



Raising Exploration Capital Philippines





CAPITAL SUMMARY

- ***IPO in 2006 raised A\$12 million (24m shares at 50 cents)***
- ***Total shares on issue – 56.4m (3.31m options)***
- ***Substantial Shareholders:***
 - ***Oxiana Limited*** ***17.7%***
 - ***Directors*** ***17.2%***
 - ***Rio Tinto*** ***6.4%***
 - ***Colonial First State*** ***6.9%***
 - ***Gasmere*** ***7.4%***

TOP 20 > 75%



BACKGROUND

- **2001-2003** *Incorporation, acquisition of royalties, developed the royalty data base*
- **2004** *Involvement with Copper Strike and commenced negotiations with Oxiana*
- **2005** *Canvassed various capital markets with a view to listing on an appropriate Stock Exchange*
- **2006** *Listed on the ASX in June*

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THE EXCHANGES CONSIDERED



Our Voyage

- ***SGX - briefly***
- ***PSE - interesting***
- ***TSX - possibly***
- ***AIM - the queue***
- ***ASX - timing***



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PHILIPPINES

SELECT MARKET STATISTICS



- ***Twenty foreign listed mining companies with their principal assets in the Philippines.***
- ***Eight of these are in the exploration phase***
- ***Global capital raisings by all twenty from January 2006 approx A\$300m***
- ***Global raisings by pure explorers from January 2006 approx A\$30m***
- ***Major Exchanges for Exploration Capital - TSX and ASX***

GENERAL OBSERVATIONS



- ***Broker relationships***
- ***Markets are very fickle***
- ***Patience is a prerequisite irrespective of preferred Exchange***
- ***TSX is the Global Leader***
- ***The Company must clearly differentiate its positive aspects from the rest of the market***



- ***Royalco is an explorer with a potential PE!***
- ***Substantial drilling programmes***
- ***Relationships (Oxiana, Rio Tinto, Phelps Dodge)***
- ***An established and skilled Filipino exploration team***



THE MODEL WORKS!

- ***Modelled on Franco Nevada (Newmont) royalty business which combines cash flow and exploration/mine development***
- ***Prospective cash flow from royalties to fund growth opportunities and minimise shareholder dilution***
- ***Pursue a stream of quality exploration plays to generate capital gains***

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EXISTING ROYALTY BANK



- **REEFTON (Gold) Oceana operator**
- **MT KELLY (Copper) Copperco operator**
- **MT GARNET (Zinc) Kagara Zinc operator**
- **OTHERS – still in studies or pre-resource stage include Bowdens, Stanton, Lake Margaret, Dagworth, Heathcote, Xanadu & LFB**



PHILIPPINES: THE OPPORTUNITY

- ***Philippines has eleven of the fifty largest porphyry copper-gold deposits in the world***
 - *Lepanto, Tampakan, Boyongan*
- ***Renewed activity by majors (BHP, Rio Tinto, Anglo, Xstrata)***
 - *Particularly over the past twelve months*
- ***Exploration portfolio accumulated over a ten year period-now receiving the attention it deserves***
 - *A first class exploration package with drill ready targets*



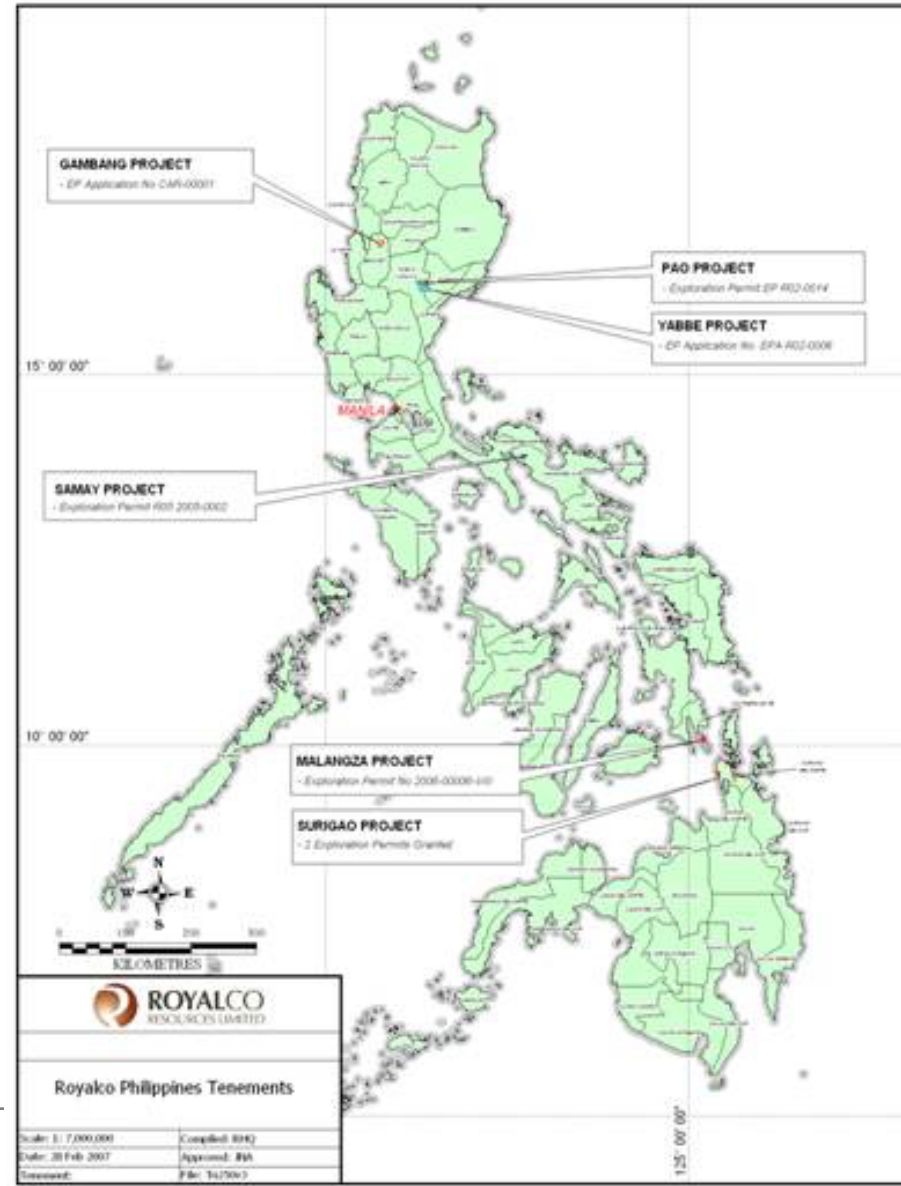
PHILIPPINES TENEMENT POSITION

Northern Luzon – Baguio District

- Mines adjacent to the Gambang tenement include Lepanto and Far South East
- Pao project is 7km from Oceana's Didipio porphyry copper/gold deposit

Southern Leyte/Northern Mindanao

- Significant copper, gold and nickel mineralisation (Boyongan, Hallmark, Siana)



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PAO PROJECT



Pao Manidyo quartz enargite vein outcrop



GROWTH/UPSIDE?

- 1. Exploration = Capital Gain.** The Company has **multiple** copper/gold and gold targets in recognised porphyry systems. Royalco is actively exploring these tenements
- 2. Royalties = Cash Flow.** Royalco holds royalties over a number of projects in development. The Reefton mine is currently being commissioned: **Reefton Royalty is expected to be >A\$4 million pa from 3rd quarter of 2007!**
- 3. Business Development = Opportunistic.** The company is actively assessing new royalty and exploration opportunities

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A STREAM OF OPPORTUNITIES

