

Royalco Resources Royalty Bank Update

Royalco Resources Ltd (Royalco) has agreed to provide a \$200,000 loan to Syrah Resources Ltd ("Syrah") a subsidiary company of Copper Strike Ltd (Copper Strike).

In return Royalco will gain a 1.5% net smelter royalty on all project areas outlined a prospectus being prepared for Syrah ahead of a planned listing on the Australian Stock Exchange.

The \$200,000 loan will convert into Syrah shares at the conversion rate of 20 cents per share (1 million shares) the same rate as the proposed Initial Public Offering for Syrah shares.

This transaction will increase Royalco Resources Ltd's bank of royalty interests from ten to fifteen covering a range of commodities. The more significant of the royalty assets in terms of identifiable future cash flow include the **Reefton gold project**, the **Mt Kelly** copper/gold project and potentially, the **Mt Garnet** silver/lead/zinc project.

The operator of the **Reefton gold project**, Oceana Gold Ltd, has announced to the ASX that the first concentrate was sent from **Reefton** in March. Under the terms of Royalco's royalty deal over the Reefton gold project, royalty payments are payable six months after the first gold is delivered from the site.

On that basis the Reefton gold project royalty is expected to will commence from October 1, 2007, with payment due 14 days from the end of each quarter – i.e. January 14, 2008. The rate of the royalty payment is a sliding scale reflecting the \$NZ gold price through each quarterly period, with adjustments made on an annualised basis utilising the daily average gold price over each 12 month period.

Based on prevailing gold prices, the royalty will generate 4,000 to 5,000 ounces of gold per annum (\$A3million to \$A4 million) over a project mine life of approximately 7 years.

Further royalty income is anticipated in the medium term from **Mt Kelly**, where CopperCo Ltd is the operator. Payments from this royalty stream may begin to accrue in the second half of next year.

Additional income is also anticipated from **Mt Garnet** once mining operations are recommenced on that site and a production holiday is satisfied.

Royalco anticipates both the creation and acquisition of additional royalty interests in coming periods.



Peter Topham
Executive Chairman

Summary of Existing Mineral Royalty Interests

PROJECT	OPERATOR	ROYALTY	COMMODITY
Reefton	Oceana Gold Limited	1 – 3 % ORR	Gold
Mt Garnet	Kagara Zinc Ltd	3% NSR	Zinc, lead, silver
Mt Kelly	CopperCo Limited	1% NSR	Copper, gold
Bowden's	Silver Standard Resources Inc	1 – 2 % NSR	Silver
Stanton	Hydromet Corp Ltd	1% NSR	Nickel, cobalt
Dagworth/Huonfels	Georgetown Mining Limited	1.5% ORR	Gold
Heathcote	Perseverance Corporation Limited	2.5% ORR	Gold
Xanadu	Pelican Resources Limited	4% ORR	Gold
LFB	Alkane Exploration Ltd	3% NSR	Gold, copper
Lake Margaret	Copper Strike Limited	1% NSR	Copper
Mt Lyndhurst	Syrah Resources Ltd	1.5% NSR	Copper, uranium
Mackenzie/Archie	Syrah Resources Ltd	1.5% NSR	Zinc
Levuka	Syrah Resources Ltd	1.5% NSR	Copper
Munna	Syrah Resources Ltd	1.5% NSR	Gold
Norfolk	Syrah Resources Ltd	1.5% NSR	Zinc

ORR: Overriding Royalty
NSR: Net Smelter Return