

Quarterly Activities Report (Quarter ended 31 December 2016)

Highlights:

- **Fitzroy Announces Recommended Cash Offer of \$0.20 per Share for Royalco Resources Limited (Royalco);**
- **Fitzroy now has a Relevant Interest in 22,806,852 Royalco Shares being 43.265% of all Royalco shares;**
- **Fitzroy's Offer has been declared Final at \$0.20 per Share and Unconditional;**
- **Offer Recommended by Royalco Board who have all accepted Fitzroy's Offer;**
- **Payment being arranged to all Royalco Shareholders who have accepted Fitzroy's Offer; and**
- **Fitzroy continues to acquire Royalco shares on market.**

Fitzroy River Corporation Ltd ('Fitzroy', 'FZR' or 'Company') reports on its activities during the 3 months ended 31 December 2016.

A) Corporate:

During the December quarter, the Company announced cash takeover offers for all Royalco Resources Limited. Royalco controls a 1.0% direct interest in the Weeks Petroleum Royalty and a number of other royalty interests.

1. Off-Market Recommended Cash Offer of \$0.20 each for all Shares in Royalco Resources Limited

During the quarter, on 19 October, the Company announced an on-market cash offer for all of the shares in ASX listed Royalco Resources Limited (**Royalco**) (ASX: RCO) for which Fitzroy did not already own at a price of \$0.18 per share. The offer price of \$0.18 was the same price that Fitzroy paid in August to acquire an additional 8.628% stake in Royalco. The on-market offer closed on 12 December 2016 with the Company not acquiring any Royalco shares.

On 14 December Fitzroy announced a recommended off-market takeover offer of \$0.20 per share for Royalco shares (**Offer**). The Offer remains open and Fitzroy, having declared the price to be final and the offer to be unconditional, as at today has a relevant interest in 22,806,852 Royalco shares being 43.265% of all shares on issue. Fitzroy is in the process of arranging payment to all Royalco shareholders who have accepted Fitzroy's offer and continues to acquire shares on market at \$0.20 each.

All 3 of Fitzroy's directors have been nominated for appointment as directors of Royalco at Royalco's forthcoming EGM on 22 February.

2. Summary of Announcement to the ASX:

During the Quarter:

| Date: | Announcement |
|--------------|--|
| 19 October | On-Market Cash offer for Royalco Resources Limited |
| 19 October | Bidder's Statement for RCO |
| 19 October | Change in Substantial Holding for RCO |
| 19 October | On-Market Cash Offer – RCO Response |
| 21 October | Annual Report to Shareholders |
| 21 October | Notice of Annual General Meeting/Proxy Form |
| 21 October | Corporate Governance Statement |
| 21 October | Appendix 4G |
| 27 October | Quarterly Activities Report |
| 27 October | Quarterly Cash Flow Report |
| 27 October | Dispatch of Bidder's Statement |
| 28 October | RCO: Target's Statement |
| 3 November | Dispatch of Target's Statement |
| 3 November | Change of Director's Interest Notice – M McComas |
| 10 November | Change of Director's Interest Notice – M McComas |
| 23 November | Result of Meeting |
| 25 November | Extension of Bid for Royalco Resources |
| 6 December | RCO: Supplementary Target's Statement |
| 13 December | Close of On Market Offer for Royalco Resources |
| 14 December | Change in Substantial Holding for RCO |
| 14 December | Fitzroy Announces Recommended Takeover Offer for Royalco |
| 14 December | Bidder's Statement for Royalco |

| | |
|-------------|---|
| 14 December | RCO: Royalco Responding to new Fitzroy Takeover Offer |
| 19 December | RCO: Target's Statement |
| 21 December | FZR Welcomes Royalco's Formal Recommendation of FZR's Offer |
| 21 December | Replacement Bidder's Statement for Royalco |
| 29 December | Despatch of Replacement Bidder's Statement |
| 30 December | RCO: Despatch of Target's Statement |

Subsequent to Quarter's End:

| Date: | Announcement |
|--------------|--|
| 5 January | Change in Substantial Shareholding for RCO |
| 10 January | Change in Substantial Shareholding for RCO |
| 13 January | Change in Substantial Shareholding for RCO |
| 13 January | Change in Substantial Shareholding for RCO |
| 13 January | Royalco Chairman Accepts Fitzroy's Takeover Offer |
| 16 January | Change in Substantial Shareholding for RCO |
| 16 January | RCO: Spill Nominations |
| 18 January | Change in Substantial Shareholding for RCO |
| 20 January | Fitzroy Extends Recommended Takeover Offer for Royalco |
| 20 January | Notice pursuant to s.630(2) Corporations Act |
| 20 January | RCO: Notice of EGM/Proxy Form |
| 20 January | Notice pursuant to s.650D Corporations Act |
| 23 January | Change in Substantial Shareholding for RCO |
| 25 January | FZR Declares Offer Price of 20 cents per RCO Share final |
| 27 January | Change in Substantial Shareholding for RCO |
| 30 January | FZR Declares Recommended Offer for RCO Unconditional |

3. Royalties and Other Income:

During the quarter the Company did not receive any royalty payments or adjustments from previous quarters under either of its two royalty deeds.

The Company's only income was received via interest of \$50,000 for the quarter on its bank accounts and also by way of a dividend with respect to the Company's holding in Royalco Resources of \$39,367.49 based on the shareholding at the time of 7,873,500.

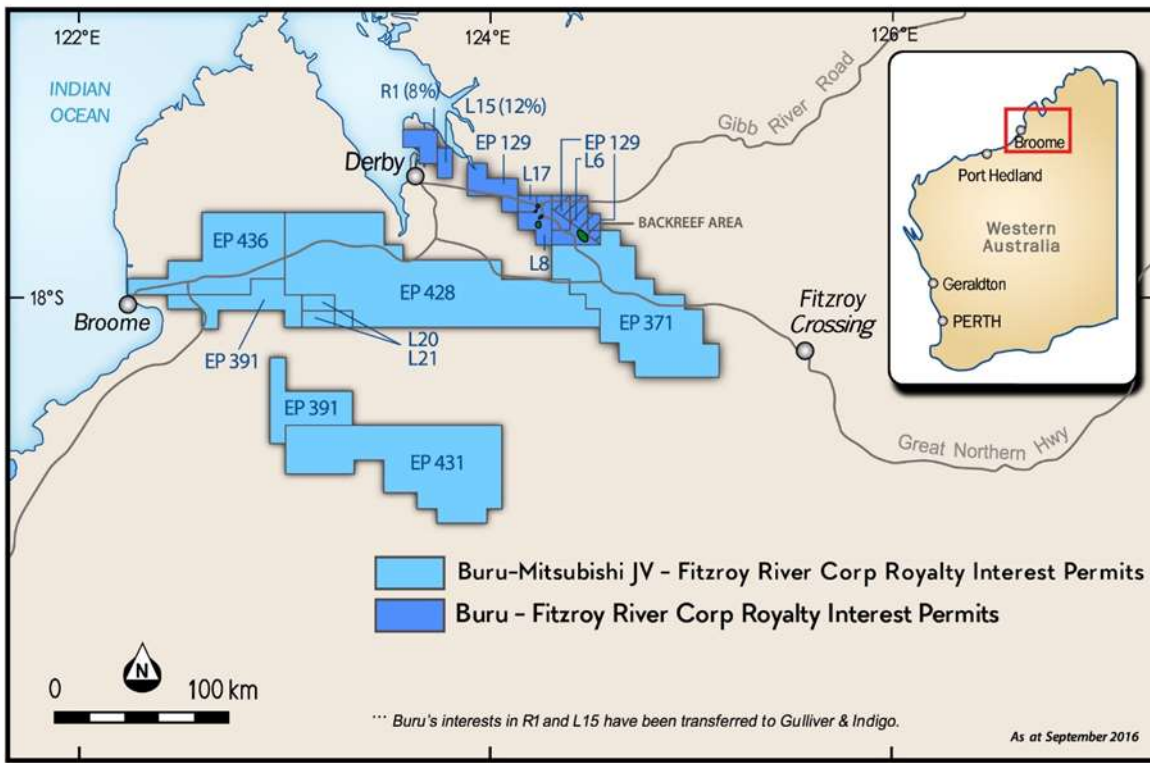
4. Shareholders

Fitzroy has 90,788,294 ordinary shares on issue, held by 943 registered shareholders.

B) Projects and Assets

1. Royalty deeds:

Fitzroy holds royalty interests in several permits in the Canning Basin via 2 separate Royalty Deeds, the Canning Basin Royalty deed and the Lennard Shelf Royalty Deed. The map below shows the location of all of the Company's royalty interests with 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.



Permits EP 391, EP 431, EP 436, EP 371, EP 428 (2% Royalty) (all part of the Buru-Mitsubishi JV) are the 5 State Agreement permits and are exempt from the requirement to relinquish 50% of the blocks as part of the renewal application process.

2. Buru Energy Announcements:

During the quarter there were two announcements released by Buru relating to the tenements over which Fitzroy has a royalty.

On 26 October, Buru announced, in relation to the tight wet gas accumulation within EP 371:

"...Buru Energy is pleased to advise that the Buru Energy/Diamond Resources Joint Venture has taken a significant step forward for the further appraisal and development of its potentially world class tight wet gas accumulation in the Canning Basin with the execution of the next Native Title Agreement covering land within Exploration Permit EP 371 in the vicinity of the Noonkanbah pastoral station.

The agreement is in the form of a Land Access and Use Agreement (LAUA) with the Wariangurru People in relation to the land the subject of the application for native title in Federal Court WAD 509/2015 also known as the Wariangurru No 1 claim.

The engagement of the Traditional Owners in the areas of the JV's operations in EP 371 has been exceptional, and has greatly facilitated the success of the program..."

On 9 December, in its operations update to the ASX, Buru advised in relation to oil production at Ungani:

- *"... Preparation for potential Ungani oil production restart proceeding well, with preliminary engineering work completed and potential export solutions being evaluated.*
- *Heritage clearances underway for conventional oil drilling locations on the Ungani trend.*
- *Expressions of interest called for supply of a drilling rig for the oil exploration program.*
- *Regional work underway on the Lennard Shelf to quantify the potential for Ungani Dolomite oil prospects on the north side of the Basin..."*

3. Exploration, development and production activities:

Fitzroy did not have any direct activities of this nature during the Quarter with the focus remaining on the Company's recommended off-market cash offer of \$0.20 per share for Royalco.

4. 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 |
| R 1 | 11 Oct 2016 | 10 Oct 2021 | 245.1571 (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).

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: 30 January, 2017

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 2016

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (.....months) \$A'000 |
|---|----------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) exploration & evaluation | - | - |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | - | - |
| (e) administration and corporate costs | (174) | (291) |
| 1.3 Dividends received (see note 3) | 40 | 40 |
| 1.4 Interest received | 50 | 122 |
| 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 | (84) | (129) |

| | | |
|--|-------|---------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | (597) | (1,920) |
| (d) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (.....months) \$A'000 |
|---|---|------------------------------------|---|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | 4 |
| | (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 | (681) | (2,045) |

| | | | |
|-------------|---|----------|--|
| 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) | - | |
| 3.10 | Net cash from / (used in) financing activities | - | |

| | | | |
|------------|--|--------------|--------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 8,153 | 9,517 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (83) | (128) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (597) | (1,916) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | - |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 7,473 | 7,473 |

| 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 | 7,473 | 8,153 |
| 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) | 7,473 | 8,153 |

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 |
|----------------------------|
| 45 |
| - |

Directors 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 | - | - |
| 8.2 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. | | |

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| 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

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



Sign here:
(Director/Company secretary)

Date: 30 January, 2017

Print name:Justin Clyne

Notes

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.