

Royalco Resources Limited

UNHEDGED, UNGEARED, DIVIDEND PAYER!



November 2013



CAPITAL SUMMARY

- **ASX code: RCO**
- **Listed on ASX 2006**
- **Total shares on issue** 52.7 million
- **Current share price** 30 cents
- **Market capitalisation** \$15.8 million
- **Shareholders** 625
- **Substantial shareholders**
 - Directors 19.2%
 - Anglo Pacific 29.7%
 - Acorn Capital 14.9%



CORPORATE MODEL

- **Modelled on Franco Nevada-style royalty businesses, combining cash flow and resource development**
- **Convert exploration success to equities/royalties or maintain direct exposure, particularly gold projects**
- **Acquire existing royalties, preferably by private treaty**
- **Maintain strong balance sheet with a healthy cash position coupled with capital management discipline**

UNIQUE PRODUCT IN THE AUSTRALIAN MARKET



Since ASX listing, June 2006:

- **Completed 2 buybacks, 2008-9**
- **Survived hostile takeover, 2009**
- **Capital return – 10 cents per share, June 2010**
- **Dividends – begun bi-annually, 2010**

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EXISTING ROYALTY INTERESTS

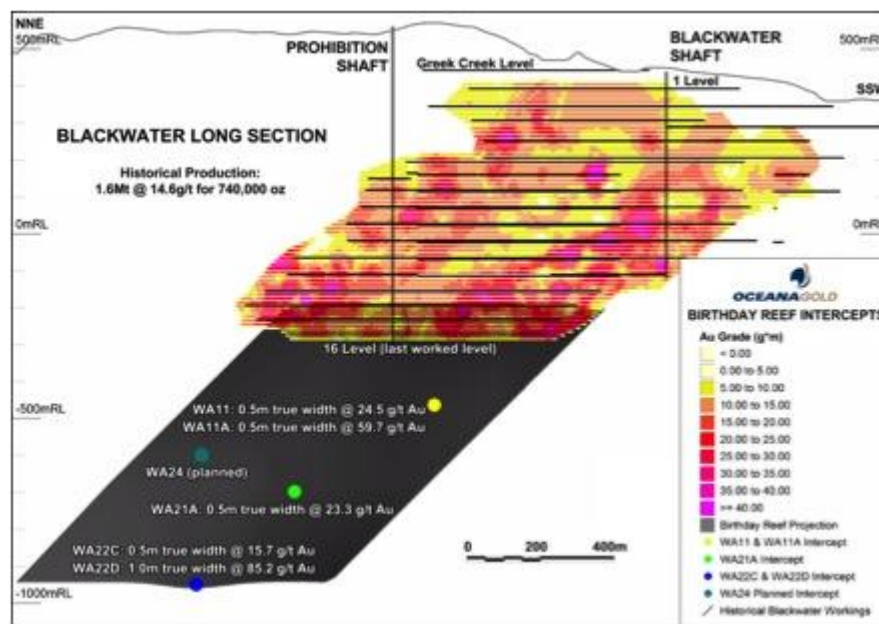


<u>Company</u>	<u>Description</u>	<u>Pre Resource</u>	<u>Desk Studies</u>	<u>Feas. Study</u>	<u>In Production</u>
Exxon/BHPB	Weeks Petroleum Royalty 1%				X
Oceana Gold Ltd	Reefton (NZ) 3% outside Globe Progress, gold			X	
Snow Peak Pty Ltd	Mt Garnet (Qld) 3% NSR, zinc, lead, silver		X		
Kingsgate Consolidated Ltd	Bowdens (NSW) 1-2% NSR, silver, zinc, lead			X	
Hydromet Corp Ltd	Stanton (NT) 1% NSR, nickel, cobalt		X		
JKO Mining Pty Ltd	Red Dam (NT) \$10/oz, gold		X		
MOD Resources	Sam's Creek (NZ) 1%, gold		X		
Syrah Resources Ltd	Mt Lyndhurst (SA) copper	X			
Blackstone Ichiban Ltd	Uganda 1.55% ORRI	X			
Regis Resources Ltd	Molong (NSW) 3% NSR, gold	X			



REEFTON – SUBSTANTIAL POTENTIAL

Feasibility work nearing completion at the high grade Blackwater deposit (600,000 ounces @ 21g/t gold)





BOWDENS – ONE FOR THE LONG TERM

- **Kingsgate purchased project 2012 for \$75 million**
- **Feasibility studies being updated-2014 release**
- **Project has 10 year-plus mine life, using existing studies as a guide**
- **Potential to generate revenues of \$5 million at year one, then just over \$2 million p.a. thereafter, based on current spot silver prices and historic guidance as to proposed production levels**
- **Target production start-up 2016 ?**



ASSET BACKING

- **Cash position** Approx \$5.53 million, as at 8th November 2013
- **Debt** **NIL**
- **Shareprice** **30 cents**
- **Enterprise value** **only 19 cents or \$10 million**



DIVIDEND POLICY

Dividends paid since 2010:

- Guideline is 60 per cent after-tax profits to go in fully franked dividends
- Paid six-monthly

RCO is one of only two ASX-listed hard rock mining/exploration companies of ~ \$20M market cap to pay a fully franked dividend.

Only 35 out of 1044 companies on ASX mining/oil list pay dividends and only 15 of them fully franked – all except one much bigger than RCO.



- 2013 onwards**
- Weeks Petroleum
 - Corporate activities ?

- 2015 onwards**
- Weeks Petroleum
 - Reefton (Blackwater)?
 - Bowdens ?



FUTURE ACTIVITIES

EXPLORATION OBJECTIVES 2013/14

- Philippines – secure tenement position and optimize value of Gambang

ROYALTIES

- Ongoing – broaden base

CORPORATE TRANSACTIONS

- Ongoing – opportunities in exploration, development and investment



INVESTMENT APPEAL

- **ATTRACTIVE COMMODITY EXPOSURE**
(petroleum, gold, base metals)
- **STRONG BALANCE SHEET AND CASHFLOWS**
(value)
- **FOCUSED ON SHAREHOLDER RETURNS**
(management discipline)
- **PRUDENT USE OF CAPITAL** (experienced management)