

Quarterly Activities Report (Quarter ended 31 December 2017)

Highlights:

- 1.115m Shares purchased pursuant to the On-Market Share Buy-back during the quarter with \$1.8m Shares purchased in total (almost 2% of issued shares);
- Receipt of first Royalty from Buru following recommencement of Production at Ungani with a second payment received post quarter's end;
- Buru Ungani Oilfield producing at 1,500 BOPD from 2 wells with a target of 3,000 BOPD as new wells brought on stream (production currently shut in due to heavy rain);
- Buru announced increase in Contingent and Prospective resources at Yulleroo on 18 January 2018;
- Buru drilled 2 further wells, Ungani 4 and Ungani 5. In relation to Ungani 5, Buru have announced that the reservoir is of similar quality to other wells in the Ungani Field and that there is an oil column of approximately 53 metres (*ASX announcement of 29 December 2017*);
- In relation to Ungani 4, Buru announced (*ASX announcement of 9 January 2018*), "...On the assumption that the oil water contact in the well is at the same elevation as the Ungani 1ST1 and Ungani 2 wells, this implies a gross oil column of some 74 metres...";
- Flow tests for Ungani 4 and Ungani 5 are being conducted by Buru. Buru has announced that the test program is likely to commence in the first week of February (*ASX announcement of announcement 23 January 2018*);
- Any upgrade to resources for the Ungani Oil field will be announced after the Flow Tests; and
- \$1.5m investment into Byron Energy Limited (ASX: BYE) has a market value of \$5.7m (closing price 31.5 cents on 30 January 2018) after excellent drilling results, and expected production commencement in March 2018 (*ASX announcement of 24 January 2018*).

Fitzroy River Corporation Ltd (**Fitzroy, FZR or Company**) is pleased to report on its activities during the quarter ended 31 December 2017.

A) Corporate:

1. Summary of Announcements to the ASX During the Quarter:

Date:	Announcement
5 September	Daily share buy-back notice – Appendix 3E (125,994 shares)
7 September	Cancellation of Shares – Form 484
8 September	Daily share buy-back notice – Appendix 3E (40,000 shares)
12 September	Daily share buy-back notice – Appendix 3E (40,000 shares)
13 September	Daily share buy-back notice – Appendix 3E (30,000 shares)
26 September	Full Year Statutory Accounts
29 September	Daily share buy-back notice – Appendix 3E (1,000 shares)
3 October	Cancellation of Shares – Form 484
12 October	Daily share buy-back notice – Appendix 3E (6,799 shares)
16 October	Receipt of Royalty from Buru Energy
18 October	Appendix 4G
18 October	Corporate Governance Statement
18 October	Notice of Annual General Meeting/Proxy Form
18 October	Annual Report to Shareholders
30 October	Daily share buy-back notice – Appendix 3E (2,400 shares)
31 October	Daily share buy-back notice – Appendix 3E (98,968 shares)
31 October	Quarterly Activities and Cashflow Reports
6 November	Cancellation of Shares – Form 484
22 November	Daily share buy-back notice – Appendix 3E (600,000 shares)
22 November	Results of Meeting
23 November	Daily share buy-back notice – Appendix 3E (300,000 shares)
24 November	Reduction in Board Fees
28 November	Daily share buy-back notice – Appendix 3E (600 shares)
4 December	Cancellation of Shares – Form 484

15 December	Daily share buy-back notice – Appendix 3E (1,491 shares)
20 December	Daily share buy-back notice – Appendix 3E (30,000 shares)
20 December	Daily share buy-back notice – Appendix 3E (41,000 shares)
21 December	Daily share buy-back notice – Appendix 3E (12,000 shares)
2 January	Daily share buy-back notice – Appendix 3E (22,258 shares)
3 January	Daily share buy-back notice – Appendix 3E (5,000 shares)
10 January	Cancellation of Shares – Form 484

Table 1: Summary of ASX releases by Fitzroy during the December Quarter.

2. Significant Progress under the On-market Share Buy-back:

During the quarter, the Company continued to make significant progress under its on-market share buy-back (refer ASX announcement 5 June 2017) in which the Company aims to acquire up to 9,000,000 shares which represents approximately 10% of all shares on issue prior to the commencement of the buy-back. During the quarter, the Company bought back a total of 1,115,516 shares (compared to September quarter of 348,122 shares) and subsequently a further 314,200 shares. Total shares purchased under the buy-back to date is 1,802,838 for a total consideration of approximately \$375,000. The buy-back remains in place until 21st June 2018 unless terminated earlier.

The buy-back gives Fitzroy the flexibility to buy back the Company's ordinary shares in circumstances where it is beneficial to the efficient capital management of the Company and is dependent on market conditions, volumes, price and other relevant conditions from time to time.

3. Reduction in Board Fees:

During the quarter, the Company advised that following a review of its fee structure, the Board resolved to reduce fees for the Board and Company Secretary from 1 January 2018. These changes will result in an annualised saving of \$90,000 (excl. GST), being a 33% reduction.

4. Royalties and Other Income:

As announced to the ASX on 16 October, Fitzroy received its first royalty payment from Buru Energy Limited (ASX: BRU) following Buru's recommencement of drilling on the Ungani Oilfield in the Canning Basin in the middle of 2017. Pursuant to its royalty agreement with Buru, Fitzroy receives a 2% net royalty, which based on the 60,275 bbls of production to which this payment relates, Fitzroy's total royalty for Buru's quarter of production to 30 September 2017 was \$36,880. Subsequent to the end of the quarter, Fitzroy also received a further royalty payment for the quarter ended 31 December 2017 of \$41,665 based on the sale of 54,980 bbls of production.

Buru also announced on 16 January 2018, a further lifting of 53,377 bbls on 11 January. Fitzroy expects a royalty payment for this lifting in April 2018.

5. Significant Investment in Byron Energy Limited:

As announced to the ASX on 17 August 2017, the Company advised that it had invested a further \$1m in Byron Energy Limited (ASX: **BYE**) at an issue price of \$0.07 per share as a follow-on investment to Fitzroy's \$0.5m investment in Byron Energy in August 2016 at \$0.13 per share. The Company holds a total of 18.131m shares representing approximately 2.76% of Byron Energy at an average price of \$0.083 per share.

Fitzroy is pleased to see the progress made by Byron Energy with the SM71 F2 well which significantly exceeded Byron Energy's expectations as announced to the ASX on 27 December 2017. Subsequent to the end of the quarter, (*refer ASX announcement of 29 January 2018*), Byron Energy announced that it had drilled a third successful oil well on South Marsh Island Block 71, the SM71 F3. The announcement notes that the well was drilled to a Total Depth (**TD**) of 7,717 feet and states that *"...Hydrocarbons in five discrete intervals were measured using both Log While Drilling (LWD) gamma ray and resistivity tools and wireline Triple Combo porosity tools..."*.

The announcement also states in part:

"...The primary target in the F3 well was the D5 Sand which logged 211 measured depth feet of oil pay (175 feet TVT net oil pay) as determined by open hole logs. While only 70 feet away from the previously drilled SM71 F2 well, the D5 Sand was 45 TVT feet thicker in the F3 and exhibits excellent rock properties with porosities in the 32% range. With the base of the D5 Sand in the F3 well 150 feet below the base of D5 Sand in the F2 well, the D5 Sand oil column has been further extended downdip. This means the total oil column proven by the three Byron D5 wells is an astounding 1,160 feet. The F3 well will be the second take point in the D5 Sand reservoir at SM71. The SM71 F1 well drilled in 2016 will be the other D5 producer and contains 91 feet TVT net oil pay in an updip position.

With the additional penetration of the D5 Sand in the F3 well, Byron has re-evaluated pay counts in the F2 well based on bed geometry and well bore angle. This has resulted in an increase in TVT oil pay thickness in the F2 well from the previously reported 117 feet TVT net oil pay to 132 feet TVT net oil pay. These net pay counts will be used in the Company's annual reserve review and will result in a reserve upgrade for the D5 Sand. The Company will release its annual third-party assessed reserves and resources in its normal course of business later in 2018...

The F3 well marks the end of the 2017 drilling program. The next phase of the SM71 project will be to complete the F1, F2 and F3 wells for production utilizing modern sand control techniques common to the Gulf of Mexico to optimize production rates and longevity. Concurrently, final piping and instrumentation work on the SM71 F platform is nearing completion. Production start-up is targeted for mid-March. It is anticipated that the three wells will utilize a high percentage of the SM71 F Platform's oil and gas production capacity..."

Commenting on the results, Byron Energy CEO, Maynard Smith, said:

“The results of the SM71 F3 well in the D5 certainly were at the very high end of our expectations with the substantial increase in thickness in the D5 Sand interval. The other zones in the well were in line with our predrill expectations and will be useful in our reserve analysis...”

6. Shareholders

Fitzroy has 88,985,456 ordinary shares on issue, held by 914 registered shareholders.

B) Projects and Assets

1. Royalty deeds:

Fitzroy holds royalty interests in several permits in the Canning Basin originally acquired via 2 separate Royalty Deeds, the Canning Basin Royalty Deed and the Lennard Shelf Royalty Deed.

The map below shows the location of all the Company’s royalty interests with those acquired under the Canning Basin Royalty shown in light blue and with those shown in dark blue being the areas acquired under the Lennard Shelf Royalty.

On 29 November 2017 Buru announced the termination of the State Agreement for the Canning Basin, stating in part:

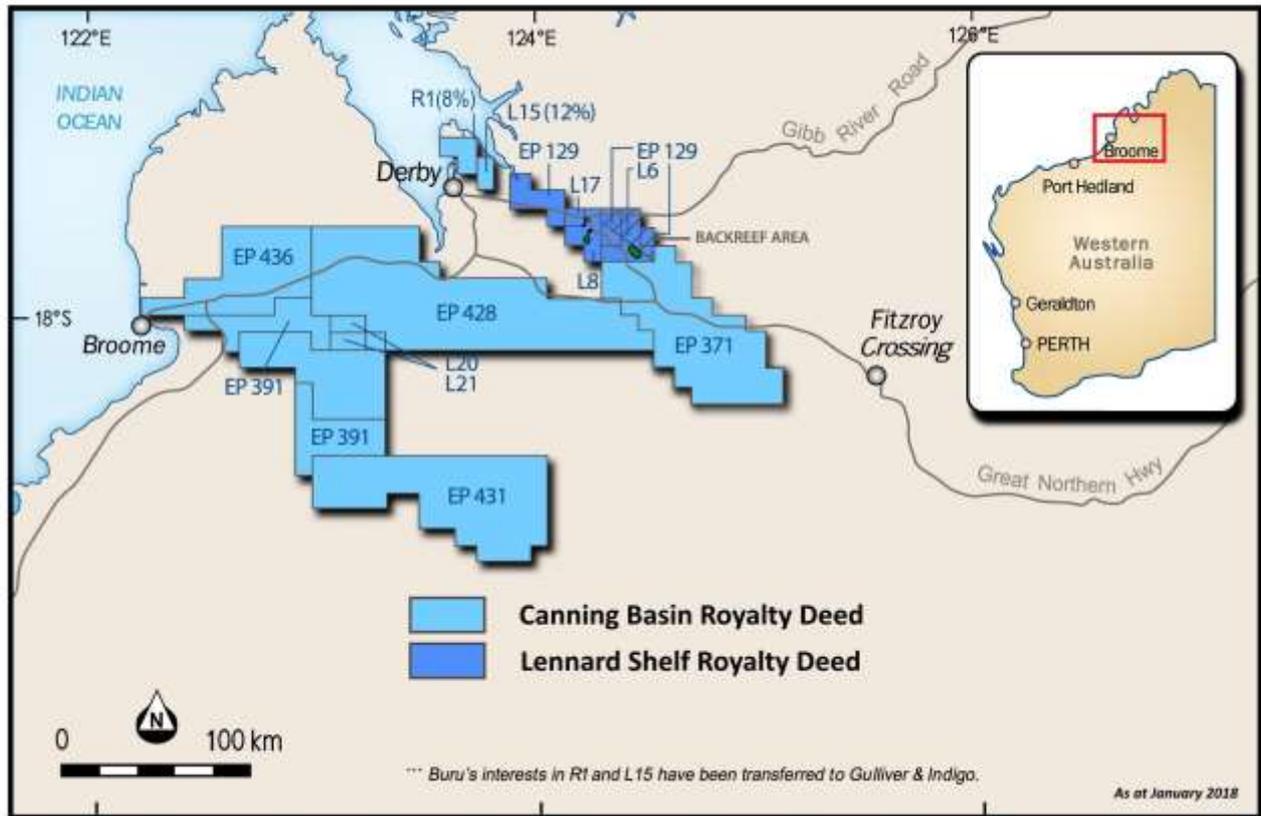
“The State Agreement was originally executed by the State of Western Australia, Buru Energy, Mitsubishi Corporation and two of its subsidiaries in November 2012 and was subsequently ratified by the Natural Gas (Canning Basin Joint Venture) Agreement Act 2013 (WA) and varied by agreement of the parties dated 1 July 2015.

The State Agreement covers exploration permits EP 371, 391, 428, 431 and 436.

The termination agreement will come into operation once it has been ratified by an Act of the Parliament of Western Australia which is expected to occur in 2018.

On termination of the State Agreement, the Permits will remain valid in their current form with EP 371, EP 428, EP 431 and EP 436 continuing in force until 30 July 2023 and EP 391 continuing in force until 31 January 2024.”

Figure 1: Map of Tenements over which Fitzroy has a royalty.



2. Announcements by Buru Energy Limited (ASX: BRU):

During the quarter, Buru drilled the Ungani 4 development well and the Ungani 5 appraisal well. In its Operations Update on 16 January 2018 Buru stated with respect to Ungani 4 and Ungani 5:

“The Ungani completion program is currently underway with the completion string being run inside the drill-in liner. The production testing program to determine the productivity of the various zones in the well is expected to be commenced within 14 days, dependent on weather. At the completion of the testing program, the well will be hooked up to the central production facility and put on line.

The Ungani 5 well will be production tested after the Ungani 4 production test is completed. The purpose of the testing program is to establish the deliverability of the various zones in the wells to help optimise the future production program and to provide additional data for resource estimation.”

In its Quarterly Activities Report to the market released 30 January 2018, in relation to the Ungani 4 and 5 wells, Buru states in part:

“Ungani 4

Based on the information gathered from the well to date, and on the assumption that the oil water contact in the well is at the same elevation as the Ungani 1ST1 and Ungani 2 wells, this implies a gross oil column of some 74 metres which compares to an oil column of 58 metres in Ungani 1ST1 and 54 metres in Ungani 2...

Ungani 5

These logs have confirmed the reservoir is similar in quality to the other wells in the Ungani Field and have also confirmed there is an oil column of approximately 53 metres in the well which is similar to the Ungani 2 oil column...

Production Testing Program

The production testing program to determine the productivity of the various zones in each of the wells is expected to be commenced shortly, dependent on weather. At the completion of the testing program, both wells will be connected to the central production facility and put on line...

Exploration

Planning for the 2018 drilling program of up to four exploration wells is continuing. The process of considering potential farmin partners for this program is continuing. The planned drilling locations for this program include a range of play types from the proven Ungani Dolomite and Reeves discovery to new high potential concepts for both oil and gas...”

Buru is targeting production of 2,000 BOP in Q1, 2018 and 3,000 BOPD in Q2, 2018.

On 18 January 2018 Buru announced a *“Increase in Contingent Resources and Identification of Prospective Resources at Yulleroo.”*

The announcement states in part.

“Buru Energy Limited (Buru) is pleased to advise that RISC Advisory Pty Ltd (RISC) has completed an independent assessment of the tight gas and hydrocarbon liquid resources of the Yulleroo Field within exploration permits EP391 and EP436. This assessment has resulted in substantial increases in the resources compared to their previous assessment undertaken in 2011.

RISC has estimated Contingent and Prospective Resource sales gas and associated liquids in the Yulleroo Field as at 1 December 2017 as follows:

Contingent Resources Net to Buru	1C	2C	3C
Sales Gas (PJ)	321.4	714.0	1,267.0
Associated Liquids (MMbbls)	9.5	24.9	47.6
Prospective Resources Net to Buru	Low	Best	High
Sales Gas (PJ)	124.6	302.8	611.0
Associated Liquids (MMbbls)	4.3	11.9	24.8

These are significant increases on previous estimates and result from a combination of an increase in interest in the field and the underlying EP 391 and EP 436 permits from 50% to 100% following the Asset Swap with Mitsubishi Corporation last year, and a consideration of the additional data obtained from further drilling in the field and the results of the further unconventional appraisal activity of the Laurel Formation undertaken in the Canning Basin...

To convert the identified Contingent Resources and Prospective Resources to Reserves will require additional data to be acquired, and drilling to be carried out, including vertical and horizontal wells, together with extended production tests to determine commerciality. There is extensive production from tight gas reservoirs internationally and there is a well understood and systematic process that can be undertaken to progress the resources to commercial production..."

A full copy of the announcement released by Buru can be viewed 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 following hyperlink:

[Increase in Contingent Resources and Identification of Prospective Resources at Yulleroo](#)

3. Exploration, development and production activities:

Fitzroy did not have any direct activities of this nature during the Quarter with the focus on the on-market share buy-back however the Company remains active in seeking investment opportunities by way of additional royalty interests, free carried interests and minor equity positions.

4. Petroleum tenement and farm-in agreement information:

Canning Basin Royalty Deed (following completion of the Asset Swap Agreement):

EP or PL #	Date Issued	Expiry	Area (km2)	Registered Holder
EP 391	1 Feb. 2015	31 Jan. 2024 ¹	2,274.7736 (26 blocks)	Buru Energy Limited
EP 371	31 July 2014	30 July 2023	3,663.2577 (45 blocks)	Diamond Resources (Canning) Pty Ltd (50%)/ Diamond Resources (Fitzroy) Pty Ltd (50%)
EP 428	31 July 2014	30 July 2023	6,431.9741 (79 blocks)	Buru Energy Limited
EP 431	31 July 2014	30 July 2023	4,211.4604 (52 blocks)	Buru Energy Limited
EP 436	31 July 2014	30 July 2023	2,404.1372 (30 blocks)	Buru Energy Limited
L20	2 July 2015	-	162.7085 (2 blocks)	Buru Energy Limited
L21	2 July 2015	-	162.6399 (2 blocks)	Buru Energy Limited
R 1	11 Oct 2016	10 Oct 2021	245.1571 (3 blocks)	Gulliver Productions Pty Ltd (85.40%) and Indigo Oil Pty Ltd (14.60%)
L 15	1 April 2010	31 March 2031	163.46 (2 blocks)	Gulliver Productions Pty Ltd (85.40%) and Indigo Oil Pty Ltd (14.60%)

Table 2: Schedule of Tenements under the Canning Basin Royalty Deed following the registration and approval of transfers under the Buru – Mitsubishi Asset Swap Agreement on 8 January 2018.

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

¹ The termination dates for EP's 391, 371, 428, 431 and 436 are subject to ratification by the WA Parliament which is expected in March 2018. The current termination dates as recorded by the WA Department of Mines, Industry Regulation and Safety are 31 January 2020 for EP 391 and 30 July 2019 for the other 4 Ep's.

Table 3: Schedule of Tenements under the Lennard Shelf Royalty Deed.

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

5. 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, 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.

Malcolm McComas – Chairman

Dated: 31 January 2018

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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Fitzroy River Corporation Ltd

ABN

75 075 760 655

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	37	37
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(164)	(260)
1.3 Dividends received (see note 3)		
1.4 Interest received	13	31
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(114)	(192)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		(1,000)
(d) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	-	(1,000)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)	(230)	(290)
3.10 Net cash from / (used in) financing activities	(230)	(290)

Other relates to share buy backs

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,130	4,268
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(114)	(192)
4.3 Net cash from / (used in) investing activities (item 2.6 above)		(1,000)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(230)	(290)
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of period	2,786	2,786

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	2,786	3,130
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,786	3,130

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

76

Director and company secretarial fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

Mining exploration entity and oil and gas exploration entity quarterly report

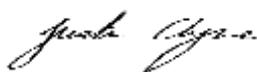
8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	
9.2 Development	
9.3 Production	
9.4 Staff costs	
9.5 Administration and corporate costs	130
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	130

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.



31 January 2018

 Sign here:
 (Director/Company Secretary)

Date:

Print name:Justin Clyne.....

Note-++

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.