

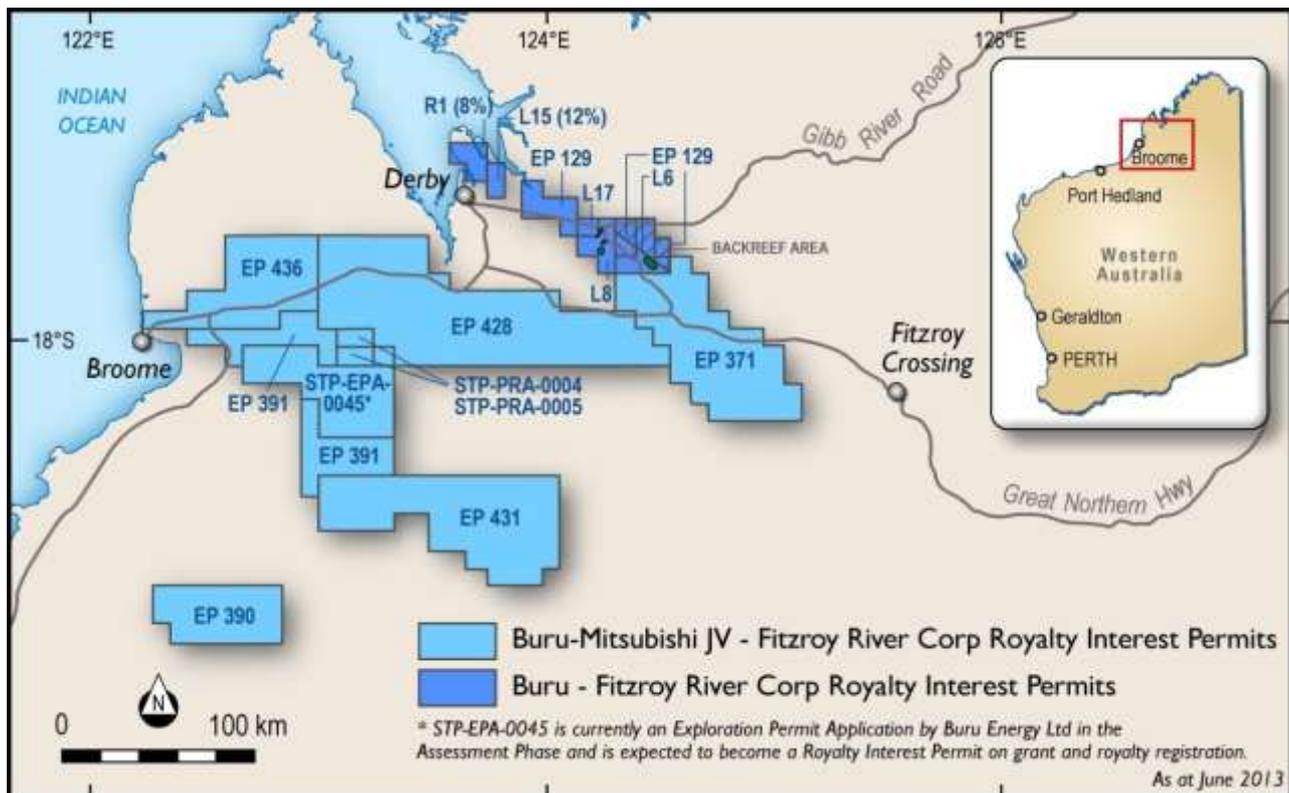
## Quarterly Activities Report (for the Quarter ended 30 June 2013)

Fitzroy River Corporation Ltd ('Fitzroy') reports on its activities during the 3 months ended 30 June 2013.

Fitzroy holds royalty interests in several permits in the Canning Basin (via 2 separate Royalty Deeds) and holds just over 25% of the shares in European Gas Ltd ('EGL UK'), an unconventional gas exploration company based in Europe.

### A) Canning Basin Royalty - Canning Basin (Western Australia)

The map below shows the location of all of the royalty interests, including those under the Canning Basin Royalty.



The Canning Basin Royalty has the potential to become a very important income producing asset of Fitzroy.

#### **EP 391, EP 431, EP 436, EP 371, EP 390, EP 428 (2% Royalty on 100% participation interest)**

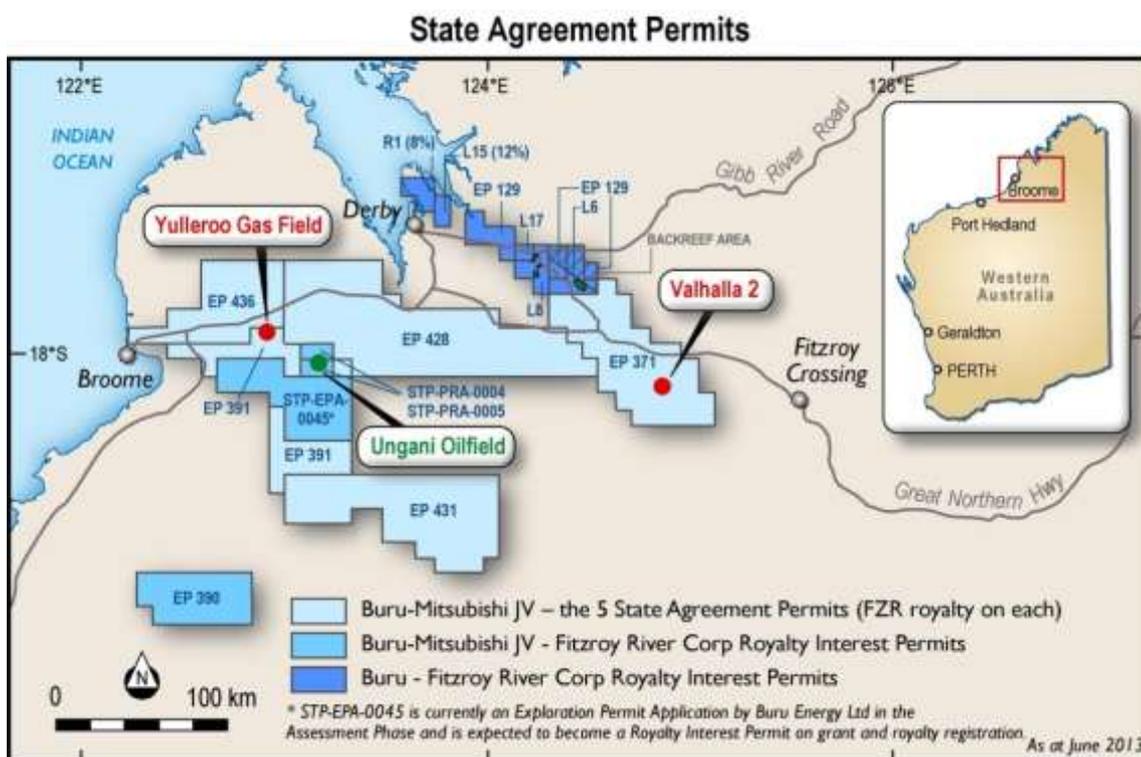
These 6 Permits are held 50% by Buru Energy Ltd ('Buru') and 50% by either Diamond Resources (Fitzroy) Pty Ltd ('DRF'), or Diamond Resources (Canning) Pty Ltd ('DRC'), both of which are wholly owned subsidiaries of Mitsubishi Corporation ('Mitsubishi'). DRF and DRC are each responsible, as to 50%, for the obligations and liabilities under the 26 August 2006 'Canning Basin Royalty Deed' relating to these 6 Permits. Mitsubishi has guaranteed to Fitzroy the performance of DRF's and DRC's obligations.

**Natural Gas (Canning Basin Joint Venture) Agreement Act**

During the Quarter the Natural Gas (Canning Basin Joint Venture) Agreement Act 2013 (WA) was passed and it received Royal Assent on 25 June 2013. That Act’s purpose is stated as primarily being to ratify, and authorise the implementation of, a ‘State Agreement’ dated 7 November 2012 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.

The State Agreement has now taken full legal effect as a result of the Act.

The Joint Venturers that are parties to the State Agreement (Buru, DRF and DRC (as defined above)) are the holders of the 5 petroleum exploration permits listed in the State Agreement. Those 5 ‘Petroleum Titles’ (as defined) are the initial Petroleum Titles for the purposes of the Agreement and Fitzroy is entitled to a production royalty over all 5 of these. The map below shows the location of the State Agreement Permits.



The State Agreement notes 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 State’s aim is to encourage accelerated expenditure by the Joint Venturers in the continuing exploration and evaluation of natural gas resources within the Title Areas. The State Agreement provides for each of the Permits covered by the Agreement to be exempted until 31 January 2024 from the legal requirement to periodically relinquish 50% of the area of the Permits, subject to meeting the exploration, appraisal and development obligations under the State Agreement. There is the opportunity for work programs to be optimised by the flexibility given by the State Agreement to credit gas appraisal work on adjacent Permits against ongoing statutory work commitments.

Fitzroy will continue to monitor and review the operation of the State Agreement based on publicly available information and announcements by Buru.

**Other Buru statements**

Importantly, the royalty permits are considered to be very prospective, as can be shown from the announcements by Buru of oil targets on the Ungani trend (Figure 1) and two gas provinces (Figure 2).

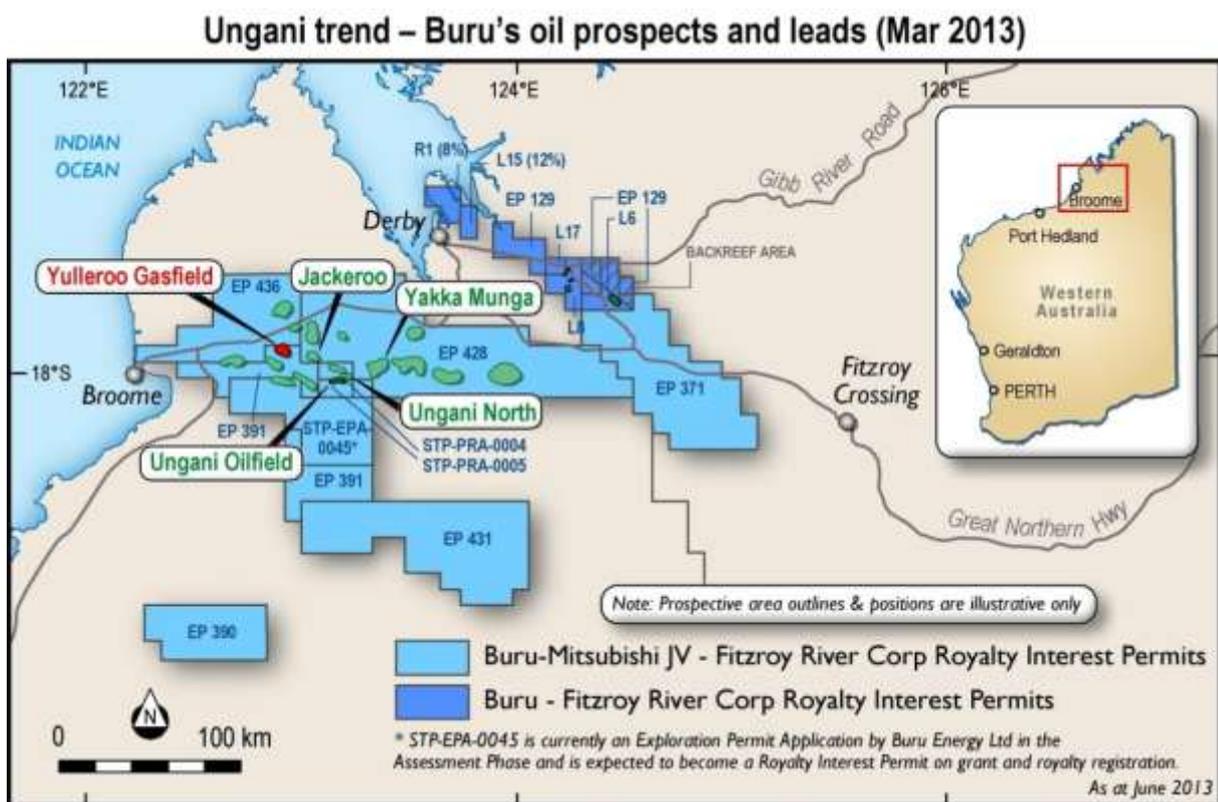


Figure 1

### Yulleroo and Valhalla gas provinces within Laurel Formation (at Aug 2012)

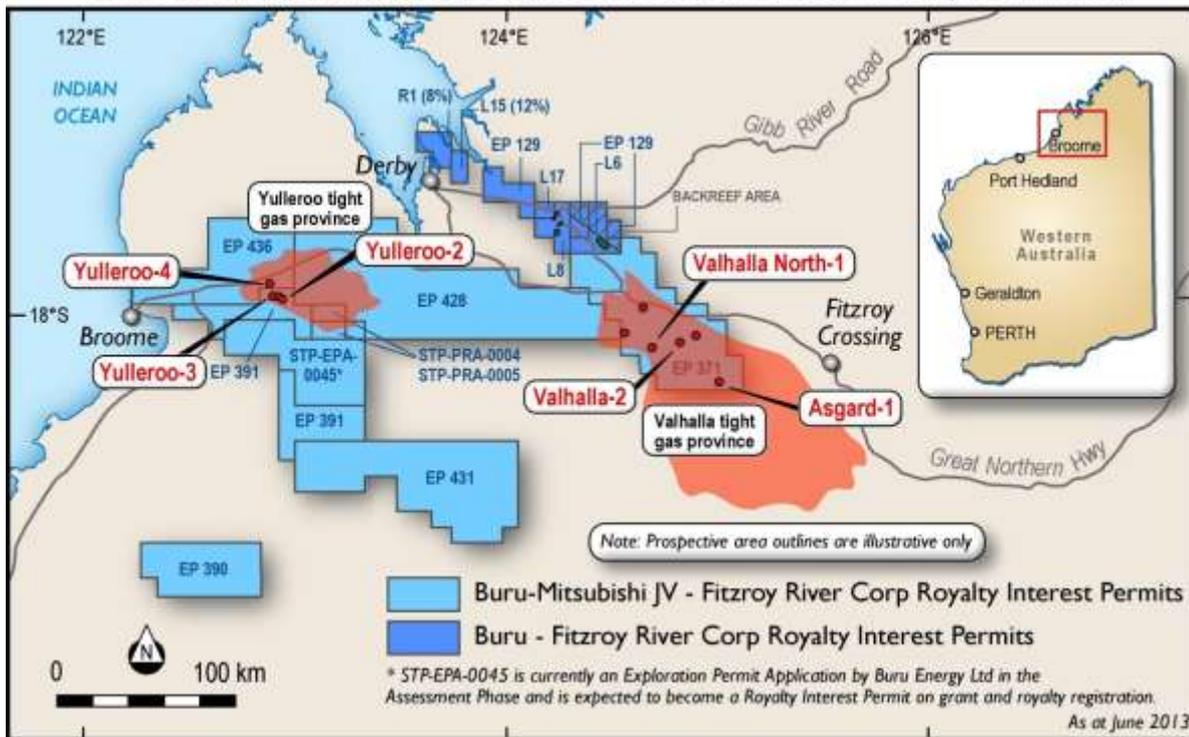


Figure 2

#### **Ungani Field Production Test and near term production - EP 391 (2% Royalty on 100% participation interest)**

The Ungani Field production test commenced in mid-2012 and continued until 24 February 2013. Production was suspended ahead of production logging operations.

On 10 July 2013, Buru announced that it had commenced line clearing operations for an Ungani 3D seismic survey, with data acquisition expected to commence at the end of the month. The Ungani 3D survey will help confirm the oil volumes in the Ungani Oilfield, define optimal locations for development wells, and provide further information on the Ungani North oil discovery. Once the 3D seismic survey is completed, it is planned that the Terrex seismic crew will commence a major 2D seismic program along the Ungani trend.

Buru last publicly released its monthly oil production statistics to the ASX on 19 March 2013. Fitzroy continues to closely monitor relevant announcements concerning the Ungani Field that are made by Buru, particularly regarding steps being taken in aiming for full field production. Fitzroy notes that Buru continues to publicly state that it is targeting production of 5,000 bopd sometime in the first half of 2014.

The total amount Fitzroy received in production royalties during the Quarter in respect of Ungani production was nil, however receipts for the financial year ended 30 June 2013 was \$97,412. For further details regarding calculation of this royalty, which remains under dispute, please refer to Fitzroy's announcement dated 2 October 2012. Fitzroy is committed to resolving this dispute in a timely manner.

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

In late 2012, Fitzroy executed a Deed which removes it from any contingent obligation to make 'Discovery Payments' in the event of hydrocarbon discoveries on EP 428 and EP 436. The Deed provides that Buru, DRC and/or DRF will directly assume all the ongoing obligations to make any Discovery Payments to the third parties. As at Quarter end, the Deed is still in the process of being registered. Fitzroy's ongoing royalty interest in EP 428 and EP 436 is not affected by this Deed.

**Retention Lease R1 (2% Royalty on 8% participation interest)**

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

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

Fitzroy continues to monitor activities by the L15 joint venture participants.

**STP-EPA-0045**

Buru has applied for an Exploration Permit over 25 blocks comprising EPA 0045. Fitzroy believes that if and when it is granted, the EP will be a 'Replacement Permit' referable to EP 391 and therefore Fitzroy's 2% Royalty will apply to it. Fitzroy has advised Buru of this.

**B) Lennard Shelf Royalty - Canning Basin (Western Australia)**

**Royalty (3% of Well Head Value (net)) over EP129 and L6 and L8 production and sales**

No Blina oilfield royalty payments were received by Fitzroy from Buru during the Quarter. Buru advised that there were no sales during the months of March, April and May 2013.

Total royalty revenue received under the 'Lennard Shelf Royalty Deed' dated 5 September 2006 was \$13,390 for the financial year. This compares to royalty revenue received in the previous financial year of \$20,360.

**Backreef Area**

Fitzroy is monitoring the activities on the 'Backreef Area' of L6 and EP129, particularly those of Oil Basins Ltd. It is understood that Buru holds 100% of the Backreef Area on trust for Oil Basins Ltd and other parties due to the completion of the drilling of the East Blina-1 well on 31 October 2012 in accordance with the 'Backreef Play Agreement'. The beneficial interest in the Backreef Area is subject to Fitzroy's royalty interest.

During the Quarter Fitzroy began 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.

### **New Permit L17**

During the Quarter a new petroleum production licence L17 was granted to Buru. L17 is over a single block (block 6275, which was formerly part of EP129) and is dated 10 April 2013. L17 constitutes a 'Replacement Permit' under the Royalty Deed. Fitzroy is now working with Buru to register the Lennard Shelf Royalty against L17 as part of Fitzroy's routine title maintenance activities (ensuring royalty dealings are and remain registered under Section 75 of the Petroleum and Geothermal Energy Resources Act (WA) against relevant permits). This block is not within the 'Backreef Area' of EP 129 (see above).

### **Mitsubishi's Production Option**

Fitzroy has been advised by Buru that the 'Production Option' held by DRF (Mitsubishi's subsidiary) against EP129, L6 and L8 and dating from June 2010 has now expired unexercised.

## **C) Other Projects and Assets & Corporate Matters**

### **Exploration, development and production activities**

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

### **EGL UK Shareholding**

Fitzroy remains (to its knowledge) the largest registered shareholder in EGL UK at 75.657 million shares, or 25.45% of its approx. 297 million issued shares. Fitzroy continues to evaluate this investment. EGL UK is an unlisted private company limited by shares.

Further disclosures regarding EGL UK were made during the previous quarter in Fitzroy's rights issue offer booklet dated 12 February 2013 and in the Fitzroy half yearly report issued on 14 March 2013. On 3 June 2013 Fitzroy released to the ASX a copy of an update letter from EGL UK to its shareholders as of May 2013.

### **Reimbursement payments received**

In Fitzroy's last half-yearly report and the activities report for the quarter ended 31 December 2012, it was stated that the Fitzroy anticipated making a reimbursement claim against its former subsidiary EGL UK under a Deed of Indemnity in respect of certain settled creditor claims.

Fitzroy is advised that following recent claims in relation to the above and other expenses, reimbursement payments totalling approx. \$77,000 were received from EGL UK during the Quarter, and all demands made to date have been resolved. The Deed of Indemnity remains in place.

### **Agreements with EGL UK**

As previously advised, there are a number of contractual links between Fitzroy and EGL UK or its European subsidiaries (and relevant third parties) that remain in existence. Fitzroy continues to review its position

under these contracts. For further details refer to Fitzroy's rights issue offer booklet dated 12 February 2012.

### **Shareholders**

As at 30 June 2013, Fitzroy had 90,788,294 ordinary shares on issue held by 1,122 registered shareholders.

### **Management activities**

Fitzroy management's main activities are as follows:

- Royalty collection
- 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 royalty permits and at EGL UK
- Review of existing and new investments
- Company routine operations & reporting as an ASX listed company

Sebastian Hempel, Executive Director

17 July 2013

### **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 – see below. Statements have been attributed to Buru Energy Ltd where applicable. Petroleum production targets announced by Buru Energy Ltd are also 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 Australian royalty and other assets (as well as its European investment) 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.*