FitzroyRiver
CORPORATION LTD
ABN 75 075 760 655

Quarterly Activities Report

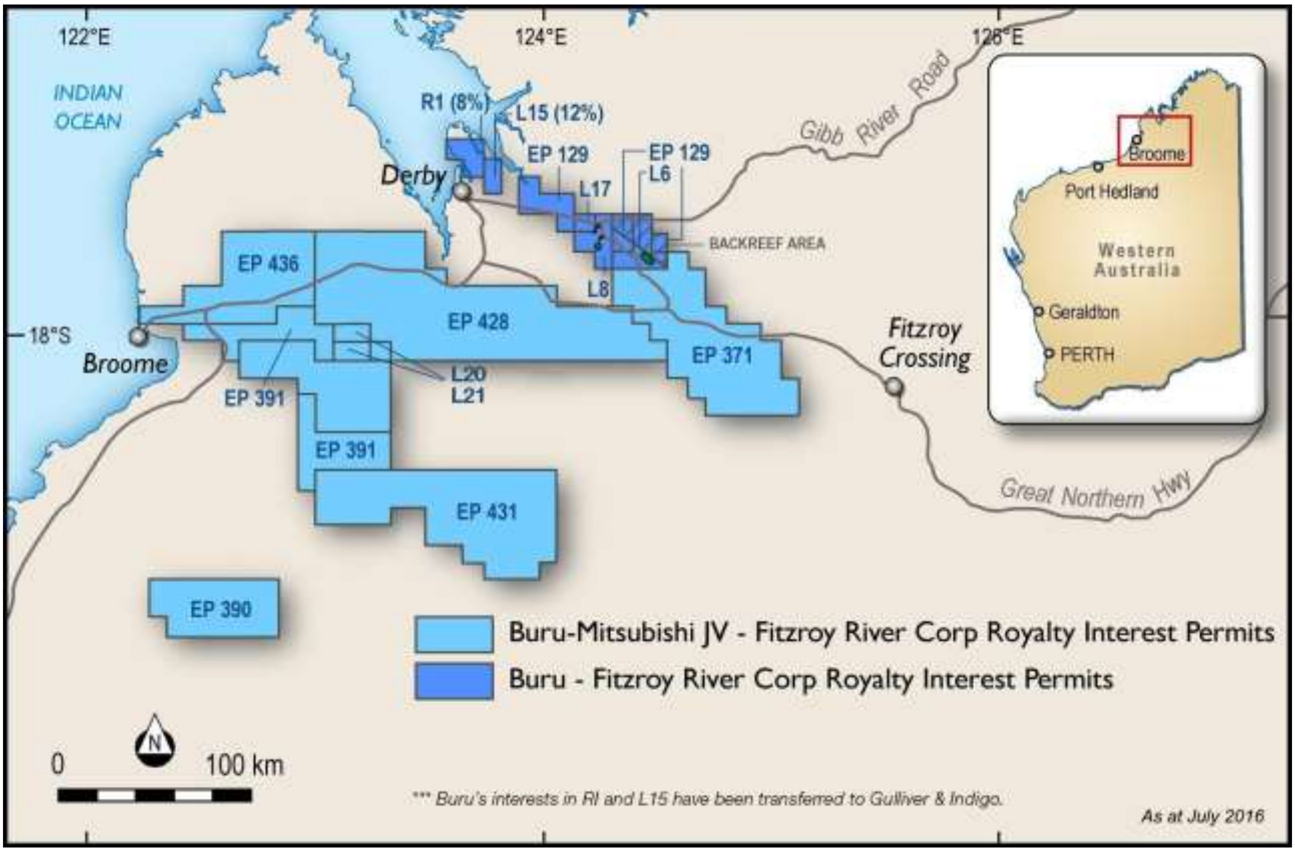
(Quarter ended 30 June 2016)

Fitzroy River Corporation Ltd ('Fitzroy', 'FZR' or the 'Company') reports on its activities during the 3 months ended 30 June 2016.

Fitzroy holds royalty interests in several permits in the Canning Basin (via 2 separate Royalty Deeds).

A) Canning Basin Royalty - Canning Basin (Western Australia)

The map below shows the location of all of the Company's royalty interests, including those under the Canning Basin Royalty shown in light blue and with those shown in dark blue being the areas are under the Lennard Shelf Royalty discussed in section B) below.



The Company believes that the royalties have the potential to become important income producing assets for Fitzroy.

EP 391, EP 431, EP 436, EP 371, EP 428 (2% Royalty) – Buru-Mitsubishi JV

These 5 Permits as shown in the map on page 1 are currently held 50% by Buru Energy Ltd ('Buru') and 50% by either Diamond Resources (Fitzroy) Pty Ltd ('DRF') (EP 391, EP 431 and EP 436), or Diamond Resources (Canning) Pty Ltd ('DRC') (EP 371 and EP 428). DRF and DRC are wholly owned subsidiaries of Mitsubishi Corporation ('Mitsubishi')). DRF and DRC are currently each responsible, as to 50%, for the obligations and liabilities under the 26 August 2006 'Canning Basin Royalty Deed' relating to these 5 Permits. Mitsubishi has guaranteed to Fitzroy the performance of DRF's and DRC's obligations.

Production Licences L 20 (formerly STP-PRA-0004) which covers 2 blocks (6694 and 6695) and L 21 (formerly STP-PRA-0005) which covers 2 blocks (6766 and 6767) both previously fell within the area of EP391 and are now also subject to the Canning Basin Royalty. Fitzroy's royalties over these two production licences have been registered. The production licences authorise the joint venture to produce oil from the Ungani field and will remain in force indefinitely, subject to the usual conditions applying to these types of licences, including the requirement to pay a net wellhead royalty to the State.

During the quarter on 18 April 2016 Buru announced that DeGolyer & MacNaughton (D & M), a specialist North American Tight Gas and unconventional resource assessment group were commissioned to undertake an independent assessment of the gas and liquids resources of the Laurel Formation in the Valhalla area of the Canning Basin. The independent assessment confirmed Buru's view that the Valhalla area contains a nationally significant multi TCF wet gas accumulation.

The assessment was carried out using the results of Buru's 2015 tight gas stimulation program and was focused on the evaluation of the Contingent Resources and Prospective Resources around the two stimulated wells.

The announcement notes that D & M are of the opinion that the Valhalla accumulation immediately surrounding the Valhalla North and Asgard wells, contain a gross 2C unrisked contingent recoverable volume of 1.53 TCF of gas and 32 million barrels of hydrocarbon liquids (condensate and LPG), noting that this estimate includes both wet and dry gas zones combined. D & M are of the opinion that the unrisked mean recoverable Prospective Resource in the Valhalla accumulation on EP 371 is 13.02 TCF of gas and 232 million barrels of hydrocarbon liquids.

EP 371 is held 50% by Buru Energy Limited and 50% by Diamond Resources (Canning) Pty Ltd, a wholly owned subsidiary of Mitsubishi Corporation.

Shareholders and other interested parties are encouraged to read the full announcement in relation to the Independent Resources Review released by Buru Energy on 18 April 2016, a copy of which has been made available on Fitzroy's website at www.fitzroyriver.net.au by clicking on the *'Investor Centre'* tab and then *'Buru Energy News'* tab or by clicking on the below hyperlink:
Buru Energy Laurel Formation Tight Gas Independent Resources Review

On 16 May 2016 Buru Energy released an Operations Update primarily in relation to the Laurel Formation Tight Gas Pilot Program wherein Buru noted in part:

"…The evaluation of the data obtained from the Laurel Formation tight gas stimulation program has confirmed the prospectivity and commercial potential of the resource. Although still cleaning up, the wells have performed very strongly, with gas flows from all simulated zones, and initial gas peak rates on blowdown of up to 44 million cubic feet of gas per day ("mmcfgpd"), and average blowdown gas rates of up to 13.5 mmcfgpd. Although not direct indicators of long term productivity, these rates are very positive indicators of stimulated reservoir volumes and formation pressures.

Other positive results include the very good gas quality, with analysis of the commingled gas streams from the stimulated zones showing high liquids content (25 to 38 bbls per million cubic feet), and low inerts (2% to 5% CO2). As expected, individual zones in the more liquid rich sections of the wells appear to have higher liquids content. The excellent quality of the gas means it will not require any substantial processing before sale except for removal of the high value liquids content for separate sale."

With respect to the Forward Gas Program, Buru stated in part:

"…In Buru's view, the work program leading to confirmation of a higher Contingent Resource volume is likely to include the further flow testing of the Valhalla North 1 and Asgard 1 wells, and the drilling of an additional well with a horizontal section. A micro project to supply gas to local communities could then be supported by the existing wells.

Subject to the success of this Contingent Resource program, Buru is of the view that a further pilot program consisting of the drilling of a number of wells from a central pad could lead to the establishment of a local supply project probably using a compressed natural gas ("CNG") system. This project would then allow the conversion of Contingent Resources to Reserves and the scaling up of the project…

The forward program is subject to joint venture, regulatory and all other approvals required for a program of this nature…"

In the update Buru also emphasised that in accordance with the definition of Contingent Resources there is no certainty that it will be commercially viable to produce any portion of the resources noting that the contingent resources determined by D & M have an economic status of Undetermined, since the evaluations of those contingent resources are at a stage such that it is premature to clearly define the ultimate chance of commerciality.

In the same update of 16 May, Buru also provided an update in relation to the Ungani oilfield in particular, noting that it has received the results of an independent review that it commissioned of the Ungani Field by Gaffney Cline and Associates.

The announcement stated in part:

"…This review estimated the remaining gross recoverable contingent resources of oil for the field at the 1C level to be 2.08 million barrels, at the 2C level to be some 6.65 million barrels, and the 3C resources to be some 18.80 million barrels. Buru's equity share of these resources is 50%..."

The full resource statement in accordance with the ASX Listing Rules is set out in the body of Buru's ASX release of 16 May and must be referred to for details.

Buru's objective is to return the Ungani field to production as soon as practicable, with an intense review underway of operating, transport, and marketing costs to ensure that a restart can be made in a commercial framework that includes an oil price that delivers strong positive cash flow.

Royalty Payments Received during the Quarter

During the quarter the Company did not receive any royalty payments or adjustments from previous quarters.

Retention Lease R1 (2% Royalty on 8% participation interest)

Fitzroy's 8% participating interest in R1 was sold together with various other Canning Basin Assets in 2006. R1 is over 3 blocks and was due to expire on 29 February 2016 however a renewal application was lodged on 18 February 2016 by Gulliver Productions Pty Ltd. In its quarterly activities report lodged with the ASX on 29 April 2016 Key Petroleum Limited (Key), in relation to R1 it was stated in part:

"During the quarter Key lodged a Renewal Application for Retention Lease R1 for a further 5 years. Subsequent to lodging the application a meeting was held with the DMP in order to discuss the matter together in conjunction with the proposed work program variation for Year 5 of R1 (previously lodged in the December 2015 quarter).

The DMP advised that the Year 5 work programme variation for R1 was refused as the proposed airborne geochemical survey was not the technical equivalent of drilling an exploration well which was, in any event, a contingent obligation for that Year 5. The DMP did, however, recommend that the airborne and geochemical survey be included in Year 1 of an amended renewal application for R1 and that Key provide an explanation as to the circumstances why that contingent exploration well was not drilled in Year 5.

An updated renewal application for R1 together with the explanation outlining the circumstances as to why the contingent exploration well was not drilled in Year 5 was lodged with DMP during the quarter, however, as *at the date of this report no formal response has been received from the DMP. The Company is currently undertaking preparations to facilitate airborne and geochemical survey along the greater EP104 trend."*

Fitzroy's 2% royalty rights on its 8% participating interest have been held as against Buru, one of the joint venture participants.

Pursuant to a Deed of Covenant dated 20 December 2013, Buru transferred its 43.28% interest in R1 to Gulliver Productions Pty Ltd ('Gulliver', a subsidiary of Key) and Indigo Oil Pty Ltd ('Indigo') as part of an asset swap and Buru's 'ongoing acreage rationalisation program'.

<u>Production Licence L15 (2% Royalty on 12% participation interest)</u>

L15 (over 2 blocks) was granted on 1 April 2010 and expires on 31 March 2031. Fitzroy's 2% royalty right on its 12% participating interest have been held as against Buru, one of the joint venture participants.

Pursuant to a Deed of Covenant dated 20 December 2013, Buru transferred its 15.5% interest in L15 to Gulliver Productions Pty Ltd ('Gulliver', a subsidiary of ASX listed Key Petroleum Limited) and Indigo Oil Pty Ltd ('Indigo') as part of an asset swap and Buru's 'ongoing acreage rationalisation program'.

On 1 October 2015 Key released its Maiden Reserves and Contingent Resources Reports in respect of both R1 and L15. It was stated therein that the West Kora Oil Field has *"gross proved probable (2P) reserves of 380,000 barrels of oil…The West Kora Oil Field (L15) has a gross (2C) contingent resource of 120,000 barrels of oil and the Point Torment Gas Field (R1) gross (2C) contingent gas resources of 4.725 Bcf…".*

<u>STP-EPA-0045</u>

Fitzroy notes that the application lodged by Buru on 7 October 2011 for an Exploration Permit over 25 blocks comprising EPA 0045 has now been withdrawn by Buru.

<u>EP 428, EP 431, EP 371 (R1) and EP 436</u>

Renewal applications for these 4 permits were lodged by Buru in late October 2013. These 4 permits are 4 out of the 5 State Agreement permits (discussed extensively in previous reports by Fitzroy) and are exempt from the requirement to relinquish 50% of the blocks as part of the renewal application process.

B) Lennard Shelf Royalty - Canning Basin (Western Australia)

<u>Royalty (3% of Well Head Value (net)) over EP 129 and L6 and L8 production and sales</u>

No Blina oilfield royalty payments were received by Fitzroy from Buru during the Quarter and no payments are expected. In its Quarterly Activities Report released 25 January 2016 Buru stated that *"The Blina and Sundown Oilfields remained shut-in during the quarter. Maintenance and well inspections were continued together with further rehabilitation operations."*

EP 129

The Lennard Shelf Royalty was created by a Royalty Deed dated 5 September 2006 over the entire area covered by EP 129, as well as over Production Licences L6 and L8 and was registered on 2 March 2007. EP 129 was reissued on 18 March 2016 with a new expiry date of 17 March 2021.

On 27 January 2015 Buru announced that it had commenced drilling operations on the Sunbeam 1 well located on EP 129 and in its final drilling report announced to the market on 9 February Buru stated drilling did not encounter any significant hydrocarbons and the well would be suspended for possible re-entry and deepening into the underlying Emanual prospect during the coming dry season. There has been no significant update since that time.

EP 129 is subject to the Trident Energy farm in right to earn a 17.5% interest. Mitsubishi is entitled to an interest equal to Buru's interest.

Backreef Area of EP 129 and L6

Fitzroy is monitoring the activities on the 'Backreef Area' of EP 129 and L6, particularly those of Oil Basins Ltd. It is understood that Buru holds 100% of the Backreef Area on trust for Oil Basins Ltd due to the completion of the drilling of the East Blina-1 well on 31 October 2012 in accordance with the 'Backreef Play Agreement' dated 30 October 2008. As previously announced, Fitzroy had some negotiations with Buru during 2013 regarding the terms of a deed of covenant proposed to be entered into by the beneficial owners of the Backreef Area, to support Fitzroy's royalty interest. As at Quarter end, the contractual relationship governing the 3% royalty obligation (which is registered against EP 129 and L6) is between Fitzroy and Buru alone.

L17

In April 2013, a new petroleum production licence L17 was granted to Buru. L17 is over a single block (block 6275, which was formerly part of EP129). L17 constitutes a 'Replacement Permit' under the Royalty Deed and in July 2013 Fitzroy applied to register the Lennard Shelf Royalty against L17 and on 19 May 2014 the registration application was approved.

C) Other Projects and Assets & Corporate Matters

Exploration, development and production activities

Fitzroy has not had any direct activities of this nature during the Quarter however the Company is actively seeking to invest its current funds by seeking out additional royalty interests, free carried interests and minor equity positions.

Capital Management

The Board of FZR is currently in the process of developing a capital management program for the Company for the next 12 months. A number of options are presently being considered, in addition to royalty investment income opportunities which are the primary objective in creating shareholder value. The Board is confident of providing a detailed update on the outcome of its considerations in the near future.

Petroleum tenement and farm-in agreement information

Canning Basin Royalty Deed:

EP or PL #	Date Issued	Expiry	Area (km2)	Held by (50% each unless otherwise stated)
EP 391	1 Feb. 2015	31 Jan. 2020	2,274.7736 (26 blocks)	Buru Energy Limited Diamond Resources (Fitzroy) Pty Ltd
EP 371	31 July 2014	30 July 2019	3,663.2577 (45 blocks)	Buru Energy Limited Diamond Resources (Canning) Pty Ltd
EP 428	31 July 2014	30 July 2019	6,431.9741 (79 blocks)	Buru Energy Limited Diamond Resources (Canning) Pty Ltd
EP 431	31 July 2014	30 July 2019	4,211.4604 (52 blocks)	Buru Energy Limited Diamond Resources (Fitzroy) Pty Ltd
EP 436	31 July 2014	30 July 2019	2,404.1372 (30 blocks)	Buru Energy Limited Diamond Resources (Fitzroy) Pty Ltd
L20	2 July 2015	-	162.7085 (2 blocks)	Buru Energy Limited Diamond Resources (Fitzroy) Pty Ltd
L21	2 July 2015	-	162.6399 (2 blocks)	Buru Energy Limited Diamond Resources (Fitzroy) Pty Ltd
STP-EPA-0045	Application withdrawn by Buru	-	-	~~Buru Energy Limited~~
R 1	8 Nov. 2010	29 Feb. 2016 (Retention Lease Renewal lodged 18 Feb. 2016 pending)	245.15 (3 blocks)	Gulliver Productions Pty Ltd (85.23%) Indigo Oil Pty Ltd (14.77%)
L 15	1 April 2010	31 March 2031	163.46 (2 blocks)	Gulliver Productions Pty Ltd (85.40%) Indigo Oil Pty Ltd (14.60%)

Lennard Shelf Royalty Deed:

EP or PL #	Date Issued	Expiry	Area (km2)	Held by
EP 129	18 March 2016	17 March 2021	652.9955 (8 blocks)	Buru Energy Limited
L 6	19 May 2006	18 May 2027	407.9 (5 blocks)	Buru Energy Limited
L 8	19 May 2006	18 May 2027	326.3084 (4 blocks)	Buru Energy Limited
L 17	10 April 2013	Indefinite as per the terms of the license dated 10 April 2013	81.6 (1 block)	Buru Energy Limited

 # EP = Exploration Permit, PL = Production Licence (e.g. L20, L21 etc).

In accordance with ASX Listing Rule 5.4.3, but noting its several royalty interests as described above, Fitzroy 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.

Shareholders

Fitzroy has 90,788,294 ordinary shares on issue, held by 956 registered shareholders.

Events Subsequent to Quarter's End

There are no material matters subsequent to the quarter's end requiring disclosure.

Malcolm McComas

Chairman

Dated: 29 July 2016

Important

Certain information in this report refers to the statements, intentions or opinions of Buru Energy Ltd (ABN 71 130 651 437, ASX Code: BRU) and is based on public statements by it. Statements have been attributed to Buru Energy Ltd where applicable. Petroleum production targets announced by Buru Energy Ltd are subject to risks, uncertainties and other factors that may cause Fitzroy's actual results, performance or achievements to differ from those suggested or referred to in this report and regard should be given to Buru's statements and other announcements concerning the risks, uncertainties and other factors that may cause Buru to not meet production targets or result in delays meeting those targets.

As and when Fitzroy becomes aware of information concerning it in connection with its royalty and other assets then Fitzroy intends to comply with its continuous disclosure obligations under Australian law. Information about specified events or matters that may have some connection with Fitzroy's royalty assets is often being made known or generally available by Buru Energy Ltd (ABN 71 130 651 437, ASX Code: BRU) or other listed entities, and other information may consist of readily observable matters.

Market participants and investors making or drawing their own deductions, conclusions or inferences from any other company's ASX announcements do so at their own risk.