



9 July 2018

Company Announcements Office
ASX Limited

Update on Sales Process for Weeks Royalty & Receipt of Proposal

Royalco Resources Limited (ASX: RCO) (**Royalco** or **Company**) provides this update in relation to the sales process for the Company's 1.0% beneficial interest in the Weeks Royalty. As previously advised, the sale process is being supervised by the Company's independent director Mr Geoff Barker.

The Company has received and evaluated multiple offers for the Weeks Royalty under the sale process. The Company has also received a non-binding indicative proposal from Fitzroy River Corporation Limited (ASX: FZR) (**Fitzroy**) (the **Proposal**), pursuant to which:

- Fitzroy will, following completion, hold all of the issued share capital of the Company (that is, the Proposal does not relate only to the Weeks Royalty);
- Royalco shareholders¹ (other than Fitzroy) will receive an aggregate of approximately \$4.7 million in cash valuing the Company at approximately \$9.0 million (subject to certain adjustments relating to the Company's net assets); and
- the Proposal will be subject to a number of conditions, including the approval of Royalco shareholders and an independent expert opining on whether the Proposal is fair and reasonable.

The Proposal ascribes a valuation to the Weeks Royalty of \$6.6 million, which is materially higher than the other offers received under the sale process. The Company has engaged BDO Corporate Finance (WA) Pty Ltd (**BDO**) as the independent expert to evaluate the Proposal.

Royalco shareholders do not need to take any action in relation to the Proposal at the present time.

The Company confirms that discussions between the parties in relation to the Proposal are ongoing and incomplete and that the Company has not entered into any binding agreement in respect of the Proposal. There can be no certainty that negotiations will result in any binding proposal or transaction.

Royalco will continue to keep its shareholders and the market fully informed in compliance with its obligations under the ASX Listing Rules.

GEOFF BARKER

Independent Non-Executive Director

About Royalco Resources Limited (ASX: RCO)

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

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¹ At the date of this announcement, FZR hold approximately 47.76% of the shares in RCO.