

21 November 2019

Company Announcements Office
ASX Limited

LODGMET OF BIDDER'S STATEMENT WITH ASIC

Fitzroy River Corporation Limited (**ASX: FZR**) (**Fitzroy** or the **Company**) confirms that it has today lodged with the Australian Securities and Investments Commission, its bidder's statement being an Offer to acquire all the ordinary shares in Royalco Resources Limited (**ASX: RCO**) at an Offer Price of \$0.24 per Royalco share.

A copy of the bidder's statement is enclosed and will be served on Royalco Resources Limited in due course.

For further information:

Malcolm McComas

0412 016 009

mccomas.m@gmail.com

This is an important document and requires your immediate attention. If you are in any doubt as to how to deal with it, you should consult your financial or other professional advisor.

Bidder's Statement

Offer to acquire all the ordinary shares in

Royalco Resources Limited (RCO)
(ACN 096 321 532)

By



Fitzroy River Corporation Limited (Fitzroy)
(ACN 075 760 655)

OFFER PRICE OF

\$0.24 PER ROYALCO SHARE

If you have any queries about the Offer, you may call Malcolm McComas on 02 9048 8864 between 10.00am and 12.00pm (AEDT) Monday to Friday.

Financial Advisor



Legal Advisor



Important Information

Key Dates

Event	Date
Date of Bidder's Statement	21 November 2019
Offer opens (date of Offer)	[insert] 2019
Close of Offer*	[insert date]

* This date is indicative only and may be changed as permitted by the Corporations Act.

Bidder's Statement and Offer

This is a Bidder's Statement dated 21 November 2019 given by Fitzroy to Royalco and each holder of Royalco Shares under Part 6.5 of Chapter 6 of the Corporations Act. This Bidder's Statement was approved by a resolution of the Board of Fitzroy. It includes an Offer for Royalco Shares dated [insert] 2019. The Offer extends to Royalco Shares on issue on [insert] 2019 and any Royalco Shares issued during the Offer Period.

ASIC and ASX

A copy of this Bidder's Statement was lodged with ASIC and ASX on 21 November 2019. None of ASX, ASIC nor any of their officers takes any responsibility for the contents of this Bidder's Statement.

Investment decision

This is an important document. This Bidder's Statement does not take into account the individual investment objectives, financial situation or any particular needs of each Royalco Shareholder or any other person. Royalco Shareholders may wish to seek independent financial and taxation advice before making a decision as to whether to accept the Offer.

Disclaimer

Except for historical information contained in this booklet, there may be matters discussed in this Bidder's Statement that are forward-looking statements. Such statements are only predictions and are subject to inherent risks and uncertainty. Forward-looking statements, which are based on assumptions and estimates and describe Fitzroy's future plans, strategies and expectations, are generally identifiable by the use of the words 'anticipate', 'will', 'believe', 'estimate', 'expect', 'intend', 'seek' or similar expressions. Royalco Shareholders are cautioned not to place undue reliance on forward-looking statements. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties both general and specific that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Those risks and uncertainties include factors and risks specific to the industry in which Fitzroy and Royalco operate as well as general economic conditions and prevailing exchange rates and interest rates. Actual events or results may differ materially.

All forward-looking statements attributable to Fitzroy, or persons acting on behalf of Fitzroy, are expressly qualified in their entirety by the cautionary statements in this Section. Except as expressly

required by the Corporations Act, Fitzroy makes no undertaking to publicly update or revise any forward-looking statements provided in this Bidder's Statement, whether as a result of new information, future events or otherwise, or the list of risks affecting this information.

None of Fitzroy's officers, any person named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, except to the extent required by law.

Offers outside Australia

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

Important notice to US shareholders

The Offer is made for the shares of an Australian registered company. It is important that US shareholders understand that the Offer is subject to disclosure requirements in Australia that are materially different from those in the US. You should be aware that, subject to the Corporations Act, Fitzroy may purchase Royalco Shares otherwise than under the Offer, such as in open market or privately negotiated purchases after the end of the Offer Period.

Defined terms

Defined terms used in this Bidder's Statement are capitalised. Definitions of these terms are set out in Section 10. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 10, words and phrases in the Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

Sources of Information

Information included in this Bidder's Statement relating to Royalco and its business has been derived solely from publicly available sources published by Royalco, including Royalco's Annual Reports and Royalco's announcements to ASX and on its website.

Subject to the foregoing and to the maximum extent permitted by law, Fitzroy and its Directors disclaim all liability for any information concerning Royalco included in this Bidder's Statement. Royalco Shareholders should form their own views concerning Royalco from publicly available information.

Directory

Bidder

Fitzroy River Corporation Limited
Level 6, 28 O'Connell Street
Sydney NSW 2000
+61 2 9048 8856

Legal Advisor

Mont Lawyers Pty Ltd
Suite 18, 50 Stanley Street
Darlinghurst NSW 2010

Financial Advisor

TC Corporate Pty Ltd
Level 10, 167 Macquarie Street
Sydney NSW 2000
+61 2 9377 1555

Fitzroy Directors

Malcolm McComas
Susan Thomas
Justin Clyne

Company Secretary

Justin Clyne

Share Registry

Boardroom Pty Ltd
Level 12, 225 George Street
Sydney NSW 2000

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Chairman's letter



21 November 2019

Dear Royalco Shareholders

I am pleased to introduce the Offer by Fitzroy to acquire your Royalco Shares for 24 cents cash per Royalco Share. The Offer Price is an attractive cash price and represents an approximate 20% premium to the one month and three month VWAP of Royalco shares on the Announcement Date.

The Offer enables you to sell all your Royalco Shares without the need to pay brokerage fees or stamp duty.

Reasons to accept the Offer

Fitzroy is offering an all-cash consideration to acquire your Royalco Shares. The value and certainty of Fitzroy's all-cash Offer should be compared with the risks and uncertainties of remaining a Royalco Shareholder.

- **The Offer is a material premium to net assets:** The Offer capitalises Royalco at approximately \$12.65 million. This is a 50% premium to Royalco's net assets (\$8.41 million as at 30 June 2019);
- **Low Liquidity:** There is very low trading liquidity in Royalco Shares and the Offer allows you to sell all your Royalco Shares at a premium to recent market prices; and
- **Only Offer:** There is currently no competing offer to acquire your Royalco Shares.

How to accept the Offer

If you choose to accept the Offer you can either direct your Broker to accept for your CHESS holding, or complete and sign the enclosed Acceptance Form and return it in the reply paid envelope so that it is received before the closing date.

The Offer is scheduled to close at 7:00pm (AEDT) on [insert date].

If you require additional assistance, please call me on +61 2 9048 8864.

Yours faithfully

A handwritten signature in dark ink, appearing to read "Malcolm McComas", with a horizontal line underneath.

Malcolm McComas

Chair
Fitzroy River Corporation Limited

Summary of the Offer

The information set out below is only a summary of the Offer. You should read the entire Bidder's Statement before deciding whether to accept the Offer.

The Bidder	Fitzroy is the company making the Offer.
The Offer	Fitzroy is offering to acquire all of your Royalco Shares.
Offer Consideration	You are being offered 24 cents cash for each Royalco Share you own.
Closing date	The Offer is scheduled to close at 7:00pm (AEDT) on [insert] 2020 (but it may be extended).
What are the Conditions to the Offer?	<p>The Offer is subject to a minimum acceptance condition. This condition requires that Fitzroy receives sufficient acceptances to increase its Relevant Interest in Royalco by the end of the Offer Period to or above 90% of the Royalco Shares then on issue.</p> <p>The Offer is subject to a market fall condition. This Condition allows the Company to withdraw the Offer if the S&P/ASX All Ordinaries Index closes at a level that is 10% or more below the level of that index at 5.00pm (Sydney time) on the Trading Day immediately prior to the date of the Bidder's Statement and remains at or below that level for at least two consecutive Trading Days. The Offer is also subject to the Prescribed Occurrences (see Section 9.7).</p>
Fitzroy's intentions	Fitzroy intends to waive the market fall Condition once the minimum acceptance condition is satisfied.
Settlement terms	<p>If you accept the Offer, you will be paid the Offer Consideration on the later of:</p> <ul style="list-style-type: none">(a) 1 month after the date you validly accept the Offer; or(b) 1 month after the date the Offer becomes or is declared unconditional, <p>and in any event (assuming the Offer becomes or is declared unconditional), no later than 21 days after the end of the Offer Period.</p>
How to accept the Offer	<p>CHESSE Holdings</p> <p>If your Royalco Shares are in a CHESSE Holding, to accept the Offer you must either:</p> <ul style="list-style-type: none">(a) instruct your Controlling Participant (usually your Broker) to accept the Offer on your behalf; or(b) complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it. <p>Issuer Sponsored Holdings</p> <p>If your Royalco Shares are in an Issuer Sponsored Holding, to accept the Offer you must complete, sign and return the Acceptance Form in accordance with the instructions on it.</p> <p>Signed Acceptance Forms must be received before the end of the Offer Period by:</p> <p>Boardroom Pty Ltd at either:</p> <ul style="list-style-type: none">• GPO Box 3993 Sydney NSW 2001 Australia; or• Level 12, 225 George St, Sydney NSW 2000. <p>A business reply-paid envelope is enclosed.</p>

- No stamp duty** You will not pay any stamp duty on accepting the Offer.
- What to do next** You should read this Bidder's Statement in its entirety before making a decision as to whether or not to accept the Offer for your Royalco Shares or whether or not to sell your Royalco Shares on-market. If you wish to accept the Offer, please see section 9 of this Bidder's Statement.
- Further information** For questions about your Royalco Shares, the Offer, or how to accept the Offer please refer to the remainder of this Bidder's Statement.

Why you should accept the Offer

1. THE OFFER PRICE IS AN ATTRACTIVE CASH PRICE

The all cash consideration of 24 cents per Royalco Share is being offered to all Royalco Shareholders.

This is an approximate 20% premium to the one month and three month VWAP of Royalco Shares traded on ASX on the Announcement Date.

The Offer values Royalco at approximately \$12.65 million. This is a 50% premium to Royalco's net assets (\$8.41 million as at 30 June 2019).

2. THERE ARE RISKS ASSOCIATED WITH CONTINUING TO HOLD ROYALCO SHARES

Retaining your Royalco shareholding carries significant risk as outlined below.

(a) ROYALCO SHARES ARE VERY THINLY TRADED

Royalco Shares are very thinly traded. As at 14 November 2019, approximately 97% of Royalco's Shares were held by the top 20 Royalco Shareholders. There are only approximately 160 Royalco Shareholders in total.

The Offer represents an opportunity for all Royalco Shareholders to sell all their Royalco Shares for cash.

(b) ROYALCO SHARE PRICE MAY FALL AFTER THE CLOSE OF THE OFFER

While there are many factors influencing the market price of Royalco Shares, there is a risk that the Royalco Share price will fall after the close of the Offer.

3. THERE IS NO COMPETING OFFER

As at the date of this Bidder's Statement, the Offer is the only available offer for all Royalco Shares.

4. THERE ARE RISKS ASSOCIATED WITH BEING A MINORITY SHAREHOLDER

Depending on the level of acceptances Fitzroy receives under the Offer, the market for Royalco Shares may become even less liquid than at present. This could make it more difficult for you to sell your Royalco Shares at an attractive price in the future.

If the number of Royalco Shareholders is less than that required by the ASX Listing Rules then ASX may suspend and/or de-list Royalco. If this occurs, any remaining Royalco Shareholders will not be able to sell their Royalco Shares on-market. Consequently, there may be a reduced likelihood of a subsequent takeover bid for Royalco from parties other than Fitzroy.

After the Offer closes, if Fitzroy's Voting Power in Royalco is less than 90%, Royalco Shares may trade below the Offer Price. This scenario will only apply if Fitzroy waives the minimum acceptance Condition. If Fitzroy waives the minimum acceptance Condition it may not be able to proceed to compulsory acquisition.

If Fitzroy becomes entitled to do so, it intends to exercise its entitlement under the Corporations Act to compulsorily acquire the remaining Royalco Shares Fitzroy does not

own. If your Royalco Shares are compulsorily acquired you will be paid later than Royalco Shareholders who accept the Offer.

1. Key Questions

This Section answers some key questions that you may have about the Offer and should only be read in conjunction with the entire Bidder's Statement.

1.1. What is the Bidder's Statement?

The Bidder's Statement sets out the terms of Fitzroy's Offer and information relating to the Offer and the consideration you will receive.

1.2. What is the Offer?

Fitzroy is offering to acquire your Royalco Shares by way of an off-market takeover offer. The cash Offer is conditional. See Section 1.6.

The Offer extends to Royalco Shares on issue at 7.00pm (Sydney time) on [insert] 2019 and any Royalco Shares issued during the Offer Period.

The Offer Price is 24 cents for every Royalco Share you hold.

1.3. What are the tax consequences if I accept the Offer?

Please consult your financial, tax or other professional adviser on the tax implications of accepting the Offer. However, a general summary of the likely Australian tax consequences is set out in Section 6.

1.4. How do I accept the Offer?

CHES Holdings

If your Royalco Shares are in a CHES Holding, to accept the Offer you must either:

- (a) instruct your Controlling Participant (usually your Broker) to accept the Offer on your behalf; or
- (b) complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

Issuer Sponsored Holdings

If your Royalco Shares are in an Issuer Sponsored Holding, to accept the Offer you must complete, sign and return the Acceptance Form in accordance with the instructions on it.

Participants

If you are a Participant (as defined in the ASX Settlement Rules) (typically, a stockbroker who is a participating organisation of ASX Settlement), the above does not apply. To accept the Offer you must initiate acceptance in accordance with the ASX Settlement Rules.

1.5. Can I accept the Offer for part of my holding?

No, you can only accept for all of your holding. Your acceptance will be treated as being for all your Royalco Shares plus any additional Royalco Shares registered as held by you at the date your acceptance is processed.

1.6. What are the Conditions to the Offer?

The Offer is subject to a number of Conditions.

The Offer is subject to a minimum acceptance Condition. This Condition requires that Fitzroy receives sufficient acceptances to increase its Relevant Interest in Royalco by the end of the Offer Period to or above 90% of the Royalco Shares then on issue.

The Offer is subject to a market fall condition. This Condition allows Fitzroy to withdraw the Offer if the S&P/ASX All Ordinaries Index closes at a level that is 10% or more below the level of that index at 5.00pm (Sydney time) on the Trading Day immediately prior to the date of the Bidder's Statement and remains at or below that level for at least two consecutive Trading Days. Fitzroy intends to waive the market fall Condition once the minimum acceptance Condition is satisfied.

The Offer is also subject to the Prescribed Occurrences Condition. "Prescribed occurrences" are certain events which, if they occur, will give Fitzroy the right not to proceed with the Offer. Some of these events include Royalco splitting or consolidating its shares, Royalco or a Subsidiary buying-back or reducing its capital, Royalco or a Subsidiary issuing securities, Royalco or a Subsidiary disposing of the whole or a substantial part of its business or property, or the occurrence of an Insolvency Event in respect of Royalco or a Subsidiary. This condition is set out in full in Section 9.7 of this Bidder's Statement.

Fitzroy may choose to waive a Condition in accordance with the Offer. If a Condition is not waived or satisfied, then the Offer will not proceed.

If Fitzroy waives the minimum acceptance Condition it may not be able to proceed to compulsory acquisition.

The Offer is not subject to any other conditions. In particular, the Offer is not subject to approval by Shareholders in general meeting.

1.7. What happens if I accept the Offer?

Once you accept the Offer in respect of all of your Royalco Shares, you will not be able to sell those Royalco Shares or otherwise deal with the Rights attaching to those Royalco Shares subject to your limited statutory rights to withdraw your acceptance in certain circumstances.

1.8. What happens if I do not accept the Offer?

Subject to what is stated below, you will remain the holder of your Royalco Shares if you do not accept the Offer.

If Fitzroy obtains a Relevant Interest in at least 90% of the Royalco Shares (by number) on issue at any time during the Offer Period and all of the Conditions are satisfied or waived, Fitzroy presently intends to proceed to compulsorily acquire your Royalco Shares if you have not accepted the Offer (see Section 4). At the conclusion of the compulsory acquisition process, you will receive 24 cents for every 1 fully paid Royalco Share which is compulsorily acquired. You will receive consideration for your Royalco Shares sooner if you accept the Offer.

If Fitzroy obtains an interest in less than 90% of Royalco Shares, Fitzroy will not be able to proceed to compulsorily acquire your Royalco Shares. Fitzroy's intentions if it has an interest in less than 90% of Royalco Shares are described in Section 4.

1.9. Can I withdraw my acceptance?

Under the terms of the Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. Such a withdrawal right will arise if, after you accept the Offer, Fitzroy varies the Offer in a way that postpones for more than 1 month the time when Fitzroy has to pay you under the Offer.

1.10. When does the Offer close?

The Offer is currently scheduled to close at 7:00 pm (AEDT) on [insert] 2020, unless extended or withdrawn.

1.11. Can Fitzroy extend the Offer Period?

Yes, the Offer can be extended by Fitzroy or otherwise in accordance with the Corporations Act. You will be sent written notice of any extension, as required by the Corporations Act.

1.12. If I accept the Offer, when will I receive the cash consideration?

If you accept this Offer, Fitzroy will, in the usual course, pay to you the cash consideration to which you are entitled on or before the earlier of:

- (a) the day 1 month after you accept this Offer or, if this Offer is subject to a Condition when accepted, 1 month after the contract resulting from your acceptance of the Offer becomes unconditional; and
- (b) the day 21 days after the end of the Offer Period, provided that the Offer has become unconditional.

Full details of when you will be paid cash consideration are set out in Section 9.6.

1.13. Will I need to pay brokerage or stamp duty if I accept the Offer?

You will not pay any stamp duty on accepting the Offer. If your Royalco Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Fitzroy, you will not incur any brokerage connected with you accepting the Offer.

If your Royalco Shares are in a CHESS Holding or you hold your Royalco Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker or the bank, custodian or other nominee) whether it will charge any transaction fees or service charges connected with you accepting the Offer.

2. About Fitzroy

2.1. Corporate

Fitzroy is an ASX listed oil and gas investment holding company with a focus on non-operational assets such as royalties, free carried interests and minority equity positions.

2.2. Directors of Fitzroy

The Fitzroy Directors are:

- (a) Malcolm McComas (Chair);
- (b) Susan Thomas; and
- (c) Justin Clyne.

2.3. Public announcements by Fitzroy

Fitzroy is a disclosing entity for the purposes of section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require Fitzroy to:

- (a) prepare and lodge with ASX both yearly and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- (b) immediately notify ASX of any information concerning Fitzroy of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in Fitzroy, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged at ASIC in relation to Fitzroy may be obtained from or inspected at an office of ASIC. Copies of documents lodged with ASX in relation to Fitzroy may be obtained from ASX's website (www.asx.com.au).

3. About Royalco

3.1. Disclaimer

The following description of Royalco and the financial information concerning Royalco contained in this Section has been prepared by Fitzroy using publicly available information. To the extent permitted by law, Fitzroy does not make any representation or warranty, express or implied, as to the currency, accuracy or completeness of such information.

The primary sources of information about Royalco used by Fitzroy are as follows:

- (a) Annual Reports to Royalco Shareholders;
- (b) announcements issued by Royalco through ASX; and
- (c) the Royalco website.

3.2. Overview of Royalco and its principal business activities

The principal activities of Royalco was the management of resource based royalties.

3.3. Directors

As at the date of this Bidder's Statement, there are 3 directors of Royalco, being:

- (a) Susan Thomas (Chair);
- (b) Malcolm McComas; and
- (c) David Croll.

3.4. Major Royalco Shareholders

Based on the substantial shareholder details contained in Royalco's Annual Report for 2019, Royalco currently has the following substantial Royalco Shareholders:

Name	Number of Royalco Shares	Percentage of issued capital
Fitzroy River Corporation Limited	25,174,923	47.76%
Noontide Investments Ltd	10,261,363	19.47%
Samuel Terry Asset Management Pty Limited	8,049,617	15.27%
High Peak Royalties Limited	5,630,776	10.68%

3.5. Overview of Royalco's historical financial performance

A summary of the historical consolidated financial performance of Royalco and its Controlled Entities for the financial years ended 30 June 2018 and 30 June 2019 is set out below¹:

\$	30 June 2019	30 June 2018
Revenue	806,263	804,259
Expenses	1,054,741	1,225,931
Loss before income tax expense	248,478	421,672
Loss after income tax for the year attributable to the owners of Royalco	248,478	421,672

Notes:

1. The above information has been drawn from the audited financial statements for Royalco and its Controlled Entities and associated disclosure included in Royalco's Annual Reports for the years ended 30 June 2018 and 2019.

3.6. Royalco statement of financial position

The consolidated statement of financial position of Royalco as at 30 June 2019 and 30 June 2018 is set out below²:

\$	30 June 2019	30 June 2018
Total current assets	2,652,321	2,451,583
Total non-current assets	5,879,167	6,309,584
Total assets	8,531,488	8,761,167
Total current liabilities	118,511	79,802
Total non-current liabilities	0	19,910
Total liabilities	118,511	99,712
Net assets	8,412,977	8,661,455

Notes:

2. The above information has been drawn from the audited financial statements for Royalco and its Controlled Entities and associated disclosure included in Royalco's Annual Reports for the financial years ended 30 June 2018 and 30 June 2019.

3.7. Cash levels as disclosed in Appendix 4C

Royalco reports its cash commitments to ASX on a quarterly basis. These reports, known as Appendix 4C reports, require Royalco to disclose its cash levels and known cash commitments at the end of each quarter. The table below summarises the end of quarter closing cash balances for the past four reported quarters.

\$'000	30 Sep 2019	30 June 2019	31 March 2019	31 Dec 2018
Cash at end of quarter	2,448	2,363	2,438	2,348

3.8. ASX announcements

Royalco is a disclosing entity for the purposes of section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require Royalco to:

- (a) prepare and lodge with ASIC both yearly and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- (b) immediately notify ASX of any information concerning Royalco of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in Royalco, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged at ASIC in relation to Royalco may be obtained from or inspected at an office of ASIC. Copies of documents lodged with ASX in relation to Royalco may be obtained from, or inspected at, an office of ASX.

Since the 2019 Annual Report and Appendix 4G lodged on 11 October 2019, Royalco has issued the following announcements to ASX:

Date	Announcement
14 November 2019	Takeover Offer by Fitzroy River Corporation
13 November 2019	Trading Halt
13 November 2019	Pause in Trading
13 November 2019	Results of Meeting
28 October 2019	Quarterly Activities and Cashflow Reports

3.9. No Royalco options

There are no Royalco options on issue.

4. Fitzroy's intentions

4.1. General

This Section 4 sets out Fitzroy's intentions in relation to:

- (a) the continuation of Royalco's business;

- (b) any significant changes to be made to Royalco's business, including any redeployment of Royalco's fixed assets; and
- (c) the future employment of Royalco's employees.

Fitzroy's intentions are based on the information known and the circumstances that exist at the date of this Bidder's Statement.

Fitzroy has reviewed information in the public domain concerning Royalco, its business and the general business environment in which it operates. Based on its review of that material, and on its current assessment of Royalco's operations, Fitzroy's intentions in relation to Royalco are summarised below. Statements set out in this Section are statements of current intentions only which may change as new information becomes available or circumstances change.

4.2. Strategic review

As Fitzroy does not currently have access to all material information, facts and circumstances which it considers necessary to assess the operational, commercial, taxation and financial implications of its current intentions, final decisions on these matters have not been made. Upon completion of the Offer, and in the event that Fitzroy controls more than 50% of Royalco's Shares (but less than 90%), Fitzroy proposes to conduct a review of the strategy, operations, activities, assets and employees of Royalco in light of the information which then becomes available to it (**Review**).

Final decisions will only be reached in light of all material facts and circumstances. Accordingly, the statements set out in this Section are statements of current intention only which may change as new information becomes available or circumstances change.

4.3. Fitzroy's intentions upon controlling 90% or more of Royalco Shares

This Section sets out Fitzroy's intentions if it controls 90% or more of Royalco Shares and becomes entitled to proceed to compulsory acquisition of Royalco Share under the Corporations Act.

- (a) Fitzroy currently intends to proceed to compulsory acquisition of the remaining Royalco Shares if it becomes entitled to do so under the Corporations Act.
- (b) Fitzroy will seek to remove Royalco from the Official List of ASX.
- (c) Fitzroy intends to remove Mr David Croll as a director.
- (d) Fitzroy intends to undertake the Review.
- (e) Subject to the outcome of the Review, Fitzroy expects to continue to operate the Royalco business in substantially the same manner as it is presently operated by Royalco.

4.4. Fitzroy's intentions upon controlling more than 50% but less than 90% of Royalco Shares

If, by virtue of acceptance of the Offer, Fitzroy acquires a Relevant Interest in Royalco of more than 50% but less than 90%, Royalco will become a Controlled Entity of Fitzroy and its current intentions are as set out below.

- (a) Fitzroy intends to undertake the Review.
- (b) Fitzroy intends to make no changes to the board of directors of Royalco.

- (c) Fitzroy may seek to remove Royalco from the Official List of ASX.
- (d) Fitzroy may, at some later time, acquire further Royalco Shares in a manner consistent with the Corporations Act.
- (e) If Fitzroy becomes entitled at some later time to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act, it may exercise those rights.
- (f) Fitzroy intends to undertake the activities referred to in Section 4.6 to the extent permitted by its control of Royalco.

This scenario will only apply if Fitzroy waives the minimum acceptance condition. If Fitzroy waives the minimum acceptance condition it may not be able to proceed to compulsory acquisition.

4.5. Fitzroy's intentions upon controlling 50% or less of Royalco Shares

If Fitzroy does not achieve a Relevant Interest in more than 50% of Royalco, to the extent possible through its non-controlling holding of Royalco Shares, Fitzroy will endeavour to give effect to the intentions set out in Section 4.4. However, Fitzroy considers that its ability to effect the intentions set out in Section 4.4 will be significantly limited if Fitzroy is unable to achieve a Relevant Interest in Royalco of more than 50%.

Fitzroy may consider acquiring additional Royalco Shares under the "creep" provisions of Item 9 in section 611 of the Corporations Act (which provides that Fitzroy and its Associates may acquire up to 3% of Royalco Shares every 6 months) until it achieves a majority Voting Power. Fitzroy has not yet decided whether it will acquire further Royalco Shares as this will depend upon the extent to which Fitzroy has the capacity to acquire further Royalco Shares and market conditions at that time.

4.6. Intentions generally

Except for the changes and intentions set out in this Section 4, Fitzroy intends, based on the information presently known to it:

- (a) to continue the Royalco business; and
- (b) not to make any major changes to the business of Royalco; and
- (c) not to make any changes to the employment terms of Royalco's employees.

4.7. Limitations on intentions

The intentions and statements of future conduct set out in this Section 4 must be read as being subject to:

- (a) the law (including the Corporations Act) and the Listing Rules, including in particular the requirements of the Corporations Act and the Listing Rules in relation to conflicts of interest and "related party" transactions given that, if Fitzroy gains control of Royalco but does not acquire all of the Royalco Shares, it will be treated as a related party of Royalco for these purposes;
- (b) the legal obligation of the Royalco directors at the time, including any nominees of Fitzroy, to act in good faith and in the best interests of Royalco and for proper purposes and to have regard to the interest of all Royalco Shareholders (in which regard the role of independent directors of Royalco will also be important); and

- (c) the outcome of the Review.

5. Sources of Offer consideration

5.1. Consideration under the Offer

The total amount that Fitzroy would be required to pay for Royalco Shares if Fitzroy acquires all of the Royalco Shares on issue on the date of this Bidder's Statement in which it and its Associates do not have a Relevant Interest at the Offer Price is approximately \$6.6 million.

The total cash consideration payable by Fitzroy as described in this Section 5 excludes any costs payable by Fitzroy in relation to the Offer.

5.2. Financial position of Fitzroy

Fitzroy currently has \$1.03 million of cash in its bank accounts that is either at call or on short term deposit.

In addition, Fitzroy's statement of financial position as at 30 June 2019 disclosed total assets of approximately \$11.88 million and net assets of approximately \$11.84 million.

Fitzroy's expected cash reserves, together with the debt facility (see Section 5.4 below), will be sufficient for Fitzroy to fund the total cash consideration under the Offer.

5.3. Fitzroy funding

The Offer is not subject to a financing condition.

Fitzroy estimates that the total transaction costs associated with the Offer (other than the Offer Price payable for all Royalco Shares) are not expected to exceed \$150,000.

Fitzroy intends to fund the cash consideration under the Offer using available cash reserves, a short term debt facility and the proceeds of sale of shares in entities other than Royalco that are listed on ASX.

To meet its funding obligation under the Offer, Fitzroy intends to access:

- (a) its cash reserves;
- (b) the loan facility, described below; and
- (c) cash proceeds from the future sale of such number of other ASX listed securities held by Fitzroy as may be required to meet any shortfall.

5.4. Loan facility

On 14 November 2019, Fitzroy entered into a secured loan agreement with Sir Ron Brierley (**Lender**) by which the Lender has committed to provide Fitzroy a loan facility of up to \$5,000,000 to fund the Offer (**Loan Facility**).

The material terms of the Loan Facility are as follows:

- (a) the amount owing under the Loan Facility must be repaid on 14 November 2020;
- (b) Fitzroy may drawdown on the Loan Facility once the Offer is declared unconditional (other than with respect to the Prescribed Occurrences Condition);

- (c) interest accrues at 10% per annum. Fitzroy must pay the interest within 5 Business Days after the end of each month during the term of the Loan Facility;
- (d) an unremedied event of default allows the Lender to charge interest at 12% per annum. An event of default includes the non-payment of any amount due and payable under the Loan Facility and events of insolvency with respect to Fitzroy;
- (e) Fitzroy may, prepay all or any part of the principal outstanding and any interest accrued but unpaid, in whole or in part at any time, without penalty; and
- (f) Fitzroy has executed a general security deed granting the Lender a Security Interest in all of its present and after-acquired property to secure the performance of Fitzroy's obligations under the Loan Facility.

6. Tax considerations

6.1. General

The following is a summary of the principal Australian tax consequences generally applicable to Royalco Shareholders who dispose of their Royalco Shares under the Offer for cash consideration. These consequences will depend on the individual circumstances of Royalco Shareholders. You should make your own inquiries and seek independent professional advice on your circumstances.

The comments set out below are relevant only to those Royalco Shareholders who hold their Royalco Shares as capital assets for the purpose of investment and who do not (or would not) hold those Royalco Shares in connection with the conduct of a business. Certain Royalco Shareholders (such as those engaged in a business of trading or investment, those who acquired their Royalco Shares for the purpose of resale at a profit or those which are banks, insurance companies, tax exempt organisations, superannuation funds or persons who acquired their Royalco Shares in the course of their employment with Royalco) will or may be subject to special or different tax consequences specific to their circumstances.

The following outline is based upon Australian taxation law and practice in effect as at the date of this Bidder's Statement. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every Royalco Shareholder. Royalco Shareholders should seek independent professional advice regarding the taxation consequences of disposing of Royalco Shares in the light of their own particular circumstances.

6.2. Australian resident Royalco Shareholders

If you accept the Offer, you will be treated as having disposed of your Royalco Shares. If you held them on capital account and you dispose of them, such a disposal is likely to constitute a CGT event for CGT purposes. Australian resident Royalco Shareholders may make a capital gain or capital loss on the disposal of a Royalco Share under the Offer.

In general, the capital gain or loss on the disposal of a Royalco Share under the Offer is the difference between the value of the capital proceeds (i.e. the cash consideration received from Fitzroy) and the cost base of the Royalco Share. The cost base of Royalco Shares is generally their cost of acquisition or deemed cost of acquisition. Certain other amounts associated with acquisition and disposal, such as brokerage or stamp duty, may be added to the cost base.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. Capital gains made during an income year are reduced by any capital losses made during that same income year. This may be

reduced further by capital losses carried forward from prior years, subject to the loss recoupment rules applicable for the relevant shareholder. A 'CGT Discount' may be available to reduce further the taxable gain for certain Royalco Shareholders (see further below). The remaining net capital gain is included as assessable income in your income tax return and is subject to income tax at your marginal tax rate in the year in which you dispose of the Royalco Shares. A net capital loss may be carried forward to be offset against future capital gains (not against other income for income tax purposes).

A Royalco Shareholder who is an individual, complying superannuation entity or trustee of a trust may be eligible for a 'CGT Discount' if they acquired (or are deemed to have acquired) their Royalco Shares at least 12 months before the time they accept the Offer (excluding both the date of acquisition and disposal). The CGT Discount is not available to companies, nor does it apply to Royalco Shares owned (or deemed to be owned) for less than the relevant 12 month period, or shares that are not held on capital account.

6.3. Non-resident Royalco Shareholders

Royalco Shareholders who are not resident in Australia for tax purposes should also consider the tax consequences under the laws of their country of residence, as well as under Australian law. In Australia, the CGT rules only apply to non-residents of Australia in relation to 'taxable Australian property'. Royalco Shares held by a Royalco Shareholder who is not an Australian resident for tax purposes will be taxable Australian property only if the Royalco Shares:

- (a) are an indirect Australian real property interest; or
- (b) were used at any time by the Royalco Shareholder in carrying on a business through a permanent establishment in Australia; or
- (c) were included under a CGT deferral election when the Royalco Shareholder ceased to be an Australian resident.

Royalco Shares will generally not constitute an indirect Australian real property interest unless the total market value of Australian real property assets is more than 50% of the total market value of Royalco's assets and the shareholding represents at least 10% (including Associate interests) of either the total shares or voting right or distribution rights.

To the extent that a capital gain is realised on the sale of Royalco shares by a non-resident investor, no CGT discount is available for gains generated after 8 May 2012, however some apportionment may be available if the shares were originally acquired before this date.

6.4. Stamp duty and GST

Any stamp duty payable pursuant to the Offer will be the liability of Fitzroy and will be paid by Fitzroy. Royalco Shareholders may be charged GST on costs (such as advisor fees) that relate to their acceptance of the Offer. Royalco Shareholders may be entitled to input tax credits for such costs, but should seek independent advice in relation to their individual circumstances.

7. Information on Royalco Shares

7.1. Royalco capital structure

As at the date of this Bidder's Statement, there are 52,714,183 Royalco Shares on issue.

7.2. Royalco Share trading

Approximately 97% of Royalco Shares are held by the top 20 Royalco Shareholders (including Fitzroy).

Fitzroy holds 25,174,923 Royalco Shares representing 47.76% of the Royalco Shares.

In the six months prior to the Announcement Date, the highest closing price and lowest closing price of Royalco Shares traded on ASX were as follows:

- (a) High: 20.5 cents (22 October 2019); and
- (b) Low: 19.0 cents (3 and 29 July 2019).

Royalco Shares are very thinly traded. In the six months prior to the Announcement Date, 148,000 Royalco Shares traded on four days and the total value traded was approximately \$29,450.

7.3. Fitzroy and its Associates' interests in Royalco

As at the date of this Bidder's Statement, Fitzroy had a Relevant Interest in a total of 25,174,923 Royalco Shares (see Section 3.4 for details).

As at the date of this Bidder's Statement, Fitzroy and its Associates had a Voting Power of 47.76% in Royalco.

8. Other material information

8.1. No collateral benefits

Neither Fitzroy nor any of its Associates has, during the period of four months ending on the day immediately before the date of the Offer, given, or offered or agreed to give, a benefit to another person likely to induce the other person, or an Associate, to:

- (a) accept the Offer; or
- (b) dispose of Royalco Shares,

which benefit was not offered to all Royalco Shareholders under the Offer.

8.2. No escalation agreements

Neither Fitzroy nor any Associate of Fitzroy has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

8.3. No dealings in Royalco Shares

In the four months prior to the date of the Offer, neither Fitzroy nor any of its Associates has dealt in any Royalco Shares.

8.4. Material contracts

Fitzroy is not aware of the terms of any contracts to which Royalco or any of its Controlled Entities are a party that contain provisions entitling the contract counterparty to terminate the contract in the event of a change of control of Royalco.

Fitzroy has not engaged in any discussions with any party with whom Royalco or a Controlled Entity of Royalco has a substantive contract for the provision of goods or services to assess the impact of a change of control of Royalco on any contract.

8.5. Regulatory approvals

There are no regulatory approvals that Fitzroy needs to obtain before acquiring Royalco Shares before or under the Offer.

8.6. Consents

TC Corporate Pty Ltd (**TC Corporate**) has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as the financial advisor to Fitzroy in this Bidder's Statement in the form and context in which it is so named.

Mont Lawyers Pty Ltd (**Mont**) has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as legal advisor to the Offer in the form and context in which it is so named.

Boardroom Pty Ltd (**Boardroom**) has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as Fitzroy's share registry in the form and context in which it is so named.

Each of TC Corporate, Boardroom and Mont:

- (a) has not authorised or caused the issue of the Bidder's Statement;
- (b) does not make, or purport to make, any statement in this Bidder's Statement other than as specified in this Section;
- (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any part of this Bidder's Statement other than the reference to its name and the statements (if any) included in this Bidder's Statement with the consent of that party as specified in this Section.

8.7. Date for determining holders of Royalco Shares

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) is [insert] 2019.

8.8. Potential for waiver of Conditions

The Offer is subject only to the Conditions set out in Section 9.7. Under the terms of the Offer and the Corporations Act, any or all of those Conditions may be waived by Fitzroy.

If an event occurs which results (or would result) in the non-fulfilment of a Condition, Fitzroy might not make a decision as to whether it will either rely on that non-fulfilment, or instead waive the Condition, until the date for giving notice as to the status of the Conditions under section 630(3) of the Corporations Act.

If Fitzroy decides that it will waive a Condition, it will announce that decision to ASX in accordance with section 650F of the Corporations Act. If the Conditions are not fulfilled, and Fitzroy decides to rely on the non-fulfilment, then any contract resulting from acceptance of the Offer will become void at (or, in some cases, shortly after) the end of the Offer Period, and the relevant Royalco Shares will be returned to the holder.

If Fitzroy waives the minimum acceptance condition it may not be able to proceed to compulsory acquisition.

8.9. Status and effect of the Conditions

As at the date of this Bidder's Statement, Fitzroy is not aware of any events or circumstances which would result in the non-fulfilment of any of the Conditions in Section 9.7.

8.10. ASIC modifications and exemptions

ASIC has published various other Class Order instruments providing for modifications and exemptions that apply generally to all persons, including Fitzroy.

8.11. Other material information

There is no other information material to the making of a decision by an offeree whether or not to accept an Offer (being information that is known to Fitzroy and has not previously been disclosed to the holders of Royalco Shares) other than as disclosed in this Bidder's Statement.

8.12. ASIC modifications and exemptions

This Bidder's Statement includes or is accompanied by statements that are made in, or based on, statements made in documents lodged with ASIC or ASX. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement. A list of all such documents is set out in Section 3.8.

In accordance with your right to obtain a copy of the above documents free of charge under ASIC Class Order 13/521, please contact Fitzroy on +61 2 9048 8864.

Fitzroy has not obtained from ASIC any modifications or exemptions from the Corporations Act in relation to the Offer.

8.13. Costs and expenses

All costs and expenses of the preparation and circulation of this Bidder's Statement and the Offer will be paid by Fitzroy.

9. Offer Terms

9.1. Fitzroy's Offer

- (a) Fitzroy offers to acquire your Royalco Shares on the terms and conditions of this Offer. You may accept this Offer in respect of all of your Royalco Shares.
- (b) The consideration being offered by Fitzroy is 24 cents for every Royalco Share you own.
- (c) If you accept this Offer and Fitzroy acquires your Royalco Shares, Fitzroy is also entitled to any Rights in respect of your Royalco Shares.

9.2. Offer Period

Unless withdrawn, this Offer remains open for acceptance during the period commencing on the date of this Offer and ending at 7:00pm on [insert] 2020 (AEDT), subject to any extension of that period in accordance with the Corporations Act.

9.3. Who may accept

- (a) An offer in the form of this Offer is being made to:
 - (i) each holder of Royalco Shares registered, or entitled to be registered, in the register of members of Royalco at 7:00pm (AEDT) on [insert] 2019; and
 - (ii) each other holder of Royalco Shares who becomes so registered before the end of the Offer Period.
- (b) If at the time this Offer is made to you another person is, or at any time during the Offer Period and before this Offer is accepted becomes, the holder of, or entitled to be registered as the holder of, some or all of your Royalco Shares (**transferred shares**), Fitzroy is deemed, in place of this Offer, to have made at that time a corresponding Offer on the same terms and conditions:
 - (i) to the other person, relating to the transferred shares; and
 - (ii) to you, relating to your Royalco Shares other than the transferred shares (if any).
- (c) If at any time during the Offer Period and before this Offer is accepted, you hold your Royalco Shares in two or more distinct portions (for example, you hold some as trustee, nominee or otherwise on account of another person) within the meaning of section 653B of the Corporations Act:
 - (i) this Offer is deemed to consist of a separate corresponding Offer to you in relation to each distinct portion of your Royalco Shares;
 - (ii) to accept any of those corresponding Offers, you must specify:
 - (A) by written notice accompanying your Acceptance Form; or
 - (B) if the notice relates to Royalco Shares in a CHESS Holding, in an electronic form approved by the ASX Settlement Operating Rules,that your Royalco Shares consist of distinct portions and the number of the Royalco Shares to which the acceptance relates; and
 - (iii) otherwise, section 653B of the Corporations Act applies to this Offer in respect of your Royalco Shares and any acceptance of this Offer by you.

9.4. How to accept this Offer

- (a) You may only accept this Offer in respect of all of your Royalco Shares.
- (b) You may only accept this Offer during the Offer Period.
- (c) If your Royalco Shares are held in a CHESS Holding, you can only accept this Offer in accordance with the ASX Settlement Operating Rules.
- (d) To accept this Offer, you should proceed as follows:
 - (i) you may complete and sign the Acceptance Form in accordance with the instructions on the Acceptance Form and return it (together with any documents required by the instructions on it), so that the envelope in

which they are sent is received by Fitzroy in accordance with the Acceptance Form before the end of the Offer Period; or

- (ii) if your Royalco Shares are held in a CHESS Holding (as an alternative to completing the Acceptance Form) you may either:
 - (A) instruct your Controlling Participant to initiate acceptance of the Offer in accordance with Rule 14.4 of the ASX Settlement Operating Rules before the end of the Offer Period; or
 - (B) if you are a Broker or an ASX Settlement Participant, initiate acceptance of the Offer in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

9.5. Effect of acceptance

- (a) By accepting the Offer in accordance with Section 9.4, you will have:
 - (i) accepted this Offer in respect of all of your Royalco Shares;
 - (ii) agreed to transfer your Royalco Shares to Fitzroy (subject to this Offer and the contract resulting from your acceptance of it becoming unconditional);
 - (iii) represented and warranted to Fitzroy that your Royalco Shares will at the time of acceptance of this Offer and at the time of their transfer to Fitzroy be fully paid up and that Fitzroy will acquire good title to and beneficial ownership of your Royalco Shares free from all encumbrances and other adverse third party interests of any kind;
 - (iv) on the Offer or the contract resulting from your acceptance of the Offer becoming unconditional, irrevocably appointed Fitzroy and each of its directors, secretaries and officers severally as your attorney to do all things which you could lawfully do in relation to your Royalco Shares or in exercise of any right derived from the holding of such Royalco Shares, including without limitation:
 - (A) attending and voting at any general meeting of Royalco;
 - (B) notifying Royalco that your address in the records of Royalco for all purposes including the dispatch of notices of meeting, annual reports and dividends should be altered to an address nominated by Fitzroy; and
 - (C) doing all things incidental and ancillary to any of the above.

This appointment terminates on the registration of Fitzroy as the registered holder of your Royalco Shares.

Fitzroy must indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might otherwise be incurred or undertaken as a result of the exercise by an attorney of any powers under this Section 9.5;

- (v) agreed that in exercising the powers conferred by the power of attorney under Section 9.5 the attorney may act in the interests of Fitzroy as the intended registered holder and beneficial holder of those Royalco Shares;

- (vi) agreed not to attend or vote in person at any general meeting of Royalco or to exercise or purport to exercise any of the powers conferred on an attorney under Section 9.5;
 - (vii) represented and warranted to Fitzroy that the making of the Offer to you and your acceptance of this Offer is lawful under any Foreign Law which applies to you, to the making of this Offer or to your acceptance of this Offer;
 - (viii) agreed to indemnify Fitzroy and Royalco fully in respect of any claim, demand, action, suit or proceeding made or brought against Royalco and any loss, expense, damage or liability whatsoever suffered or incurred by Fitzroy or Royalco or both Fitzroy and Royalco, in each case as a result of any representation or warranty made by you not being true; and
 - (ix) irrevocably authorised and directed Royalco to pay to Fitzroy or to account to Fitzroy for all dividends and other distributions and entitlements which are declared, paid or made or which arise or accrue after the date of this Offer in respect of the Royalco Shares which Fitzroy acquires pursuant to this Offer, subject to your acceptance of this Offer being validly withdrawn pursuant to section 650E of the Corporations Act or the contract resulting from that acceptance becomes void, to Fitzroy accounting to you for any such dividends, distributions and entitlements received by it.
- (b) By completing, signing and returning the Acceptance Form, you will also have:
- (i) authorised Fitzroy and each of its directors, secretaries, officers, servants and agents severally to complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary for either or both of the following purposes:
 - (A) to make the Acceptance Form an effectual acceptance of this Offer; and
 - (B) to enable registration of the transfer to Fitzroy of your Royalco Shares; and
 - (ii) authorised Fitzroy and each of its directors, secretaries, officers, servants, and agents severally on your behalf to initiate acceptance or instruct your Controlling Participant to initiate acceptance in accordance with Rule 14.14 of the ASX Settlement Operating Rules.
- (c) Fitzroy may at any time in its absolute discretion:
- (i) treat the receipt by it of an Acceptance Form during the Offer Period as a valid acceptance although it does not receive all other documents required by the instructions on the Acceptance Form or any requirements for a valid acceptance have not been complied with; and
 - (ii) where you have satisfied the requirements for acceptance in respect of only some of your Royalco Shares, treat the acceptance as a valid acceptance only in respect of those Royalco Shares.
- (d) In respect of any part of an acceptance treated by Fitzroy as valid, Fitzroy must provide you with the relevant Cash Consideration in accordance with Section 9.6.

9.6. Consideration for your Royalco Shares

- (a) The obligation of Fitzroy to pay to you the Cash Consideration to which you are entitled under the Offer will be satisfied by Fitzroy dispatching or procuring the dispatch to you a cheque made payable to you by pre-paid ordinary mail or, in the case of addresses outside Australia, by pre-paid airmail, to your address as shown on the register of members of Royalco (or such other address as you may notify in writing to Fitzroy).
- (b) Subject to Section 9.6(c) of this Offer, if the contract resulting from your acceptance of this Offer becomes unconditional, Fitzroy will provide the cash consideration to which you are entitled on acceptance of this Offer on or before the earlier of:
 - (i) 1 month after the date this Offer is validly accepted by you or, if this Offer is subject to the Condition when accepted, within 1 month after this Offer or the contract resulting from your acceptance of this Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period.

Under no circumstances will interest be paid on the consideration for the Royalco Shares accepted under this Offer, regardless of any delay in making payment or any extension of this Offer.

- (c) Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):
 - (i) if that document is given with your acceptance, Fitzroy will provide the consideration in accordance with paragraph (b);
 - (ii) if that document is given after your acceptance and before the end of the Offer Period while the Offer is subject to a Condition, Fitzroy will provide the consideration 1 month after the Offer becomes unconditional;
 - (iii) if the document is given after your acceptance and before the end of the Offer Period while the Offer is not subject to the Condition, Fitzroy will provide the consideration 21 days after the document is received; or
 - (iv) if that document is received after the end of the Offer Period, Fitzroy will provide the consideration within 21 days after that document is received.
- (d) If Fitzroy becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give Fitzroy all documents necessary to vest those Rights in Fitzroy or otherwise to give Fitzroy the benefit or value of those Rights. If you do not give those documents to Fitzroy, or if you have received the benefit of those Rights, then Fitzroy may reduce the total amount of cash consideration to which you are otherwise entitled under this Offer by the amount (or value, as reasonably assessed by Fitzroy) of those Rights. For the avoidance of doubt, Fitzroy will not be entitled to deduct the value of any franking credits attaching to any dividends or capital distributions declared or paid by Royalco.
- (e) If, at the time of acceptance of this Offer, any consent, authority or clearance of the Reserve Bank of Australia and/or the Australian Taxation Office is required for you to receive any consideration under this Offer or you are resident in or a resident of a place to which, or you are a person to whom:
 - (i) the Banking (Foreign Exchange) Regulations 1959 (Cth);

- (ii) Part 4 of the Charter of the United Nations Act 1945 (Cth);
- (iii) the Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth);
- (iv) Part 9 of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth);
- (v) any other regulations made under Part 4 of the Charter of the United Nations Act 1945 (Cth);
- (vi) any other law of Australia applies that would make it unlawful for Fitzroy to provide Consideration for your Royalco Shares; or
- (vii) acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive (and you will not be entitled to receive) any consideration under this Offer unless and until all requisite consents, authorities or clearances have been obtained.

9.7. Conditions of the Offer

- (a) This Offer and the contract that results from acceptance of this Offer are each subject to the fulfilment of the following Conditions:
 - (i) **Minimum acceptance:** Fitzroy receives sufficient acceptances to increase its Relevant Interest in Royalco by the end of the Offer Period to or above 90% of the Royalco Shares then on issue;
 - (ii) **Market fall:** the S&P/ASX All Ordinaries Index not closing at a level that is 10% or more below the level of that index at 5.00pm (Sydney time) on the Trading Day immediately prior to the date of the Bidder's Statement and remaining at or below that level for at least two consecutive trading days; and
 - (iii) **No Prescribed Occurrences:** none of the following happens during the period commencing on the Announcement Date and ending on the expiry of the Offer Period (each being a separate Condition):
 - (A) the shares of Royalco or any of the Controlled Entities of Royalco are converted into a larger or smaller number of shares;
 - (B) Royalco or a Subsidiary of Royalco resolves to reduce its share capital in any way;
 - (C) Royalco or a Subsidiary of Royalco:
 - enters into a buy-back agreement; or
 - resolves to approve the terms of a buy-back agreement under sections 257C or 257D of the Corporations Act;
 - (D) Royalco or a Subsidiary of Royalco makes an issue of or grants an option to subscribe for any of its Securities or agrees to make such an issue or grant such an option;
 - (E) Royalco or a Subsidiary of Royalco issues or agrees to issue convertible notes;

- (F) Royalco or a Subsidiary of Royalco disposes or agrees to dispose of the whole or a substantial part of its business or property;
 - (G) Royalco or a Subsidiary of Royalco grants or agrees to grant an encumbrance over the whole or a substantial part of its business or property; or
 - (H) an Insolvency Event occurs with respect to Royalco or a Subsidiary of Royalco.
- (b) Each paragraph and subparagraph of Section 9.7:
 - (i) is and must be construed as a separate Condition; and
 - (ii) subject to the Corporations Act, operates only for the benefit of Fitzroy and any breach or non-fulfilment of such condition may be relied upon only by Fitzroy which may waive (generally or in respect of a particular event) the breach or non-fulfilment of that Condition.
- (c) The Conditions do not prevent a contract to sell your Royalco Shares resulting from your acceptance of this Offer but:
 - (i) breach of a Condition entitles Fitzroy to rescind that contract by notice to you; and
 - (ii) non-fulfilment of a Condition at the end of the Offer Period will have the consequences set out in this Section 9.7.
- (d) Where an event occurs that would mean at the time the event occurs a Condition to which this Offer or the contract resulting from your acceptance of this Offer is then subject would not be fulfilled, each paragraph of the Condition in Section 9.7 affected by that event becomes two separate Conditions on identical terms except that:
 - (i) one of them relates solely to that event; and
 - (ii) the other specifically excludes that event.

Fitzroy may declare the Offer free under Section 9.7 from a Condition without declaring it free from the other and may do so at different times.
- (e) Subject to the Corporations Act, Fitzroy may declare this Offer and any contract resulting from acceptance of this Offer free from a Condition by giving written notice to Royalco not later than 3 business days after the end of the Offer Period.
- (f) The date for giving the notice on the status of the Conditions as required by section 630(1) of the Corporations Act is [insert] 2020 (subject to extension in accordance with the Corporations Act) if the Offer Period is extended.
- (g) Your acceptance or the contract resulting from your acceptance of this Offer is void if:
 - (i) at the end of the Offer Period any of the Conditions in Section 9.7 is not fulfilled; and
 - (ii) Fitzroy has not declared this Offer and any contract resulting from the acceptance of it free of the Conditions in accordance with Section 9.7(e).

9.8. Withdrawal of Offers

- (a) This Offer, if not previously accepted, may be withdrawn by Fitzroy, but only with ASIC's written consent (which consent may be given subject to any conditions which may be imposed by ASIC).
- (b) Subject to ASIC's consent (and any conditions imposed by ASIC), withdrawal of this Offer may be effected by written notice from Fitzroy given to Royalco.
- (c) Subject to any conditions imposed by ASIC on its consent, where Fitzroy withdraws this Offer, if not previously accepted, this Offer automatically becomes incapable of acceptance.

9.9. Variation

Fitzroy may vary this Offer in accordance with the Corporations Act.

9.10. Stamp duty

Fitzroy must pay all stamp duty payable on the transfer of your Royalco Shares to it if you accept this Offer.

9.11. Governing law

This Offer and any contract that results from your acceptance of this Offer are governed by the laws in force in NSW.

This Offer is dated [insert] 2019.

10. Definitions and interpretation

10.1. Definitions

The following defined terms are used throughout this Bidder's Statement unless the context otherwise requires. These terms are used throughout this Bidder's Statement.

Acceptance Form	The acceptance form for the Offer accompanying this Bidder's Statement.
Announcement Date	The date on which the Offer was announced to ASX, namely 14 November 2019.
ASIC	Australian Securities & Investments Commission.
Associate	Has the same meaning given to that term in section 9 of the Corporations Act
ASX	ASX Limited (ACN 008 624 691) or the market it administers being Australian Securities Exchange (as the context requires).
ASX Settlement	ASX Settlement Pty Limited (ACN 008 504 532).
ASX Settlement Operating Rules	The operating rules of the settlement facility provided by ASX Settlement.
Bidder's Statement	This document, being the statement made by Fitzroy under Part 6.5 Division 2 of the Corporations Act.
Board	The board of Directors of Fitzroy.
Broker	A person who is a share broker and participant in CHESS.
Business Day	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.
CGT	Capital gains tax.
CHESS	The Clearing House Electronic Subregister System which provides for the electronic transfer, settlement and registration of securities in Australia.
CHESS Holding	A holding of Royalco Shares on the CHESS subregister of Royalco.
Condition	Each condition set out in Section 9.7.
Controlled Entity	Has the meaning given to that word in the Corporations Act.
Controlling Participant	Has the meaning given in the ASX Settlement Operating Rules.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).

Director	A director of Fitzroy.
Fitzroy	Fitzroy River Corporation Limited (ACN 075 760 655).
Governmental Agency	Any government, semi-government, administrative, fiscal, judicial or regulatory body, department, commission, authority, tribunal, agency or entity.
GST	Goods and services tax.
Insolvency Event	Means with respect to Royalco or a Subsidiary, an event referred to in section 652C(2) of the Corporations Act.
Listing Rules	The listing rules of ASX.
Offer	The offer as set out in Section 9 of this Bidder's Statement (or, if the context so requires, Section 9 of this Bidder's Statement itself) and includes a reference to that offer as varied in accordance with the Corporations Act.
Offer Period	The period for which the Offer remains open as set out in Section 9.
Offer Price	24 cents per Royalco Share.
Offers	The Offer and each of the other offers made in the same terms for Royalco Shares and includes a reference to those offers as varied in accordance with the Corporations Act.
Official List	The official list of entities that ASX has admitted and not removed.
PPSA	<i>Personal Property Securities Act 2009</i> (Cth). <ul style="list-style-type: none"> (a) the PPSA and any regulation made at any time under the PPSA, including the PPS Regulations (each as amended from time to time); and (b) any amendment made at any time to any other legislation as a consequence of a law or regulation referred to in paragraph (a).
PPSR Regulations	<i>Personal Property Securities Regulations 2010</i> (Cth).
Prescribed Occurrence	The events referred to in Section 652C(1) and (2) of the Corporations Act.
Royalco	Royalco Resources Limited (ACN 096 321 532).
Royalco Share	A fully paid ordinary share in the capital of Royalco.
Royalco Shareholder	A registered holder of Royalco Shares.
Relevant Interest	Has the meaning given in sections 608 and 609 of the Corporations Act.

Rights	All accretions, rights or benefits of whatever kind attaching to or arising from Royalco Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared or paid by Royalco or any of its Subsidiaries.
Security	Has the meaning as given in section 92 of the Corporations Act.
Security Interest	Any: <ul style="list-style-type: none"> (a) "security interest" as defined in the PPS Law; (b) security for payment of money, performance of obligations or protection against default (including a mortgage, bill of sale, charge, lien, pledge, trust, power or title retention arrangement, right of set-off, assignment of income, garnishee order or monetary claim and flawed deposit arrangements); (c) a thing or preferential interest or arrangement of any kind giving a person priority or preference over claims of other persons or creditors with respect to any property or asset, <p style="margin-left: 40px;">and includes any agreement to create any of them or allow them to exist.</p>
Subsidiary	Has the meaning given in the Corporations Act.
Trading Day	Has the meaning given in the ASX Listing Rules.
Voting Power	Has the same meaning given to that term in section 610 of the Corporations Act.
VWAP	Volume weighted average price.

10.2. Interpretation

In this Bidder's Statement, unless the context requires otherwise:

- (a) a reference to a word includes the singular and the plural of the word and vice versa;
- (b) a reference to a person in this Bidder's Statement or any other document or agreement includes its successors and permitted assigns;
- (c) a reference to a gender includes any gender;
- (d) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;

- (e) a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a Governmental Agency;
- (f) headings are included for convenience only and do not affect interpretation;
- (g) a reference to a document or agreement including this Bidder's Statement, includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
- (h) a reference to a thing includes a part of that thing and includes but is not limited to a right;
- (i) the terms included, including and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- (j) a reference to a statute or statutory provision includes but is not limited to:
 - (i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
 - (ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
 - (iii) subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
- (k) reference to \$, A\$, Australian Dollars or dollars, c or cents is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia; and
- (l) a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.

11. Approval of Bidder's Statement

This Bidder's Statement has been approved by a resolution of the Directors of Fitzroy.

Dated 21 November 2019

Signed for and on behalf of Fitzroy River Corporation Limited



Malcolm McComas
Chair