

Quarterly Activities Report (Quarter ended 30 June 2020)

Highlights:

- **Highlights in relation to Capital Management**
 - Agreement to extend the term of the outstanding loan facility of \$3.5m to mature on 14 November 2021.
- **Highlights in relation to Canning Basin Royalties**
 - Buru Royalties
 - Total royalties for the 12 months to 30 June 2020 of \$252,436; and
 - Subsequent to quarter's end, receipt of a royalty of \$28,961 for the June quarter.
 - EP371 – Canning Basin
 - Black Mountain Exploration is planning to undertake an extensive evaluation of the unconventional gas resources on EP 371 (formerly held by Buru).
- **Highlights in relation to other Royalties:**
 - Fitzroy's 1% Weeks Royalty Interest
 - Total royalties for the 12 months to 31 March 2020 of \$672,184.
 - Royalty payment of \$105,866 for the quarter ended 31 March 2020.
 - Silver Mines' Bowden's Royalty
 - Submission of Development Application and EIS by Silver Mines.
 - Blackwater Gold Royalty
 - On 10 July, post the end of the quarter, Federation Mining announced that it is in advanced discussions with a large Australian investor with plans to register this funding proposal with the New Zealand Overseas Investment Office later this month. If approved, this funding would allow Federation Mining to undertake the next stage of development of the Blackwater gold deposit.
- **Highlights in relation to Exploration Permits and Production Licences relating to Buru Royalty**
 - Ungani Oilfield production for the quarter of ~112,000 bbls (gross) at a daily rate of ~1,230 bopd;
 - Oil sales for the quarter of ~77,000 barrels (gross) from a lifting in May;
 - Oil production continuing with the most recent lifting in mid-July and the next lifting scheduled for early October;
 - Buru's comprehensive review of its Canning Basin exploration portfolio continuing; and
 - Strong interest continues to be shown in the current farmout process for the Company's exploration areas.
- **Byron Energy**
 - No material adverse impact on production or construction due to COVID-19 outbreak during the quarter;
 - Sound balance sheet with no pressing loan repayments following recent A\$27.6m capital raising before costs; and
 - Post quarter's end, drilling rig arrived at SM58 for completion operations and with first production from the SM58 G1 well expected by 1 September 2020.
- **COVID-19 Impacts**
- Notwithstanding a recent recovery on global oil prices, Fitzroy notes that there is likely to still be significant impact to its royalty receipts as a result of the oil price changes, due to:
 - any interruption to or suspension of production by Buru or on the Weeks Royalty; and
 - An expected decline in royalty receipts depending on the share of sales that are hedged or contracted. A decline in the A\$ exchange rate would partially offset any decline which, at this stage, cannot be forecast or quantified.

Fitzroy River Corporation Ltd (**Fitzroy, FZR or Company**) is pleased to report on its activities during the quarter ended 30 June 2020.

1. Summary of Announcements during the June Quarter:

Date:	Announcement:
6 April	Extension of Loan Facility
29 April	Quarterly Cashflow Report
29 April	Quarterly Activities Report

Table 1: Summary of ASX releases on the ASX Fitzroy Platform during the June Quarter.

2. Extension of Loan Facility:

On 6 April, Fitzroy announced that the outstanding balance (\$3.5m) of the \$5.0m loan facility particularized in section 5.4 of the Company's Bidder's Statement dated 21 November 2019 and in the Company's Half Year Accounts (refer notes 6 and 11) has been extended on the same terms for a further period to 14 November 2021. The extension is a good outcome to fund Fitzroy through the current volatile commodity markets and the COVID-19 pandemic.

3. Canning Basin Royalties:

3.1 Buru Royalty:

During the quarter, Fitzroy received a royalty of \$98,789 from Buru in respect of two separate liftings in the March quarter and subsequent to the end of the quarter, Fitzroy received a royalty of \$28,961 from Buru for a lifting of oil totalling ~77,000 bbls in May. Fitzroy will also receive a royalty payment in October from a lifting of ~75,000 in mid-July and notes Buru's announcement that the next lifting is expected to be in early October.

In its Quarterly Activities Report released to the ASX on 22 July 2020 Buru announced a number of key developments as follows:

- Strong interest continues to be shown in the current farmout process;
- The comprehensive review of the Canning Basin exploration portfolio is continuing;
- Planning for a 2021 work program to include a nominal three well drilling program and an extensive regional and prospect scale seismic program is underway; and
- New company activity in the Canning is expected to have positive benefits for Buru and the Canning Basin.

Buru also reported the following progress on production and exploration.

3.1.1 Ungani Oilfield Production – L20/L21:

Buru's production during the quarter was ~112,000 barrels (gross). The average rate of production was ~1,230 bopd from Ungani. June quarter production was higher than the March quarter (~88,000 bbls at ~970 bopd) given the usual short term closures associated with the normal west season earlier in the year.

Buru also stated in part that *"...Field operating costs were reduced as far as practicable and with the partial recovery in global crude prices, the JV was able to continue production throughout the quarter. The COVID-19 management protocols also had no material effect on the Company's operational capability...With all currently figured wells online, field production capacity is ~1,100 bopd. Operations are currently underway to install an electric submersible pump (ESP) in Ungani 7 to increase production from the well..."*

3.1.2 Buru Corporate Developments:

Buru announced in its Quarterly Activities Report, that it has no material exploration permit obligations and has deferred all discretionary expenditure including non-essential capital expenditure on the Ungani Oilfield. These measures have ensured the balance sheet remains strong with \$25.4 million in cash and cash equivalents as at 30 June 2020.

In relation to the Yulleroo Gasfield, Buru stated in part *"...the current feasibility studies for the establishment of a major sola precinct at Yulleroo with "gas firming" from unstimulated zones in the current wells will be progressed with the objective of finalising a pre-feed study later in 2020..."*

3.2 EP 371 (Black Mountain):

Black Mountain Exploration, a US private operating company, intends to undertake an extensive evaluation of the unconventional gas resources on EP 371 including drilling a number of wells and undertaking a frac program.

Buru Energy, was the previous operator of EP 371. During that time they undertook extensive fracs on the Valhalla North 1 and Asgard 1 wells prior to undertaking an acreage swap with Mitsubishi Corporation by which Mitsubishi acquired Buru's 50% interest in EP 371. Mitsubishi subsequently sold their 100% interest in the permit to Black Mountain Exploration. This planned program is a welcome and important development. Fitzroy understands that Black Mountain has commenced an application process for 6 wells and subject to approvals would commence drilling in 2022.

Fitzroy has a 2% new well head royalty over EP 371 and will continue to monitor progress on the EP.

4. Other Royalties:

4.1 Fitzroy's 1% Weeks Royalty Interest:

During the quarter, Fitzroy received a royalty as the owner of the Weeks royalty through its wholly owned subsidiary, Royalco¹. The total royalty paid for the quarter ended 31 March 2020 was \$105,866.

4.2 Silver Mines Royalty:

Fitzroy has a 2% Net Smelter Return (**NSR**) reducing to 1% after the receipt of US\$5m, generated from the sale of any silver or other ores, concentrates or other primary, intermediate product or any other mineral substances (**Product**) produced from within EL5920 owned by Silver Mines Limited (**ASX: SVL**).

There have been a number of recent key developments in relation to this project announced by SVL including:

- SVL's announcement on 25 May 2020 that it has submitted its Development Application and associated Environmental Impact Statement (**EIS**) for Bowdens. The EIS is open for public exhibition until 27 July 2020; and
- SVL raising \$12million before costs in May 2020 with SVL's CEO, Anthony McClure, stating at the time:

"...The funds raised under the Placement will be primarily used for the pre-development progression of the Company's flagship Bowdens Silver Mine. Exploration activities over the coming 12 months will include extensional drilling at Bowdens Silver..."

If the Bowden's Silver Project proceeds substantially in line with the assumptions contained within SVL's feasibility study, Fitzroy expects to receive significant receipts from SVL commencing upon production.

4.3 Blackwater Gold Royalty:

4.3.1 Project Funding Progress:

In its business update dated 10 July 2020, Federation Mining announced that that New Zealand's Provincial Growth Fund (**PGF**) committed to a NZ\$15 million loan in December 2019 which required Federation Mining (**Federation**) to secure additional co-funding to finalise and access the PGF funds.

Federation Mining further stated that it is in advanced discussions with a large Australian investor and plan to register this funding proposal with the New Zealand Overseas Investment Office later this month.

¹ Fitzroy's acquisition of Royalco completed in the previous quarter on 14 February 2020.

The funding is not yet finalised or agreed but, if approved, would allow Federation Mining to undertake the next stage of the development of the Blackwater gold deposit near Reefton on the West Coast of New Zealand's South Island.

Planning is well advanced for some site works in coming months including installation of a bridge and completion of civil works for site roads and buildings.

Federation Mining continues to target the commencement of underground tunneling to establish drilling positions before the end of the year and has submitted the necessary plans and notifications to WorkSafe NZ.

Fitzroy has a royalty over the Blackwater Project. However, Federation Mining have an option to purchase the royalty over the Blackwater area at any time until they make a decision to mine EP 40542.

The exercise price for the Option is A\$5m plus GST (if any) inflated for each year from 14 May 1991 to the exercise date based on the mostly recently published value of CPI compared with the value for the quarter most recently published before 14 May 1991. If not exercised, Fitzroy will receive a 1-3% overriding royalty.

5. Investment Highlights:

5.1 Byron Energy Limited:

Fitzroy continues to monitor its investment in Byron Energy Limited (ASX: BYE, Byron or Byron Energy). Fitzroy holds approximately 15.71m shares in Byron Energy. Fitzroy notes the following key points from Byron's "*Oil Risk Management Update*" of 22 April:

- o the curtailment of production to align with previously hedged volumes;
- o SM71 F Platform production has so far been unaffected by COVID-19 events; and
- o Byron has a sound balance sheet with no pressing loan repayments.

Byron also raised A\$29.8m through a placement and Share Purchase Plan during the quarter and announced post quarter's end, the arrival of the drilling rig on location for completion operations with first production from the SM58 G1 well expected by 1 September 2020.

6. Details of Royalties:

6.1 Canning Basin Royalties:

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

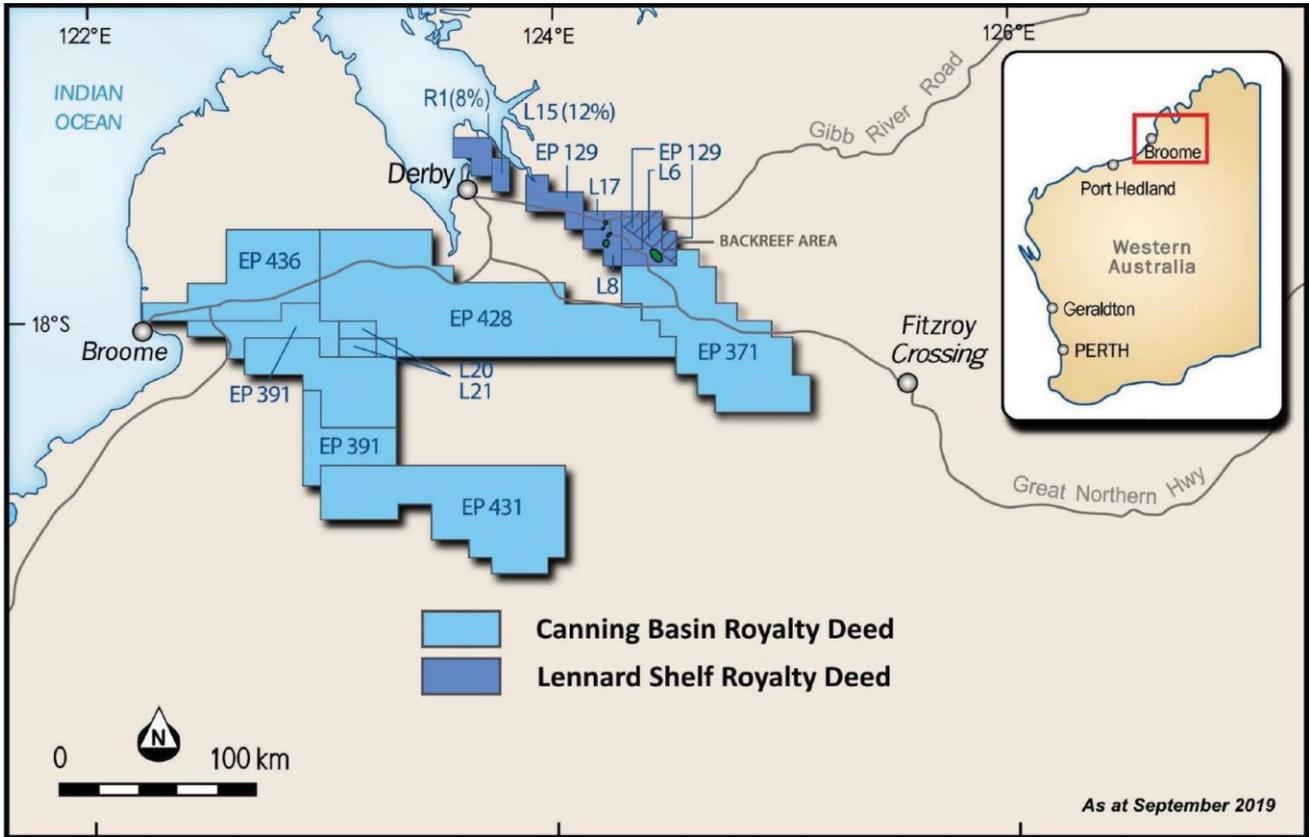


Figure 1: Map of Tenements over which Fitzroy has a royalty.

The map above shows the location of the Company’s Canning Basin royalty interests with the Canning Basin Royalty Deed royalties shown in light blue and the Lennard Shelf Royalty Deed royalties in dark blue.

6.1.1 Canning Basin Royalty Deed:

EP or PL #	Date Issued	Expiry	Area (km2)	Registered Holder
EP 391	1 Feb. 2015	31 Jan. 2024	2,274.7736 (26 blocks)	Buru Energy Limited
EP 371	31 July 2014	30 July 2023	3,663.2577 (45 blocks)	Bennett Resources Pty Ltd (Black Mountain Exploration)
EP 428	31 July 2014	30 July 2023	6,431.9741 (79 blocks)	Buru Energy Limited
EP 431	31 July 2014	30 July 2023	4,211.4604 (52 blocks)	Buru Energy Limited
EP 436	31 July 2014	30 July 2023	2,404.1372 (30 blocks)	Buru Energy Limited
L20	2 July 2015	-	162.7085 (2 blocks)	Buru Energy Limited (50%) Roc Oil (Canning) Pty Limited (50%)
L21	2 July 2015	-	162.6399 (2 blocks)	Buru Energy Limited (50%) Roc Oil (Canning) Pty Limited (50%)

R 1	11 Oct 2016	10 Oct 2022	245.1571 (3 blocks)	Gulliver Productions Pty Ltd ²
L 15	1 April 2010	31 March 2031	163.46 (2 blocks)	Gulliver Productions Pty Ltd ²

Table 2: Schedule of Tenements under the Canning Basin Royalty Deed.

6.1.2 Lennard Shelf Royalty Deed:

EP or PL #	Date Issued	Expiry	Area (km ²)	Held by
EP 129 ³	18 March 2016	17 March 2025	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	81.6 (1 block)	Buru Energy Limited

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

6.2 Other Royalties:

Schedule of royalty interests held through the Company's wholly owned subsidiary, Royalco Resources Pty Ltd.

PROJECT	OPERATOR	ROYALTY	COMMODITY
Weeks Petroleum	ExxonMobil/Gippsland Basin JV	1% of 2.5%	Hydrocarbons
Reefton-Blackwater	Oceana Gold Ltd (ASX: OGC)	1-3% ORR	Gold
Sam's Creek	Sandfire Resources Ltd (ASX: SFD)	1% ORR	Gold
Mt Garnet	Consolidated Tin Mines Limited (ASX: CSD)	3% NSR	Zinc, lead, silver
Bowdens	Silver Mines Ltd (ASX: SVL)	1 – 2 % NSR	Silver
LFB (Molong)	Regis Resources Ltd (ASX: RRL)	3% NSR	Gold, copper

Table 4: Schedule of royalty interest held by Fitzroy's wholly owned subsidiary, Royalco.

² Gulliver Productions Pty Ltd is a 100% subsidiary of Rey Resources Limited (ASX: REY).

³ Fitzroy is monitoring the activities on the 'Backreef Area' of EP 129 and L6, particularly those of Emperor Energy Ltd (ASX: EMP) (formerly Oil Basins Ltd). It is understood that Buru holds 100% of the Backreef Area on trust for Emperor Energy Ltd due to the completion of the drilling of the East Blina-1 well on 31 October 2012 in accordance with the 'Backreef Play Agreement' dated 30 October 2008. Fitzroy is currently in negotiations with Buru regarding the terms of a deed of covenant proposed to be entered into by the beneficial owners of the Backreef Area, to support Fitzroy's royalty interest. Until such time as a deed of covenant is executed, the contractual relationship governing the 3% royalty obligation (which is registered against EP 129 and L6) is between Fitzroy and Buru alone.

7. **Information Pursuant to Listing Rule 5.4.3 and 5.3.5:**

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.

In accordance with ASX Listing Rule 5.3.5 and as noted in section 6 of the Appendix 5B, payments of \$50,000 were made during the quarter comprising Non-Executive Director and company secretarial fees. No other payments were made to any related parties or their associates of the entity.

8. **Events Subsequent to the Quarter:**

This quarterly activities report has been approved for release by the full Board of Fitzroy River Corporation Limited. Contact details regarding this announcement:

Malcolm McComas – Chairman

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Dated: 30 July 2020

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.