

Quarterly Activities Report (for the Quarter ended 31 December 2012)

Fitzroy River Corporation Ltd ('Company' or 'FZR') reports on the activities of the Company during a busy and important 3 months for the Company. The Company is pleased with progress during the Quarter, particularly since the Company's AGM held on 26 November 2012.

The Company holds royalty interests in 12 permits in the Canning Superbasin and holds just over 25% of the shares in European Gas Ltd, a gas exploration company based in Europe.

FZR management's main activities are as follows:

- Company routine operations & reporting as an ASX listed company
- Contract maintenance with Buru, Mitsubishi and others
- Title maintenance (ensuring royalty dealings are and remain registered under Section 75 of the Petroleum and Geothermal Energy Resources Act against relevant permits)
- Monitoring activities across all 12 royalty permits and at EGL UK
- Royalty collection
- Review of existing and new investments

A) Canning Superbasin (Western Australia)

FZR holds royalty interests in 12 permits in the Canning Superbasin via 2 separate Royalty Deeds. The approach in this section A) of the report is to explain activities by topic, rather than by permit, having regard to management's main activities as outlined above.

EP 391, EP 431, EP 436 (2% Royalty on 100% participation interest)

These 3 Permits are held 50% by Buru Energy Ltd ('Buru') and 50% by Diamond Resources (Fitzroy) Pty Ltd ('DRF', a wholly owned subsidiary of Mitsubishi Corporation ('Mitsubishi')). During the previous Quarter, a Deed of Assignment and Assumption ('DAA') was signed, which makes DRF responsible, as to 50%, for the obligations and liabilities under the 26 August 2006 Royalty Deed. Mitsubishi has guaranteed to the Company the performance of DRF's obligations. The effective date of DRF's assumption of responsibility is 30 November 2010.

The DAA, which is dated 7 September 2012, was registered against these 3 Permits on 13 December 2012.

These 3 Permits are 3 of the 5 initial Petroleum Titles under the Natural Gas (Canning Basin Joint Venture) Agreement 2012 executed during the Quarter and dated 7 November 2012 (which is a State Agreement awaiting ratification by an Act of Parliament). This is discussed further below.

EP 371, EP 390, EP 428 (2% Royalty on 100% participation interest)

These 3 Permits are held 50% by Buru and 50% by Diamond Resources (Canning) Pty Ltd ('DRC', a wholly owned subsidiary of Mitsubishi). During the previous Quarter, a Deed of Assignment and Assumption ('DAA') was signed, which makes DRC responsible, as to 50%, for the obligations and liabilities under the 26 August 2006 Royalty Deed. Mitsubishi has guaranteed to the Company the performance of DRC's obligations. The effective date of DRC's assumption of responsibility is 30 November 2010.

The DAA, which is dated 7 September 2012, was registered against these 3 Permits on 13 December 2012.

Two of these 3 Permits (EP 371 (R1) and EP 428) are 2 of the 5 initial Petroleum Titles under the Natural Gas (Canning Basin Joint Venture) Agreement 2012 executed during the Quarter and dated 7 November 2012 (which is a State Agreement awaiting ratification by an Act of Parliament). This is discussed further below.

EP 391 (2% Royalty on 100% participation interest)

The Company continues to monitor the Ungani Field extended production test being conducted, and associated periodic announcements that are made, by Buru. The next Ungani royalty payments are expected to be received by the Company from Buru and from DRF/Mitsubishi in late January 2013 in respect of production during the Quarter.

The total amount paid to the Company and received during the Quarter from Buru and DRF in respect of Ungani production (during the previous quarter) was \$28,180. For further details regarding calculation of this royalty please refer to the Company's announcement of 2 October 2012.

EP 431 (2% Royalty on 100% participation interest)

During the Quarter ended 30 June 2012, a Deed of Indemnity was entered into which has the effect of Buru indemnifying the Company against any liability or loss in connection with a Native Title and Heritage Protection Agreement relating to EP 431 ('Heritage Agreement') and for the period since 26 August 2006.

The Heritage Agreement (relating to the Ngurrara native title holders) dates from July 2003 and primary negotiations with the Kimberly Land Council Aboriginal Corporation concerning it and exploration on EP 431 have been assumed by Buru. The Company continues to review the matter.

Since 26 August 2006, Arc Energy Pty Ltd ('Arc') has covenanted with the Company to be bound by and be entitled to all the provisions of the Heritage Agreement in the place of FZR. Arc transferred EP 431 to Buru in August 2008. As indicated above, EP 431 is now 50% owned by DRF.

EP 428, EP 436 (2% Royalty on 100% participation interest)

During the Quarter, the Company executed a Deed which removes it from any contingent obligation to make so-called 'Discovery Payments' in the event of hydrocarbon discoveries on EP 428 and EP 436.

Negotiations have run for a long time to remove the Company from the contractual matrix in connection with any obligation (dating back to March 2004) to make certain 'Discovery Payments' to certain third parties in the event of hydrocarbon discoveries on EP 428 and EP 436 which are proven to be commercial and with an initial production of over 260 BOEPD. Since June 2006, Arc has agreed with the Company to assume the obligation to make any Discovery Payments to the third parties and to indemnify the Company in that regard.

The Company is pleased to advise that the Deed, which is dated 19 December 2012, has now been signed by 8 different parties (including FZR) and it provides that Buru, DRC and/or DRF will directly assume all the ongoing obligations to make any Discovery Payments to the third parties.

FZR's ongoing royalty interest in EP 428 and EP 436 is not affected by this Deed.

Retention Lease R1 and EP 104 (2% Royalty on 8% participation interest)

The Company continues to monitor activities by the EP 104 and R1 joint venture participants. The Company's 8% participating interest in EP 104 and R1 was sold together with various other Canning Basin Assets in 2006.

Changes to the EP 104 joint venture are expected during the next Quarter.

Production Licence L15 (2% Royalty on 12% participation interest)

During the Quarter the Company progressed (with Buru) getting its royalty interest formally registered against the title to this relatively new Production Licence. The dealing was registered on 31 October 2012 (during the Quarter).

The Company continues to monitor activities by the L15 joint venture participants.

Royalty (3% of Well Head value (net)) over EP129 and L6 and L8

Blina oil field royalties continued to be received by the Company from Buru on a monthly in arrears basis during the Quarter.

The Company is monitoring the activities on the Backreef Area of L6 and EP129, particularly those of Oil Basins Ltd.

Exploration, development and production activities

The Company has not had any direct activities of this nature during the Quarter.

B) Other Projects and Assets & Corporate Matters

Name Change

The Company's name change from European Gas Ltd to Fitzroy River Corporation Ltd took effect under section 157 of the Corporations Act 2001 on 29 November 2012.

ASX trading in the Company's fully paid shares under the new ASX Code of FZR began on 3 December 2012.

Capital Gains Treatment of disposal of shares in EGL UK in July 2012

In the Company's quarterly activities report for the 3 months ended 30 September 2012, the Company stated that the Company's new management is reviewing the capital gains tax treatment of the disposal of the shares it held in the England and Wales company European Gas Limited ('EGL UK'). That review was completed during the Quarter.

The Company at 30 June 2012 had carry forward capital losses (for tax purposes) of approx. \$29.3 million. On 26 July 2012, the Company bought back approx. 221.6 million shares in itself. After allowing for an Active Foreign Business Asset Percentage ('AFBAP') reduction of just under 80%, the capital gain to the Company from the disposal of the shares in EGL UK has recently been calculated to be \$9.25 million, with the COT test satisfied, leaving approx. \$20 million in capital losses carried forward. In addition, the Company at 30 June 2012 had a small amount (under \$100,000) of carry forward revenue losses for tax purposes. In order to recoup these carried forward losses, the Company would need to satisfy the continuity of ownership test (COT) or the same business test (SBT). There can be no assurance that either of these tests will be satisfied by FZR in the future.

Creditors' Claims Paid

Late in the Quarter, the Company's new management settled 2 long-standing creditor claims against the Company. One related to professional services provided to the Company during the financial year ended 30 June 2011, and the other related to financial services provided to the Company during and after the Company's capital raising during calendar 2011. Payments of \$35,000 and £20,300 (respectively) have recently been made in full and final settlement of these creditor claims.

As indicated in the Company's quarterly activities report for the 3 months ended 30 September 2012, the Company continues to have the benefit of a Deed of Indemnity from EGL UK with an effective date of 1 May 2012 relating to various 'Covered Obligations' (as defined), including any expenses incurred by the Company during the period 1 July 2010 up to 1 May 2012 which were known as at 1 May 2012 but were yet to be paid, and costs in relation to the recent restructuring of the Company and group. The Deed was entered into in

expectation of EGL UK ceasing to be an entity controlled by the Company as a result of the buy-back completed in July 2012.

The Company anticipates making a claim under the Deed of Indemnity in respect of these settled creditor claims.

Natural Gas (Canning Basin Joint Venture) Agreement Bill 2012

The Company notes the progress of the Natural Gas (Canning Basin Joint Venture) Agreement Bill 2012 (WA). That Bill's purpose is stated as being to ratify, and authorise the implementation of, a so-called 'State Agreement' between the State of Western Australia and Buru, DRF, DRC and Mitsubishi relating to the evaluation, development and exploitation of natural gas resources in the Canning Basin region of WA, and for incidental and other purposes. The Bill reached the Second Reading stage in the WA Legislative Assembly on 15 November 2012.

The State Agreement referenced in that proposed legislation is called the Natural Gas (Canning Basin Joint Venture) Agreement 2012 and is dated 7 November 2012. It has not yet taken full legal effect as the Bill has not yet become law.

The Joint Venturers that are parties to the Agreement (Buru, DRF and DRC (as defined above)) are stated to be the registered and beneficial holders of the 5 petroleum exploration permits as listed in the Schedule to the Agreement and granted under the Petroleum and Geothermal Energy Resources Act 1967 (WA). Those 5 'Petroleum Titles' (as defined in the Agreement) are the initial Petroleum Titles for the purposes of the Agreement and the Company is pleased to note that they comprise 5 (out of the 9) Permits covered by the Company's Royalty Deed dated 26 August 2006 (refer above).

The Agreement states that the Joint Venturers are actively exploring the Title Areas for petroleum including for the purposes of: (a) evaluating the technical and economic viability of the natural gas resources within the Title Areas (which areas are prospective for both conventional and unconventional resources); and (b) proving up sufficient reserves of natural gas to underpin the establishment and sustained operation of firstly the Domgas Project (as defined in the Agreement) and secondly the production of liquefied natural gas for export to overseas purchasers. The 'Title Areas' referred to in these provisions are the areas which from time to time during the continuance of the Agreement are the subject of the 'Petroleum Titles' (see above).

The 'Domgas Project' is defined in the Agreement to mean the treatment of natural gas obtained from within the Title Areas (and possibly from other areas) to produce Domgas (being natural gas for delivery and use in Western Australia) and possibly condensate, and the conveyance of Domgas through the 'Domgas Project Pipeline' into the domestic gas pipeline network and all related activities for that purpose.

The Company will continue to monitor the intended commencement and operation of the State Agreement based on publicly available information and announcements by Buru.

EGL UK Shareholding

The Company remains (to its knowledge) the largest registered shareholder in EGL UK at 75.657M shares, or 25.45% of its approx. 297M issued shares. The Company is evaluating this investment.

Agreements with EGL UK

There are a number of contractual links between the Company and EGL UK or its European subsidiaries that remain in existence. The Company continues to review its position under these contracts and there are no material issues reportable as at the end of the Quarter.

No planned significant changes to nature or scale of activities

The Company's Prospectus dated 4 June 2012, in preparing for the shareholder approved disposal of the Company's then main undertaking, stated that the Board did not currently have any plans for developing operations in Australia over the next 12 months. It went on to state that: "However, it wishes to maintain the Company's ASX listing in order to keep the Company's options open in the event that any opportunities arise in the future. If any potential opportunities arise in Australia or if any favourable opportunities arise to acquire unconventional oil and gas assets in Australia, a listed vehicle is likely to be needed. However, the Board is not currently considering or pursuing any opportunities."

The Board is currently reviewing the operational, business and investment strategy of the Company but is not looking to make a significant change to the Company's current Australian activities (in either nature or scale) in a manner that may have been anticipated by the above statement made in June 2012, before the results of the Company's buy-back.

Share Capital

On 26 July 2012 the Company cancelled 221,615,657 ordinary shares in its share capital as a result of the buy-back. As a result of this large buy-back, the Company now has approx. 75.6M shares, or around ¼ of the number of shares it previously had, on issue.

On or before 31 December 2012, all of the Company's remaining issued options lapsed or expired unexercised.

Financial Reporting Currency

The Company is taking steps to present its upcoming statutory half-yearly report (for the period ending 31 December 2012) in Australian dollars as the presentation currency instead of euro, as the Company's functional currency has become the Australian dollar since the completion of the buy-back. The Appendix

5B for the previous Quarter (ended 30 September 2012) adopted Australian dollars for its presentation currency.

Board Changes

At the Annual General Meeting held in Brisbane on 26 November 2012, the Company's shareholders considered the financial reports, approved the Remuneration Report and approved the Company's change of name. However, Mr Julien Moulin was not re-elected as a director as resolution 2 was not passed. Details of the voting were advised to the market on that date. At a board meeting after the AGM, the Board invited Mrs Susan Thomas, a substantial shareholder in the Company, and Mr Malcolm McComas, an experienced company director to join the Board as directors. The Board also elected Mr McComas as its new Chairman. For further details, see the announcement of 26 November 2012.

Balance Sheet

The Company has been reviewing the various items on its balance sheet in anticipation of shortly publishing its first Company-only balance sheet (statement of financial position) in several years, as it no longer has any any controlled entities.

Sebastian Hempel, Executive Director

Sydney, 9 January 2013