

6 December 2016

ASX Announcement

Supplementary Target's Statement

This is a Supplementary Target's Statement issued by Royalco Resources Limited and is supplementary to the Target's Statement dated 28 October 2016 issued in response to the on-market takeover offer made by Fitzroy River Corporation Limited at 18 cents per share. A copy of this Supplementary Target's Statement was lodged with ASIC on 6 December 2016 and has been given to ASX. Neither ASIC nor ASX take any responsibility for its contents.

Defined terms used in the Target's Statement have the same meaning in this Supplementary Target's Statement unless the context otherwise requires.

1. Fitzroy Offer Update

Fitzroy's Offer at 18 cents per Share expires on the close of trading on ASX on **12 December 2016**. This date may not be extended at the election of Fitzroy, except in limited circumstances permitted by law. Since the date of the Offer, the Royalco Share price has traded consistently above the 18 cent Offer Price, and it appears to Royalco as if there have been no acceptances under the Offer. Fitzroy has not to date announced an increase to the Offer Price.

2. Directors' Recommendation

The Directors unanimously recommend that Shareholders reject the Offer.

The Offer Price has not been increased by Fitzroy to date. It appears as if the Offer Period is final as the Offer Price can no longer be increased, except in limited circumstances.

The Directors recognise that the Royalco Share price both currently and over the course of the Offer has traded above the 18 cent Offer Price.

Shareholders who might be seeking a liquidity event may have the ability to do so by way of selling their Shares into the market at a price above the Offer Price if they so choose, subject to prevailing Share prices on ASX and liquidity.

The Directors recognise that market prices can vary from time to time, and Shareholders contemplating selling their Shares should monitor the market price for Shares and seek advice from their broker, financial, taxation or legal adviser if they have any queries.

3. Board Update

Since the date of the Target's Statement, the following board related changes have occurred:

- Mr Piers Reynolds has retired from the Royalco Board with effect from the close of the recent AGM and he has been replaced by Company Secretary Mr Nick Boicos as the third director on the Board (in addition to Mr Bruce Pertzelt and Executive Chairman and Managing Director Mr Peter Topham).

- At the recent AGM, shareholders resolved to hold a further shareholder meeting, which will be held in February 2017, to consider voting on the board composition as contemplated by the notice of AGM.
- That meeting will also consider director nominations received from shareholder High Peak Royalties Limited for each of Messrs Anthony Wooles, Geoff King and Andrew Carroll.
- That meeting will also consider the director nomination by Noontide Investments Limited of Mr Nigel Harvey.

4. Intentions of the Directors in relation to the Offer

Mr Peter Topham holds a Relevant Interest in 5,805,140 Shares and intends to reject the Offer in respect of these Shares. Mr Bruce Pertzelt holds a Relevant Interest in 31,000 Shares and intends to reject the Offer in respect of these Shares. Mr Nick Boicos does not hold a Relevant Interest in any Shares.

5. Authorisation

This Supplementary Target's Statement has been approved by a unanimous resolution passed by the directors of Royalco.

Signed for and on behalf of Royalco Resources Limited

A handwritten signature in black ink, appearing to read 'P. Topham', is written over a horizontal line. The signature is enclosed within a rectangular box.

Peter Topham
Executive Chairman/Managing Director