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Australian Securities Exchange  
Companies Announcements Office

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## **Royalco Resources Limited (ASX.RCO) Spill Meeting Comments and Statement Regarding Takeover Bid**

High Peak Royalties Limited (ASX.HPR) owns 21.36% of ASX listed Royalco Resources Limited (ASX.RCO) that is currently the subject of a takeover offer from Fitzroy River Corporation Limited (ASX.FZR).

**The Board of HPR has no intention of accepting the FZR 20 cent offer.**

As announced on 24 November 2016 at the 2016 AGM RCO recorded a second 'strike' against their 2016 remuneration report and the spill resolution was put to shareholders and **carried**.

As a result Royalco under the Corporations Act has announced the convening of an extraordinary general meeting (**Spill Meeting**) to consider the appointments of its Directors on 22 February 2017.

### ***Comments on RCO Announcements Mentioning HPR***

High Peak has voted along with the majority of shareholders at the AGM to call the spill motion.

The Directors of High Peak suggest that **the selection of directors to fill the vacancies at the Spill Meeting is between:**

- a) the Nominees who are aligned with shareholders who seek long term cash returns from royalties with much reduced overheads; or
- b) Those Directors of Fitzroy River (ASX.FZR) who are endeavouring to take over RCO and have stated an intent to delist Royalco.

High Peak has made nominations for the Board of RCO at the Spill Meeting since without such nominations the AGM Spill Meeting would likely maintain the current Board of RCO. The same Board that has approved budgets and costs which simply absorb the royalty cash flows.

High Peak's purpose is to see an enhanced return to shareholders by reducing overhead so that RCO's income can be distributed as dividends to Royalco shareholders.



### ***Attempted Takeover Offer of RCO by FZR***

Since the announcement of the Spill Meeting, FZR announced (14 December 2016) and subsequently extended (20 January 2017) a takeover offer for RCO shares.

FZR has subsequently acquired shares in RCO at the price of 20 cents (after having closed its **failed** on market bid at 18 cents on 13 December 2016). FZR currently holds 43.265% in RCO.

**The Board of HPR has no intention of accepting the FZR 20 cent offer.**

Contrary to various announcements made by FZR and RCO, **High Peak is not, and has no intention of, taking control of RCO, or delisting the Company.**

HPR's motivation is to take action that will free the cash flow from unnecessary overheads such as office rental and the Managing Director's remuneration so that a greater pool of funds are available for distribution as dividends to all shareholders.

In addition to enhanced dividends the action should be share price accretive to all RCO shareholders.

High Peak has stated its position in various announcements, however RCO and FZR have incorrectly persisted for their own reasons, of characterising High Peak's motives as being to take control of RCO.

### ***RCO Notice of EGM***

#### **Director Nominees at the Spill Meeting**

The RCO notice of meeting suggests that details of nominees should be provided, but did not ask our nominees for details nor give any warning of EGM notice.

We therefore provide details of the HPR nominees below:

#### **Mr Anthony Wooles**

#### **B Com, Dip App Finance, MBA (Wharton), FAICD, SA Fin**

Mr Wooles is Chairman of of Bhagwan Marine, and ASX Listed High Peak Royalties Limited and Imdex Limited. He brings significant experience and knowledge in the corporate finance and energy sectors including the establishment and ultimate sale in 2009 of energy services company PearlStreet Limited.

#### ***Relevant Experience***

Mr Wooles was appointed as Non-Executive Chairman of ASX listed Company Imdex Limited (ASX: IMD) on 1 July 2016 and has been the Chairman of ASX listed High Peak Royalties Limited (ASX:HPR) for over three years.



### **Mr Geoffrey King**

**BA, LLB**

Mr King brings to the Company 38 years of oil and gas management and legal and corporate administration expertise. He began his career with the Australian government and then Esso Australia Ltd. At Ampolex Ltd, as General Counsel and a member of the Executive Committee, Mr King was involved in the rapid expansion of the company from a small explorer to a mid-cap producer. Mr King has his own energy law firm and currently advises the PNG Government on oil and gas and mining matters.

During 2016 Mr King was engaged by the World Bank to examine and redraft aspects of the oil and gas regime in South Sudan.

#### ***Relevant Experience***

Mr King has been a Director of ASX listed High Peak Royalties Limited (ASX.HPR) since its relisting in April 2014 (and prior to that was a founding Director of bidding entity Phoenix Oil and Gas Limited since 2008). He was a director of Vermilion Oil and Gas Australia Pty Ltd for 11 years to end 2016, a director of Singapore Petroleum Company Ltd for nine years until its multi-billion takeover by Petro China, and Chairman and Director of Cue Energy Resources Limited (ASX.CUE) until July 2015.

### **Mr Andrew Carroll**

**BA, MA**

Mr Carroll has over 30 years of international oil and gas experience. A graduate engineer from Cambridge University, he trained with BP, and his experience includes board, senior management and consultancy roles with a number of oil and gas companies including AGL, and InterOil that is now the subject of a multi-billion dollar takeover bid by ExxonMobil.

Mr Carroll has also been a member of the Society of Petroleum Engineers for over 30 years.

#### ***Relevant Experience***

Mr Carroll has been a Director of ASX listed High Peak Royalties Limited (ASX.HPR) since its relisting in April 2014 (and prior to that was a founding Director of bidding entity Phoenix Oil and Gas Limited since 2008) and is currently Non-Executive Director of AIM listed Mosman Oil and Gas Limited (AIM.MSMN).

### ***Comments Regarding Performance of HPR***

We also note that there was a reference in the Spill Meeting EGM notice to the performance of HPR.

We note that most resource companies have experienced lower share prices given recent commodity price volatility. Those with large cash reserves have been less affected but that is not necessarily an indication of good management.



HPR has used lower commodity prices to add income producing royalties to the portfolio of royalties that is the largest portfolio of any of the Australian royalty companies.

We are also encouraged by the East Australia gas market conditions that may lead to early development of Shell (formerly QGC and BG Group) operated acreage in Queensland that is close to LNG facilities and gas pipelines, over which HPR has a 2.5% royalty.

HPR is the only Australian royalty company with a large portfolio of royalties and a track record of active management, acquisition and growth.

In 2015 and 2016 HPR acquired a large number of oil and gas royalties in USA. These royalties provide cash flow linked directly to US oil and gas commodity prices. This complements the portfolio of exploration and development acreage.

**For further information please contact:**

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### About High Peak Royalties:

High Peak Royalties is Australia's leading oil and gas royalties company, with exposure to 24 royalties in Australia, and the United States. High Peak Royalties' portfolio covers production, development and exploration projects and features high quality project operators, including some of the world's leading oil and gas companies.

The company's portfolio includes:

Permit / Location	Royalty Interest (%)	Operated By
PL 171 and ATP 574P	2.50	Queensland Gas/BG Group/Shell
ATP 299P Petroleum Leases: PL29, PL38, PL39, PL52, PL57, PL95, PL169, PL170, PL293, PL294, PL295 and PL298	3.6/4.0	Santos
Peat Gas Field (PL101)	2.13	Origin Energy
Surprise Oil Field (PL6)	1.00	Central Petroleum
Longtom Gas Field (VIC/L29 and VIC/P54)	0.30	Seven Group Holdings
WA-314-P	0.10	Karoon Gas
WA-315-P	0.10	ConocoPhillips
EP(A)111, EP115, EP(A)120 and EP(A) 124	1.00	Central Petroleum
EP112, EP115NM and EP125	1.00	Santos
PEL512	1.30	Discovery Energy
WA-482-P	0.20	Apache Corporation
WA-EP468	2.00	Paltar Petroleum
EP156 and EP(A)155	2.00	Mosman Oil and Gas
United States (East Texas, Permian and Texas Gulf Coast Basins)	0.20 to 0.40	Sabine Oil and Gas, Pioneer Natural Resources and Wagner Oil Company
United States (East Texas)	1.00	Silver Tusk and New Century Operating
Weeks Petroleum Royalty (Gippsland Basin) indirect interest via 21.36% shareholding in Royalco Resources (ASX: RCO)	0.005	ExxonMobil