

9 February 2017

Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Handling Fee and 'Conflicted Remuneration'

We refer to Fitzroy's off-market cash offer to acquire all the ordinary shares in Royalco Resources Limited (**RCO**) at 20 cents cash per RCO share (**Offer**) and the Supplementary Bidder's Statement issued by Fitzroy on 7 February 2017.

Fitzroy notes that under the Future of Financial Advice reforms, broker handling fees may be 'conflicted remuneration' and as such, may be prohibited by the Corporations Act 2001 (Cth) (**Act**).

Fitzroy will not pay a Handling Fee unless a Broker is able to demonstrate to Fitzroy's satisfaction that payment of a Handling Fee to that Broker is permitted under the Act.

Brokers must submit evidence together with their Claim Forms and Acceptance Lists.

Further details of ASIC's policy on conflicted remuneration is contained in ASIC Regulatory Guide 246 (Conflicted remuneration).

Yours faithfully



Malcolm McComas
Chairman
Fitzroy River Corporation