

27 March 2013

The manager
Company Announcements Platform
ASX limited

Dear Sir/Madam,

re: Weeks Petroleum Royalty Acquisition

The Directors of Royalco Resources Limited advise that the company has entered into a binding Heads of Agreement to acquire an interest in what is commonly known as the Weeks Petroleum Royalty.

The existing royalty is administered by Oil Basins Limited (an American entity based in Bermuda) and represents a 2.5 per cent over-riding royalty from the main production fields located in Bass Strait.

Royalco has acquired from a private investor a one per cent interest in this royalty, i.e. the equivalent of a 0.025 per cent over-riding royalty from the entire hydrocarbon production of the Bass Strait region.

Acquisition consideration is \$8.5 million plus transaction costs.

Income from the interest has averaged \$750,000 to \$800,000 over the past three years. The royalty payments are received quarterly with the first income due by early September.

Looking forward, the Weeks Royalty should benefit in the near term from the positive projections as to the gas price outlook and the Kipper/Tuna/Turrum development being commissioned by ExxonMobil in joint venture with BHP Billiton and Santos. In the medium term, benefits should accrue from the upgrading of the Longford Gas Conditioning Plant due in 2016.

Royalco's Executive Chairman, Peter Topham, said:

It is anticipated that the Weeks Royalty will generate income for more than 20 years and is considered the premium hydrocarbon royalty in Australia.

The acquisition of an interest in this royalty is consistent with Royalco's stated intention to spread its portfolio of interests to the energy sector when the right opportunity presents itself – and this is the right opportunity!

Contact:-

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