

11th September 2009

Media release

Royalco Resources Ltd

Maiden profit announced

Royalco Resources Limited has earned a maiden pre tax profit of \$3.805 million for the year ended June 30, 2009.

The profit was generated from substantial royalty income produced by the Reefton gold operations in New Zealand, copper production at Mt Kelly and zinc/copper production at Mt Garnet, both in Queensland.

The Reefton royalty generated 5192 ounces of physical gold for Royalco worth \$A 6,767,997 and is likely to continue producing a similar volume of royalty gold for a number of years. Mt Garnet has contributed \$347,897 to Royalco since the royalty commenced in 2008, while future revenues from Mt Kelly remain subject to recent ownership changes. This mine is currently on care and maintenance pending clarification of the ownership issues.

In the Philippines exploration drilling is expected to resume during the fourth quarter of 2009.

Dividend policy

Given the inherent and likely long-term profitability, of Royalco's business model the board of directors of Royalco has endorsed an indicative dividend policy:-

1. Dividends to commence once they can be classified as fully franked.
2. Biannual payments.
3. Up to 60% of after tax profits will be paid as dividends.
4. The board retains the right to alter the formula in the event of unforeseen circumstances.

Royalco executive chairman, Peter Topham, said, "Royalco is in a strong financial position and the board is very pleased to be able to report its maiden profit result."

"The board considers it likely that the company will generate a similar level of net revenue in the current financial year."

"If that is the case it is possible the company may be in a position to implement its dividend policy in 2010."

Royalty asset valuation

Royalco this week reported a net tangible asset backing per share of between 48 and 50 cents - excluding any value for the company's advanced exploration activities, principally in the Philippines.

An independent valuation by DMR Corporate Pty Ltd, commissioned by Royalco, shows the company's key royalty interests are worth between \$15.88 million to \$16.96 million.

The valuation provides a net tangible asset backing per Royalco share of between 48 and 50 cents including Royalco's current cash reserves.

Royalco currently holds a total of 12 royalty interests of which three produced income during the recent June quarter.

At the 30th June 2009 Royalco held cash of \$7.06 million and 2,233.8 ounces of gold bullion, which, at prevailing spot gold prices gave an overall cash/liquids position of approximately \$9.75 million.

Given the complexity of prevailing accounting standards the latest valuation will not be reflected in Royalco's accounts for the period ending 30th June 2009.

For more information contact:

A handwritten signature in black ink, appearing to read 'P. Topham', with a long horizontal line extending to the right.

Peter Topham
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