



Quarterly Activities Report

(Quarter ended 30 September 2017)

HIGHLIGHTS:

- Appointment of Geoff Barker as an independent non-executive director;
- Royalty payment of \$147,000 received in the September quarter from the Weeks Royalty;
- Historic payment of \$8,000 received from the Mt Garnet royalty;
- The Bowdens silver project, where Royalco retains a sliding scale royalty interest, continues to be advanced by Silver Mines Limited with a significant mineral resource estimate upgrade;
- 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; and
- Post quarter, change of Company Secretary and business addresses.

CORPORATE DETAILS

ASX Code:	RCO
Issued Capital:	52,714,183 shares
Shareholders:	181
Share Price:	23 cents
Market Capitalisation:	\$12.1 million
Cash/Liquids:	\$2.278 million

Directors:

Sue Thomas
Non-Executive Chair

Malcolm McComas
Non-Executive Director

Geoff Barker
Non-Executive Director

Company Secretary:

Justin Clyne

Substantial Shareholders:

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

Royalco Resources Limited (**Royalco, RCO or Company**) is pleased to report on its activities during the quarter ended 30 September 2017.

1. Corporate:

1.1 Summary of Announcements During the Quarter:

Date:	Announcement
28 July	June Quarterly Activities and Cash Flow Report
7 September	Appendix 4G
7 September	Annual Report to Shareholders
8 September	RCO Board Changes
12 September	Final Director's Interest Notice – Peter Topham
12 September	Initial Director's Interest Notice – Geoff Barker

Table 1: Summary of ASX releases by Royalco during the September Quarter.

1.2 Appointment of Geoff Barker:

On 8 September, Royalco announced the appointment of Geoff Barker as an independent non-executive director. Mr Barker is an oil and gas industry professional with 35 years' global experience. He has extensive expertise in the areas of asset valuation, development of business and corporate strategies, due diligence assessments and reserves assessment and certification of conventional and nonconventional petroleum in over 50 countries. Geoff has specific relevant experience in the evaluation of Bass Strait royalties since 2001.

At the same time, the Company announced the resignation Mr Peter Topham as Executive Chairman and Chief Executive Officer and the appointment of Susan Thomas as non-executive Chair.

1.3 Finance:

The company's cash balance at the end of the September quarter was \$2.278 million, compared to \$2.635 million at the end of June.

2. Royalty Interests:

2.1 Weeks royalty:

Income received during the quarter (based on production for the 3-month period ended 30 June 2017) was \$147,511. This compares with \$160,041 received for the March quarter and \$181,073 for the quarter ended June 2016.

The company is reviewing its anticipated returns against a backdrop of reduction in Bass Strait gas production from 2017 highs returning to 2016 levels and increasing east coast gas prices. Gas production has commenced from the Kipper field as part of the Kipper/Tuna/Turrum multi-billion-dollar development.

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).

2.2 Other Royalties:

2.2.1 Bowdens Project:

During the quarter, the operator of the Bowdens Project, Silver Mines Limited (ASX: **SVL**), advised that it had completed an Induced Polarisation (**IP**) Geophysical program encompassing the entirety and surrounds of the Bowdens Silver resource area with the objective of further understanding the recently discovered massive and semi-massive sulphide mineralisation below the north-western section of the Bowdens Silver resource. The results indicated a large (+1000 metre by 250 metres) anomaly extending between 100 metres and 400 metres depth beneath the surface and below the Bowdens Silver resource area. Drilling of this anomaly has now commenced which includes reverse circulation pre-collars to approximately 250 metres followed by diamond drilling to depth. A total of 16 drill holes for a total program of up to approximately 11,000 metres is planned in a first pass program.

Silver Mines also announced a significant upgrade of the mineral resource estimate for all categories for the Bowdens Project following an extensive infill and extensional drill program. The table below shows a significant upgrade from the 2012 mineral resources estimate.

Category	Tonnes (Mt)	Silver Eq. (g/t)	Silver (g/t)	Zinc (%)	Lead (%)	Million Ounces Silver	Million Ounces Silver Eq.
Measured	76	72	45	0.37	0.25	111	175
Indicated	29	59	31	0.38	0.25	29	55
Inferred	23	60	31	0.40	0.28	23	45
Total	128	67	40	0.38	0.26	163	275

The Bowdens Silver Project is located in central New South Wales, approximately 26 kilometers east of Mudgee. 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.

2.2.2 Mt Garnet:

During the quarter, the Company received a cheque of just under \$8,000 in respect of the first administration process. Consolidated Tin Mines Limited (ASX: **CSD**) also announced that dewatering of the Mt Garnet underground mine was completed in July and refurbishment of the processing plant was also completed and commissioned to enable the recommencement of mining operations from which additional royalties will be due from Royalco's 3% net smelter royalty interest.

2.2.3 Sam's Creek

The operator of the **Sam's Creek** Gold Project in New Zealand, Mod Resources Limited (ASX: **MOD**) announced its intention to assign its interest (80%) in the project to a public unlisted company called, Condamine Resources Limited (**Condamine**), for a total consideration of A\$3.8m including cash of A\$1.75m and 10.25m shares in Condamine. Condamine intends to undertake an ASX listing later this calendar year.

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.

2.3 Schedule of Royalty Interests:

PROJECT	OPERATOR	ROYALTY	COMMODITY
Weeks Petroleum	Exxon/BHP JV	1% of 2.5%	Hydrocarbons
Reefton-Blackwater	Oceana Gold Ltd (ASX: OGC)	1-3% ORR	Gold
Sam's Creek	MOD Resources Ltd (ASX: MOD)	1% ORR	Gold
Mt Garnet	Snow Peak/CSD JV (In voluntary administration)	3% NSR	Zinc, lead, silver
Bowdens	Silver Mines Ltd (ASX: SVL)	1 – 2 % NSR	Silver
Stanton	Private	1% NSR	Nickel, cobalt
LFB	Regis Resources Ltd (ASX: RRL)	3% NSR	Gold, copper

2.4 Information Pursuant to Listing Rule 5.4.3:

In accordance with ASX Listing Rule 5.4.3, but noting its several royalty interests as described above, Royalco advises that:

- 1) No petroleum tenements were held at the end of the Quarter;
- 2) No petroleum tenements were acquired or disposed of during the Quarter;
- 3) The beneficial percentage interests held in farm-in or farm-out agreements at the end of the Quarter was nil; and
- 4) The beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the Quarter was nil.

3. Events Subsequent to the Quarter:

3.1 Change of Company Secretary:

Subsequent to the end of the quarter on 25 October, the Company announced the appointment of Justin Clyne as Company Secretary. Justin holds a Master of Laws in International Law from the University of New South Wales and is a qualified Chartered Company Secretary acting for a number of listed and unlisted companies over the past ten years.

The Board also advised of the resignation of Mr Nick Boicos as Company Secretary at the same time. The Board would like to thank Nick for his significant contribution to Royalco for over such a long period and wishes him well in his future endeavours.

3.2 Change of Address:

The Company also advised pursuant to ASX Listing Rule 3.14, a change to its registered address, principal place of business and contact details effective from 25 October 2017 with the new details as follows:

- Registered address/principal place of business:
Suite 6.02, Level 6, 28 O'Connell Street, Sydney NSW 2000

- Telephone:
+ 61 2 9048 8856
- Mail:
GPO Box 4626, Sydney NSW 2001

3.3 Forthcoming Annual General Meeting:

The Company also advises that its forthcoming Annual General Meeting is scheduled for Wednesday 22 November at 2.00 pm at the Company's offices.

Susan Thomas

Non-Executive Chair

Dated: 31 October, 2017

About Royalco Resources Limited (ASX: RCO):

Royalco Resources Limited is an ASX listed resources company that owns the Weeks Royalty and a portfolio of 6 other royalty opportunities in hydrocarbons, gold, zinc, copper, silver and other minerals located primarily in Australia and New Zealand. Royalco's Tier 1 asset is a 1% interest in the Weeks Petroleum Royalty that covers 20 producing fields with 19 platforms in the offshore Gippsland Basin owned by ExxonMobil (operator) and BHP Billiton.

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 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	155	155
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(443)	(443)
(e) administration and corporate costs	(88)	(88)
1.3 Dividends received (see note 3)	-	
1.4 Interest received	15	15
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)	-	-
1.9 Net cash from / (used in) operating activities	(361)	(361)

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

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(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)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
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	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,639	2,639
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(361)	(361)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,278	2,278

5. Reconciliation of cash and cash equivalents 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	90	39
5.2 Call deposits	86	86
5.3 Bank overdrafts	-	-
5.4 Other (provide details) Term Deposits	2,102	2,510
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,278	2,635

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	405
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	

Inclusive of Executive Chairman termination entitlements

7. Payments to related entities of the entity and their associates	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

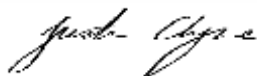
8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description 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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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	170
9.5 Administration and corporate costs	80
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	250

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
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				

- 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: 31st October 2017

Company secretary

Print name: Justin Clyne

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.