

Quarterly Report for the period ended 30th June 2006

July 2006

Corporate Details

ASX Code: RCO

Issued Capital:

56,411,200 Shares

2,800,000 Options @50c, 31/3/2011
(Unlisted)

Share Price: 60c

Market Capitalisation:

\$33.8 million

Cash Balance: \$10.6 mill

Major Shareholders:

Oxiana Ltd	17.7%
Directors	14.9%
MIESF	8.5%
Riomin Gold	6.4%
Colonial First State	6.2%

Directors:

Peter Topham – Executive Chairman

David Ogg – Executive Director

Peter Lester – Non executive Director

Tom Eadie – Non executive Director

Adam Boyd – Non executive Director

Corporate:

The IPO raised \$A 12 million through the issue of 24 million shares at 50 cents. The issue was underwritten by Shaw Corporate Finance Pty Ltd. At listing date there were 716 shareholders.

Cash balance at 30th June, following the payment of underwriting, advisory and other issue costs, as well as the agreed acquisition costs, was \$10.6 million.

Royalties:

During the quarter announcements were made by the respective operators (Oceana Gold Ltd and Kagara Zinc Ltd) that should have positive implications for our Reefton and Mt Garnet royalty interests.

In an announcement made to the ASX on 30th May 2006 by Oceana Gold Ltd (ASX:OGD), encouraging assay results were achieved on the Supreme Prospect, which falls within the royalty interest area. In a further announcement to the ASX on 11th July 2006 concerning the proposed merger between Oceana and Climax Mining Ltd, Oceana indicated that the Globe Progress mine is still on track for commissioning by the end of this calendar year.

Kagara Zinc Ltd in announcements to the ASX on 19th June and 6th July (ASX:KZL) described recent drilling results from the Mt Garnet area (in which Royalco retains a royalty interest) and commented that these results enhance the potential for early underground development of the Mt Garnet deposit.

Exploration:

In the Philippines additional staff and consultants have been appointed and initial site clearances are underway with a view to commence drilling later this current quarter.

The proposed drilling programmes entail **14,000** metres of drilling over a two year period.

Additional geophysical interpretation has commenced on the Luzon tenements, and geochemical surveys have been initiated on the tenements in the southern islands.

P J Topham
Executive Chairman

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Royalco Resources Ltd

ABN

53 096 321 532

Quarter ended ("current quarter")

June 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) administration	(401)	(846)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	11
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	(15)	50
Net Operating Cash Flows	(413)	(785)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	(291)	(291)
(b)equity investments	-	(20)
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(291)	(311)
1.13 Total operating and investing cash flows (carried forward)	(704)	(1096)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(704)	(1096)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	11170	11588
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	11170	11588
	Net increase (decrease) in cash held	10466	10492
1.20	Cash at beginning of quarter/year to date	223	197
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	10689	10689

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	267
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

A subsidiary company, Oxiana Philippines Inc was acquired from Oxiana Ltd as per our recent prospectus, in exchange for the issue of 10,000,000 ordinary shares in the capital of the company. Details of tenements acquired as a result of the acquisition of this subsidiary are shown at item 6.2.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	478
4.2 Development	-
Total	478

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank		
5.2 Deposits at call	2689	223
5.3 Bank overdraft	-	-
5.4 Other (provide details) Bank Term Deposits	8000	-
Total: cash at end of quarter (item 1.22)	10689	223

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining tenements acquired or increased	EPA CAR-00001	Application	0	100%
	EP EP- 0041-11	Granted	0	100%
	EPA R02-00006	Application	0	100%
	AFTAA R02-00006	Application	0	100%
	EP EP-0012-11	Granted/Renewal	0	100%
	AFTAA R03-01-98	Application	0	100%
	EP 00040- VIII	Application	0	100%
	EP 0015-XIII	Granted	0	100%
	EP 0020-XII	Granted	0	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

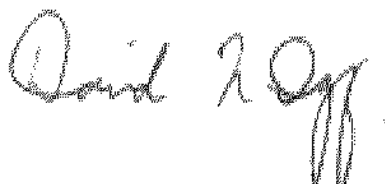
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	-	-		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	56,411,200	36,672,044		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	34,000,000 -	24,000,000 -		
7.5 +Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	2,800,000	-	Exercise price 50 cents	Expiry date 31st Mar 2011

+ See chapter 19 for defined terms.

7.8	Issued during quarter	-	-		
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter	-	-		
7.11	Debentures <i>(totals only)</i>	-	-		
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: Date: 20th July 2006
(Company secretary)

Print name: David L Ogg
.....

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

=====