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The Manager Companies

Dear Sir, Vale Withdrawal from Gambang

Royalco Resources Limited wishes to advise that Vale Exploration Philippines Inc has elected to withdraw from the Option Agreement over the Gambang Tenement in the Philippines.

Ownership of the tenement remains 100 per cent Royalco.

Phases 2 and 3 of the tenement title are awaiting renewal and once completed exploration activities will refocus on the Cableway Prospect contained in Phase 3.

Of note Royalco has recently been approached by other major mining houses in reference to the Gambang Tenement and the potential to farm in. Consideration will now be given to these approaches as well as the potential of conducting the next round of exploration on this attractive property in our own right.

Yours faithfully,

Peter Topham
Executive Chairman