shareholders who do not plan to attend the meeting are encouraged to complete and return the proxy form for each of their shareholdings in the Company.

All Correspondence to:

 **By Mail** 1st Floor
394 - 396 Little Bourke Street
Melbourne VIC 3000 Australia

 **By Fax:** +61 3 9670 4479

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 9:00am on 22 November 2016.**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, you may copy this form or an additional blank proxy form may be obtained by contacting the company. To appoint a second proxy you must:

- (a) complete two blank proxy forms. On each proxy form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission.

STEP 3 SIGN THE FORM

The form should be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.


Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received by **9:00am on 22 November 2016.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

 **By Fax** + 61 3 6970 4479

 **By Mail** 1st Floor
394 - 396 Little Bourke Street
Melbourne VIC 3000 Australia

 **In Person** 1st Floor
394 - 396 Little Bourke Street
Melbourne VIC 3000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Royalco Resources Limited

ABN 53 096 321 532

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of Royalco Resources Limited (Company) and entitled to attend and vote hereby appoint:

the Chair of the Meeting (mark box)

OR if you are NOT appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at the offices of Baker & McKenzie, Level 19, 181 William Street, Melbourne on Thursday, 24 November 2016 at 9:00 am and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each item business with the exception of Resolution 3 where the Chairman intends to vote against.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

The proportion or number of my/our voting rights which this proxy is appointed to represent is:

% being number of votes

		For	Against	Abstain*
Resolution 1	Re-election of Mr Piers Reynolds as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Adoption of Remuneration Report for year ended 30 June 2016	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

THE BOARD UNANIMOUSLY RECOMMENDS THAT MEMBERS VOTE AGAINST RESOLUTION 3

Contingent Business

Resolution 3	Holding a Spill Meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2016