



## Quarterly Activities Report

(Quarter ended 30 June 2019)

### HIGHLIGHTS:

- Royalty payment of \$118,371 received in May for the March quarter for the Weeks Royalty with \$734,343 received in the last 12 months;
- Termination of the Weeks Royalty Assignment Deed with consideration of future options underway; and
- Strong Cash Position of \$2.344m.

### CORPORATE DETAILS

ASX Code:	RCO
Issued Capital:	52,714,183 shares
Shareholders:	170
Share Price:	19.0 cents
Market Capitalisation:	\$10.0 million
Cash/Liquids (30 June):	\$2.344 million

#### Directors:

Sue Thomas  
*Non-Executive Chair*

Malcolm McComas  
*Non-Executive Director*

David Croll  
*Non-Executive Director*

#### Company Secretary:

Justin Clyne

#### Substantial Shareholders:

Fitzroy River Corporation, Noontide Investments, Samuel Terry Asset Management and High Peak Royalties.

Royalco Resources Limited (**Royalco, RCO or Company**) is pleased to report on its activities during the quarter ended 30 June 2019.

## **1. Corporate:**

### **1.1 Summary of Announcements During the Quarter:**

<b>Date:</b>	<b>Announcement</b>
9 April	Agreement Signed for the Sale of the Weeks Royalty Interest
29 April	Quarterly Activities Report
29 April	Quarterly Cashflow Report
21 May	Update on Sale of Weeks Royalty Interest

*Table 1: Summary of ASX releases by Royalco during the June Quarter.*

### **1.2 Weeks Royalty Sale Process:**

During the quarter on 9 April, the Company announced that it had signed a conditional Deed of Assignment for the sale of the Company's 1.0% beneficial interest in the Weeks Royalty to Royal Energy Pty Ltd (**Royal Energy**) subject to Royal Energy completing its funding requirements and Royalco obtaining shareholder approval for the transaction.

Subsequent to the quarter's end, on 1 July Royalco announced that Royal Energy had not satisfied the funding condition and Royalco had terminated the conditional Deed of Assignment. The Company is currently considering all options in relation to the Weeks Royalty and will keep the market updated on any material developments.

### **1.3 Finance:**

There was a small decrease in the Company's cash balance at the end of the June quarter which was \$2.344m, compared to \$2.401m at the end of March.

## **2. Royalty Interests:**

### **2.1 Weeks Royalty:**

Income received during the quarter (based on production for the 3-month period ended 31 March 2019) was \$118,371 (**previous quarter - \$163,558 – 3 months to 31 December 2019**), (**prior corresponding quarter last year - \$112,450 – 3 months to 31 March 2018**).

The royalty income for the quarter was down from the previous quarter as a result of reduced production attributed to a lengthy period of planned maintenance on two platforms (to replace flare tips) which took production down from several associated fields.

## 2.2 Reefton-Blackwater:

See update in Royalco's Quarterly Activities Report lodged with the ASX on 27 July 2018, in relation to the Agreement between Oceana Gold and Tasman Mining. No material updates are available at this date. The Royalco Board considers that if Tasman Mining makes a decision to mine and if it can fund and commence production (anticipated to take approximately 3 years), then Royalco expects to generate revenues from this royalty.

## 2.3 Sam's Creek:

During the quarter, in its Quarterly Activities Report released 26 April 2019, MOD Resources Ltd stated in relation to the Sam's Creek project:

*"...Sams Creek is a substantial undeveloped gold project with >1 million-ounce porphyry hosted gold resource ... which remains open at depth and along strike, supporting significant additional exploration potential. The Company ... is considering opportunities to divest this non-core project..."*

On 25 June, MOD Resources announced that Sandfire Resources NL (ASX: **SFR**) will acquire MOD Resources by way of a Scheme of Arrangement.

Royalco will continue to watch any developments on this asset.

## 2.4 Bowdens:

On 21 June, Silver Mines Limited (ASX: **SVL**) announced that the Environmental Impact Statement (**EIS**) for the Bowdens Silver Project was in the final stages before submission for Development Consent which is expected to be lodged in the second half of 2019 together with a Mining Lease Application and a Development Application with the EIS.

## 2.5 Other Royalties:

There were no activities of substance to report during the quarter on the Mt Garnet or LFB Molong royalties.

## 2.6 Schedule of Royalty Interests:

PROJECT	OPERATOR	ROYALTY	COMMODITY
Weeks Petroleum	ExxonMobil/Gippsland Basin JV	1% of 2.5%	Hydrocarbons
Reefton-Blackwater	Oceana Gold Ltd (ASX: OGC)	1-3% ORR	Gold
Sam's Creek	MOD Resources Ltd (ASX: MOD)	1% ORR	Gold
Mt Garnet	Consolidated Tin Mines Limited (ASX: CSD)	3% NSR	Zinc, lead, silver
Bowdens	Silver Mines Ltd (ASX: SVL)	1 – 2 % NSR	Silver
LFB (Molong)	Regis Resources Ltd (ASX: RRL)	3% NSR	Gold, copper

**Table 2: Schedule of royalty interests.**

## **2.7 Information Pursuant to Listing Rule 5.4.3:**

In accordance with ASX Listing Rule 5.4.3, but noting its several royalty interests as described above, Royalco advises that:

- 1) No petroleum tenements were held at the end of the Quarter;
- 2) No petroleum tenements were acquired or disposed of during the Quarter;
- 3) The beneficial percentage interests held in farm-in or farm-out agreements at the end of the Quarter was nil; and
- 4) The beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the Quarter was nil.

## **3. Events Subsequent to the Quarter:**

As noted in section 1.2 above, subsequent to the quarter's end, on 1 July Royalco announced that it had terminated the conditional Deed of Assignment with Royal Energy and is currently considering all options in relation to the Weeks Royalty.

**Susan Thomas**



Non-Executive Chair

Dated: 31 July 2019

### **About Royalco Resources Limited (ASX: RCO):**

Royalco Resources Limited is an ASX listed resources company that owns a portfolio of royalty opportunities in hydrocarbons, gold, zinc, copper, silver and other minerals located primarily in Australia and New Zealand. Royalco's Tier 1 asset is a 1% interest in the Weeks Petroleum Royalty that covers 20 producing fields with 19 platforms in the offshore Gippsland Basin owned by ExxonMobil (operator) and BHP Billiton.