



ENTITLEMENT OFFER 2013

Fully underwritten A\$3.8 million 1 for 5 pro rata renounceable entitlement offer of 15.1 million New Shares at an issue price of A\$0.25 per New Share.

Closing date:
5:00pm AEDT on 8 March 2013

This Offer Booklet is an important document which is accompanied by an Entitlement and Acceptance Form and both should be read in their entirety. This document requires your immediate attention and if you are in any doubt about its contents or the course of action you should take, please contact your professional adviser.

The Offer Booklet is provided for information purposes and is not a prospectus or other disclosure document for the purposes of the Corporations Act. Accordingly, this Offer Booklet does not necessarily contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required to be disclosed in a prospectus or other disclosure document.

An investment in New Shares should be considered speculative.

If you have any questions about your Entitlement to New Shares, please contact:

- your stockbroker or professional adviser; or
- Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) and +61 3 9415 4000 (outside Australia) between 8:30am and 5:00pm (AEDT) Monday to Friday.

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IMPORTANT INFORMATION

The Corporations Act allows listed companies to make a pro rata entitlement offer of securities to existing Shareholders without a disclosure document. The Offer to which this Offer Booklet relates complies with the requirements of section 708AA of the Corporations Act as modified by ASIC Class Orders 07/571 and 08/35. Accordingly, the Offer is made without disclosure under Part 6D.2 of the Corporations Act and this Offer Booklet is not required to be lodged or registered with ASIC. This Offer Booklet is provided for information purposes and is not, and does not purport to be, a prospectus or other disclosure document for the purposes of the Corporations Act. Accordingly, this Offer Booklet does not contain all of the information which would otherwise be required to be disclosed in a prospectus or other disclosure document, and does not necessarily contain all of the information which a prospective investor may require to make an investment decision.

This Offer Booklet is dated 12 February 2013. Neither ASIC nor ASX, nor any of their officers or employees takes responsibility for this Offer or the merits of the investment to which this Offer relates.

As and when the Company becomes aware of information concerning the Company in connection with its Australian royalty and other assets (including its European investment) then the Company intends to comply with its continuous disclosure obligations. Information about specified events or matters that may have some connection with the Company's royalty assets is often being made known or generally available by Buru Energy (ASX Code: BRU) or other listed entities, and other information may consist of readily observable matters. Market participants and any Applicants making or drawing their own deductions, conclusions or inferences from any other company's ASX announcements do so at their own risk.

NOT INVESTMENT ADVICE

You should read this Offer Booklet in its entirety and refer to the announcements and releases made by Fitzroy River to ASX before deciding whether to apply for New Shares. In particular, you should consider the risk factors outlined in Section 4 and consider these factors in light of your personal circumstances, including financial and taxation issues. The information provided in this Offer Booklet is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Fitzroy River is not licensed to provide financial product advice in respect of the New Shares. You should conduct your own independent review, investigation and analysis of the New Shares which are the subject of the Offer. If you are in any doubt as to how to deal with this Offer or have any questions, you should contact your professional adviser without delay. You should obtain any professional advice you require to evaluate the merits and risks of an investment in Fitzroy River before making any investment decision.

OVERSEAS SHAREHOLDERS

The Offer is made only to Eligible Shareholders. This Offer Booklet does not, and is not intended to, constitute an offer, invitation or issue in any place in which, or to any person to whom, it would be unlawful to make such an offer, invitation or issue. This Offer Booklet has not been, nor will it be, lodged, filed or registered with any regulatory authority under the securities laws of any country or jurisdiction. In particular, the New Shares have not been and will not be, registered under the US Securities Act and may not be offered, sold or delivered within the US or to or for the account or benefit of any US Person, except pursuant to applicable exceptions from registration.

Where it is not practical for Fitzroy River to make an offer to Shareholders whose registered address on the Company's share register is in an overseas jurisdiction, having regard to the number of overseas Shareholders, the number and value of the New Shares such Shareholders would be offered, the costs of compliance and the regulatory requirements of the relevant overseas jurisdiction, Fitzroy River has not made offers to Shareholders in that overseas jurisdiction.

Accordingly, Entitlement and Acceptance Forms will not be sent to Shareholders with registered addresses outside of Australia, New Zealand or the United Kingdom.

The distribution of this Offer Booklet and the accompanying Entitlement and Acceptance Form outside of Australia, New Zealand or the United Kingdom may be restricted by law and persons who come into possession of this Offer Booklet and the accompanying Entitlement and Acceptance Form should seek advice on and strictly observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

Return of a duly completed Entitlement and Acceptance Form (or payment for New Shares pursuant to the terms of the Offer) will be taken by Fitzroy River to constitute a representation by the Applicant that there has been no breach of laws in connection with the Applicant's ability to participate in the Offer.

New Zealand investors. The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of Fitzroy River with registered addresses in New Zealand to whom the Offer is being made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand). This Offer Booklet and the Entitlement and Acceptance Form have not been registered, filed or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

UK investors. Neither the information in this Offer Booklet nor any other document relating to the Offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (*FSMA*)) has been published or is intended to be published in respect of the New Shares. This Offer Booklet is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of *FSMA*)) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this Offer Booklet, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) *FSMA*. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 *FSMA*) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) *FSMA* does not apply to the Company.

In the United Kingdom, this Offer Booklet is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members of certain bodies corporate) of the Financial

Services and Markets Act 2000 (Financial Promotions) Order 2005, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

ENTITLEMENTS ARE RENOUNCEABLE

Shareholders should be aware that their Entitlements may have value. The Offer is renounceable, which means that Entitlements may be traded on ASX or otherwise transferred if Eligible Shareholders do not wish to take up some, or all, of the New Shares to which they are entitled. Trading of Entitlements will commence on ASX on 14 February 2013 and is expected to cease on close of trading on 1 March 2013.

Fitzroy River has appointed a nominee to sell the Entitlements of Shareholders who are ineligible (based on their registered address) to participate in the Offer. The net proceeds (if any) of the sale of those Entitlements will be forwarded to those Ineligible Shareholders in due course. Please read this Offer Booklet for further details.

FUTURE FINANCIAL POSITION AND PERFORMANCE

Applicants should note that the past share price performance of Fitzroy River provides no guidance as to its future share price performance.

The Company's unaudited pro-forma statement of financial position as at 31 December 2012 (adjusted for the Offer proceeds) provided in this Offer Booklet in Section 1.5 is for information purposes only and is not in any way a forecast or projection of the financial position expected to occur in future periods. The half-yearly report for the six months ended 31 December 2012 is due under the Listing Rules to be lodged with ASX after the Offer closes. The statement of financial position contained in that half-yearly report may contain differences to the unaudited pro-forma statement of financial position in Section 1.5 as a result of (among other things) the audit review process. The Company's most recent cash flow report covering the 6 month period ended 31 December 2012 was lodged with ASX on 30 January 2013.

Except as required by law, and only then to the extent so required, neither Fitzroy River nor any other person warrants or guarantees the future financial position or performance of Fitzroy River or any return on any investment made pursuant to this Offer Booklet.

FORWARD LOOKING STATEMENTS

Some of the statements appearing in this Offer Booklet may be in the nature of forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. Forward looking statements are subject to many inherent risks and uncertainties before actual outcomes are achieved. Actual outcomes may differ materially from the events, intentions or results expressed or implied in any forward looking statement in this Offer Booklet. None of Fitzroy River, Bell Potter Securities Limited, the persons named in this Offer Booklet or any person involved in the preparation of this Offer Booklet makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any intentions or outcomes expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on

any forward looking statement having regard to the fact that the outcome may not be achieved.

NO REPRESENTATIONS OTHER THAN AS SET OUT IN THIS OFFER BOOKLET

No person (including any Director) is authorised to give any information or make any representation in connection with the Offer other than as contained in this Offer Booklet. Any information or representation in connection with the Offer not contained in this Offer Booklet is not, and may not be relied upon as having been authorised by Fitzroy River or any of its officers.

RESPONSIBILITY FOR OFFER BOOKLET

This Offer Booklet and the enclosed personalised Entitlement and Acceptance Form have been prepared by Fitzroy River.

No party, including Bell Potter Securities Limited or any other parties referred to in this Offer Booklet (other than Fitzroy River), has authorised or caused the issue of this Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in the information in this Offer Booklet. To the maximum extent permitted by law, each of the parties referred to in this Offer Booklet (other than Fitzroy River) expressly disclaims any responsibility for any statements in, or omissions from, this Offer Booklet other than, where applicable, references to its name in the Offer Booklet.

Neither Bell Potter Securities Limited, Bell Potter Nominees Limited, nor any of their respective affiliates, related bodies corporate, directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Offer, nor do they make any representations or warranties to you concerning this Offer, or any such information. You represent, warrant and agree that you have not relied on any statements made by Bell Potter Securities Limited, Bell Potter Nominees Limited and their respective affiliates, relating bodies corporate, directors, officers, partners, employees, representatives or agents in relation to the New Shares or the Offer generally.

DEFINED TERMS

Defined terms and abbreviations used in this Offer Booklet are explained in Section 6.

KEY DATES

EVENT	DATE
Announcement of Offer and lodgement of Appendix 3B and Cleansing Notice with ASX	12 February 2013
Notice of Offer to Shareholders Notice to Shareholders containing Appendix 3B information	13 February 2013
'Ex' date for Entitlements / Entitlements trading period begins	14 February 2013
Record Date The date for determining Entitlements of Eligible Shareholders to participate in the Offer (7:00pm AEDT)	20 February 2013
Offer opens Fitzroy River to send Offer Booklet to Eligible Shareholders including Entitlement and Acceptance Forms	22 February 2013
Entitlements trading period ends Close of trading on ASX	1 March 2013
Deferred settlement trading begins	4 March 2013
Offer closes Last day for receipt of Entitlement and Acceptance Forms (5:00pm AEDT)	8 March 2013
Shortfall notification date	14 March 2013
Shortfall settlement date	18 March 2013
Allotment of New Shares and despatch of holding statements for New Shares	19 March 2013
Normal trading of New Shares begins	20 March 2013

The above timetable is indicative only and subject to change without notice. Fitzroy River reserves the right, subject to the Corporations Act, Listing Rules, the Underwriting Agreement and other applicable laws, to amend any or all of these events, dates and times. In particular, Fitzroy River reserves the right to extend the date for closing of the Entitlement Offer, delay the allotment of New Shares, accept late applications, either generally or in particular cases, or to withdraw the Entitlement Offer without prior notice. Accordingly, Applicants are encouraged to submit their applications as soon as possible after the Entitlement Offer opens. The commencement of quotation of New Shares is subject to confirmation from ASX.

1. KEY INFORMATION

The information set out in this Section 1 is not intended to be comprehensive and should be read in conjunction with the full text of this Offer Booklet.

1.1. OFFER

This Offer relates to an offer of New Shares under a pro rata renounceable entitlement offer. Under the Offer, Eligible Shareholders are entitled to subscribe for one (1) New Share for every five (5) Shares held as at 7:00pm AEDT on the Record Date (20 February 2013), at the Issue Price of A\$0.25.

The Issue Price represents a 23.8% discount to the 10 day volume weighted average price of Fitzroy River shares ending on 11 February 2013 (A\$0.328 per share), and a 26.5% discount to the last closing price of Fitzroy River shares on 11 February 2013 (A\$0.34 per share).

The Offer opens on 22 February 2013, and the Closing Date and time for acceptances and payments is 5:00pm AEDT on 8 March 2013.

The Offer is renounceable, which means that Entitlements may be traded on ASX or otherwise transferred if Eligible Shareholders do not wish to take up some, or all, of the New Shares to which they are entitled. Trading of Entitlements will commence on ASX on 14 February 2013 and is expected to cease on close of trading on 1 March 2013.

The New Shares will rank equally in all respects with, and will otherwise have the same rights as, Fitzroy River's existing Shares.

Further details of the Offer are set out in full in Section 2.

1.2. WHAT YOU NEED TO DO

The number of New Shares to which you are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. You can subscribe for all, or part, of the Entitlement to New Shares specified in the Entitlement and Acceptance Form. See Section 3 for detailed instructions on what you need to do.

1.3. PURPOSES OF THE OFFER AND USE OF PROCEEDS

The Offer is fully underwritten and will result in the issue of approximately 15,131,370 New Shares, raising approximately \$3.8 million (excluding costs relating to the Offer).

The proceeds of the Offer will be used:

- to maintain and progress the Company's existing Australian assets and in particular to fund the maintenance, administration, and other activities concerning the Company's suite of contracts surrounding and including the two Royalty Agreements with Buru Energy;
- to invest in EGL UK if the opportunity arises and to the extent the Board may consider necessary to protect or enhance the value of its investment in that company. EGL UK is a private company incorporated in England and Wales (and a former subsidiary of the Company), which focuses on unconventional hydrocarbon exploration in Europe;

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- to address any potential legacy issues and contingent liabilities concerning the Company and in particular to fund any legal action required in relation to the matters described in Section 1.6 below; and
 - for general working capital purposes, including general listed company expenses.

1.4. EFFECTS OF THE OFFER ON THE CAPITAL STRUCTURE OF FITZROY RIVER

This table shows the number of issued Shares at the date of the Offer and the total number of issued Shares at the close of the Offer:

Ordinary Shares	Number
Issued Shares at the date of the Offer	75,656,848
New Shares offered under the Offer	15,131,370*
Total issued Shares on close of the Offer	90,788,218*

* The number of New Shares to be issued under the Offer, and the total number of issued Shares on the close of the Offer, are necessarily approximate as individual Shareholdings will be rounded up when calculating Entitlements. The Company has no options or other convertible securities on issue.

1.5. UNAUDITED PRO-FORMA STATEMENT OF FINANCIAL POSITION

This unaudited pro-forma statement of financial position as at 31 December 2012 (adjusted for the Offer proceeds) is for information purposes only and is not in any way a forecast or projection of the financial position expected to occur in future periods. The half-yearly report for the six months ended 31 December 2012 is due under the Listing Rules to be lodged with ASX after the Offer closes. The statement of financial position contained in that half-yearly report may contain differences to the unaudited pro-forma statement of financial position set out below as a result of (among other things) the audit review process. The Company's most recent cash flow report covering the 6 month period ended 31 December 2012 was lodged with ASX on 30 January 2013.

	Notes	31 December 2012 \$'000	Pro-forma Adjustments \$'000	Pro-forma 31 December 2012 \$'000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	Note 1	326	3,800	4,126
Trade and other receivables		19		19
TOTAL CURRENT ASSETS		345	3,800	4,145
NON-CURRENT ASSETS				
Financial assets	Note 2	14,578		14,578
TOTAL NON-CURRENT ASSETS		14,578	-	14,578
TOTAL ASSETS		14,923	3,800	18,723
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables		28	-	28
TOTAL CURRENT LIABILITIES		28	-	28
NON-CURRENT LIABILITIES				
Deferred tax liabilities	Note 3	4,358	-	4,358
TOTAL NON-CURRENT LIABILITIES		4,358	-	4,358

TOTAL LIABILITIES		4,386		4,386
NET ASSETS		10,537		14,337
EQUITY				
Issued capital	Note 4	30,022	3,800	33,822
Reserves		(19,485)	-	(19,485)
TOTAL EQUITY		10,537	3,800	14,337

Note 1- Cash and cash equivalents

Adjusted for the gross proceeds of the Offer (without deducting the costs of the Offer, an estimate of which is disclosed in Section 5.3).

Note 2- Financial assets

This figure includes shares in EGL UK measured at fair value of \$14.526 million for financial reporting purposes. The Company is the registered holder of 75,656,848 shares in EGL UK (an unlisted private company incorporated in England and Wales, and former subsidiary of the Company). The Company's one share in EGL UK (acquired some years ago) was split into approximately 300 million shares in May 2012. About 75% of those resulting shares were disposed of by the Company in July 2012, leaving the Company as the largest registered shareholder in EGL UK.

The Company has accounted for this investment as an available for sale investment as the Company does not have control or significant influence over EGL UK.

The Directors consider that 19.2 cents per EGL UK share is the best indicator of the fair value of the investment in EGL UK as at 31 December 2012 for financial reporting purposes. This was the value attributed to each EGL UK share on 26 July 2012 as 'Sale Consideration' for the Company's share buy-back. The Directors consider this to be the best indicator of the investment's fair value as at 31 December 2012 for the following reasons (having, where appropriate, made enquiries of EGL UK):

- As an unlisted private company, shares in EGL UK do not have a quoted market price in an active market, there are no quoted prices available and there are no known actual and regularly occurring market transactions (on an arm's length basis or otherwise).
- The Company is not aware of any corporate activities with a material financial impact being completed or announced by EGL UK between 26 July 2012 and 31 December 2012.
- There have not been any private arm's length transactions in the shares since 26 July 2012 that EGL UK knows of and as to which the price at which the shares were sold may be disclosed.
- There is nothing else EGL UK can point to or disclose (with reference to IAS 39) that would assist its shareholders who need to value their shares as at 31 December 2012.

The Directors of the Company can give no assurance that, in accordance with AASB 139, the Company's investment in EGL UK will not need in future to be re-measured at a fair value different to 19.2 cents per share, and such value could be higher or lower.

Note 3 - Deferred tax liabilities

A deferred tax liability of \$4.4 million in relation to the fair value measurement of shares in EGL UK has been recognised in the pro-forma statement of financial position. Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the pro-forma statement of financial position. Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year.

The Company's carry forward capital losses of approximately \$20.1 million have not been recognised as a deferred tax asset as in order to recoup these losses the Company would need to satisfy the continuity of ownership test or the same business test. There can be no assurance that either of these tests will be satisfied. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Note 4 - Issued capital

Adjusted for the gross proceeds of the Offer (without deducting the costs of the Offer, an estimate of which is disclosed in Section 5.3).

1.6. COMPANY UPDATE

(a) Update on potential contractual disputes and contingent liabilities

(i) Royalty interest in Canning Basin

As announced to the ASX on 2 October 2012, the Company is currently disputing the basis for the calculation of its 2% royalty interest in respect of EP391 Ungani production. EP 391 is currently held by Buru Energy (50%) and Diamond Resources (Fitzroy) Pty Ltd (50%), and operated by Buru Energy.

To date, and for the quarters ending 30 June 2012, 30 September 2012 and 31 December 2012, the Company has received payments totalling approximately \$68,000 under its royalty interest in respect of EP391 Ungani production.

The dispute remains unresolved at the date of this Offer Booklet.

(ii) Nominee to the Board of EGL UK

As announced to ASX on 24 December 2012, following discussions and correspondence between Mr Moulin (former Chairman of the Company) and the Company, the Company notified EGL UK that Mr Moulin had been removed as the Company's nominee on the board of EGL UK.

The removal of Mr Moulin was made in accordance with the 10% shareholding nomination right under the articles of association of EGL UK. By way of background, on 13 August 2012 the Company announced that Mr Moulin (then on the Board of EGL UK) had taken the nomination as the Company's representative on the board of EGL UK in accordance with the 10% nomination right.

The Company recently received from EGL UK a copy of an agreement dated 15 August 2012 between Fitzroy River (executed on behalf of Fitzroy River by Mr Moulin alone (as Chairman)), EGL UK and Mr Moulin in his personal capacity purporting to (among other things):

- keep Mr Moulin appointed as Fitzroy River's nominee to the board of EGL UK for a period of 5 years ending 25 July, 2017; and
- have Fitzroy River indemnify EGL UK in relation to EGL UK's obligation (under the agreement) to pay Mr Moulin £1,000,000 in the event that Fitzroy River terminates the appointment of Mr Moulin as its nominee to the board of EGL UK prior to 25 July 2017,

(Appointment Agreement). None of the Company's current officers (two of whom were Directors in August 2012) had seen the Appointment Agreement (or any draft of it) prior to its recent receipt from EGL UK.

The Company's position is that:

- the Appointment Agreement is invalid under Australian law and the Company is not bound by the Appointment Agreement;
- the appointment of Mr Moulin as the Company's nominee to the board of EGL UK was validly terminated on 18 December 2012; and
- as a holder of approximately 25.5% of EGL UK's shares, the Company continues to reserve its right to appoint a nominee to the board of EGL UK pursuant to EGL UK's Articles of Association.

(b) Investment in EGL UK

The Company has recently received a preliminary, highly conditional, unsolicited and incomplete proposal from EGL UK to buy-back part of the Company's shareholding in EGL UK at a value of 19.2 cents per EGL UK share. As at the date of this Offer Booklet, and due in part to the conditional and incomplete nature of the proposal, the Board has not formed an opinion on the proposal.

1.7. RISK FACTORS

An investment in Fitzroy River should be considered speculative in nature and involves general risks associated with an investment in the share market. The price of its Shares and any New Shares may rise or fall.

There are also a number of risk factors, both specific to Fitzroy River and of a general nature, which may affect the future operating and financial performance of Fitzroy River and the value of an investment in the Company. There is a limited discussion of certain of those risks in Section 4. Before deciding to invest in Fitzroy River, prospective investors should consider all risk factors carefully.

2. DETAILS OF THE OFFER

2.1. THE OFFER

Fitzroy River is making a pro rata renounceable entitlement offer, offering Eligible Shareholders one (1) New Share for every five (5) Shares held as at 7:00pm AEDT on the Record Date (20 February 2013). All application monies are payable in full on application.

The number of New Shares to which you are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Fractional entitlements have been rounded up to the nearest whole New Share. Eligible Shareholders may accept their Entitlement, in whole or in part, by:

- completing and returning the Entitlement and Acceptance Form together with a cheque, bank draft or money order for the applicable amount of the application money; or
- making payment of the applicable amount of the application money using BPAY®¹,

in each case in accordance with the instructions on the form and so that it is received prior to the Closing Date.

2.2. OPENING AND CLOSING DATES

The Offer will open for receipt of acceptances on 22 February 2013.

The Closing Date and time for acceptances and payments is 5:00pm AEDT on 8 March 2013, subject to Fitzroy River varying the Closing Date in accordance with the Corporations Act, Listing Rules and consent of the Underwriter.

2.3. WHO IS ENTITLED TO PARTICIPATE IN THE OFFER

Every Eligible Shareholder who is registered in the Company's share register as the holder of Shares at 7:00pm AEDT on the Record Date (20 February 2013)) is entitled to participate in the Offer.

Based on a review of the share register as at 31 January 2013, it is expected that at the Record Date there will be less than 30 Ineligible Shareholders (out of a total of 1,140 Shareholders) and those Ineligible Shareholders would account for less than 350,000 Entitlements. These amounts may be higher or lower once determined as at the Record Date.

2.4. RIGHTS TRADING

This Offer is renounceable, which means that Eligible Shareholders who do not wish to take up all, or some, of their Entitlement may sell their Entitlements on ASX or otherwise transfer their Entitlements. Eligible Shareholders are able to renounce (sell) or offer to sell the Entitlements which they do not wish to accept in order to realise the value which may attach to their Entitlements. Information on how Entitlements

¹ BPAY® Registered to BPAY Pty Ltd ABN 69 079 137 5182.

may be sold or transferred is set out below in Section 3. The Entitlements will be quoted on ASX. If you decide not to exercise all or part of your Entitlements, you should consider whether to renounce your Entitlements.

2.5. ISSUE OF NEW SHARES

Fitzroy River expects that the New Shares will be issued by no later than 19 March 2013 and holding statements will also be despatched on 19 March 2013.

Issues of New Shares under this Offer will only be made after permission for their quotation on ASX has been granted. Fitzroy River disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares before the New Shares are quoted on ASX or before receiving their confirmation of issue.

Application moneys will be held in an account until the New Shares are issued. This account will be established and kept by Fitzroy River on behalf of each Eligible Shareholder. If the above condition for the issue of New Shares is not satisfied, the application moneys will be refunded to Eligible Shareholders.

2.6. REFUND OF APPLICATION MONEY

If application money is refundable it will be refunded as soon as reasonably practicable. Interest earned on the application money will be for the benefit of Fitzroy River and will be retained by Fitzroy River irrespective of whether New Shares are issued.

2.7. UNDERWRITING

The Offer is fully underwritten by Bell Potter Securities Limited. Any New Shares not subscribed for by Eligible Shareholders will form part of the Shortfall and will be subscribed for by the Underwriter or sub-underwriters pursuant to the Underwriting Agreement.

Further details of the Underwriting Agreement are set out in Section 5.2.

2.8. INELIGIBLE SHAREHOLDERS

Fitzroy River has decided, as permitted by the Listing Rules and the Corporations Act, that it is unreasonable to extend the Offer to Shareholders who have a registered address in a country or jurisdiction outside of Australia, New Zealand or the United Kingdom (**Ineligible Shareholders**), having regard to the number of Shareholders in such places, and the substantial costs of complying with the legal and regulatory requirements in all of those jurisdictions. This Offer and any accompanying Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. Shareholders holding Shares on behalf of persons who are resident outside Australia, New Zealand or the United Kingdom are responsible for ensuring that promoting the Offer or subscribing for the New Shares under the Offer does not breach regulations in the relevant overseas jurisdiction.

Return of a duly completed Entitlement and Acceptance Form will constitute a representation by the Applicant that there has been no breach of such regulations. Where this Offer Booklet may have been despatched to Shareholders domiciled outside Australia, New Zealand or the United Kingdom and where that country's securities code or legislation prohibits or restricts in any way the making of the offers

contemplated by the Offer, this Offer Booklet and the accompanying Entitlement and Acceptance Form are provided for information purposes only.

However, in accordance with Listing Rule 7.7.1 and section 708AA (including section 9A) of the Corporations Act, Fitzroy River has appointed Bell Potter Nominees Limited (**Nominee**) to arrange for the sale on ASX of the Entitlements which would have been granted to Ineligible Shareholders. The Nominee will direct the net proceeds (if any) to Fitzroy River or any other party upon Fitzroy River's instruction to facilitate pro rata payments to Ineligible Shareholders.

There is no guarantee that the Nominee will be able to sell Ineligible Shareholders' Entitlements on the ASX and Ineligible Shareholders may receive no value for the Entitlements. The Nominee will have the absolute and sole discretion to determine the timing and the price at which Entitlements may be sold and the manner of any such sale, provided that the Nominee must use its reasonable endeavours to sell the Entitlements with a view to obtaining the best price reasonably practicable in the circumstances.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to Fitzroy River.

The proceeds of sale (if any) will be paid in Australian dollars to the Ineligible Shareholders for whose benefit the Entitlements have been sold in proportion to their shareholdings (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by Fitzroy River for distributing these proceeds, such proceeds may be retained by Fitzroy River.

Notwithstanding that the Nominee may sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

Neither Fitzroy River nor the Nominee will be liable for a failure to sell Entitlements or to sell Entitlements at any particular price. If there is no viable market for the Ineligible Shareholders' Entitlements or those Entitlements cannot otherwise be sold, those Entitlements will be allowed to lapse and become part of the Shortfall, and will be taken up by the Underwriter, or the sub-underwriters, in which case it is expected that there will be no proceeds remitted to Ineligible Shareholders in respect of their Entitlements.

Based on a review of the share register as at 31 January 2013, it is expected that at the Record Date there will be less than 30 Ineligible Shareholders (out of a total of 1,140 Shareholders) and those Ineligible Shareholders would account for less than 350,000 Entitlements. These amounts may be higher or lower once determined as at the Record Date.

2.9. TAXATION

The potential tax effects of participating in the Offer will vary between investors. All investors should satisfy themselves of any possible tax consequences (Australian or otherwise) by consulting their own professional tax adviser before deciding whether or not to participate in the Offer.

2.10. DECLARATIONS

If you make an application for New Shares under the Entitlement Offer, you will be taken to make the declarations to Fitzroy River that you:

- agree to be bound by the terms of the Entitlement Offer, this Offer Booklet and the provisions of Fitzroy River's constitution;
- authorise Fitzroy River to register you as the holder of the New Shares allotted to you;
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declare that, if you are a natural person, you are over 18 years of age and have full legal capacity and power to perform all your Entitlements and obligations under the Entitlement and Acceptance Form;
- acknowledge that once Fitzroy River receives the Entitlement and Acceptance Form or any payment of application monies (including via BPAY), you may not withdraw it;
- agree to apply for, and be issued up to, the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any application monies including via BPAY, at the issue price of \$0.25 per New Share;
- agree to be allotted the number of New Shares that you apply for;
- authorise Fitzroy River and the Share Registry and their respective officers or agents, to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- declare that you are an Eligible Shareholder and are otherwise not an Ineligible Shareholder;
- acknowledge that the information contained in this Offer Booklet and the Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs, and is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Fitzroy River and is given in the context of Fitzroy River's past and ongoing continuous disclosure announcements to ASX;
- represent and warrant that the law of any other place does not prohibit you from being given this Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares, including in circumstances where your Entitlements are acquired through the rights trading process;
- acknowledge the risk factors contained in Section 4, and that investments in Fitzroy River are subject to investment risk;
- acknowledge that neither Fitzroy River nor any of the directors, officers, employees, agents, consultants or advisors of Fitzroy River guarantees the

performance of Fitzroy River nor do they guarantee the repayment of capital from Fitzroy River;

- have read the Privacy Notification in Section 5.1 of this Offer Booklet and consent to the matters outlined in that notification;
- represent and warrant (for the benefit of Fitzroy River and its affiliates) that you are not in the United States and that you are not, and you are not acting for the account or benefit of, a US Person;
- acknowledge that Entitlements and New Shares have not, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia, New Zealand and the United Kingdom and accordingly, Entitlements may not be taken up, and New Shares may not be offered, sold or otherwise transferred, in the United States or to, or for the account or benefit of, any US Person except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities law;
- agree not to send this Offer Booklet, the Entitlement and Acceptance Form or any other material relating to the Entitlement Offer to any person in the United States or that is, or is acting for the account or benefit of, a US Person; and
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and/or of your holding of Shares on the Record Date.

3. HOW TO APPLY

3.1. ALTERNATIVES AVAILABLE

If you are an Eligible Shareholder, you may take any of the following actions:

- (a) take up your Entitlement in full;
- (b) sell your Entitlements in full through your stockbroker;
- (c) take up part of your Entitlement and sell the remaining Entitlements through your stockbroker;
- (d) take up part of your Entitlement and allow the remaining Entitlements to lapse;
- (e) transfer all or part of your Entitlements to another person other than through a stockbroker, with or without taking up the balance of your Entitlement; or
- (f) do nothing and let your Entitlements lapse.

As a result of this Offer, Shareholders who do not take up all of their Entitlement will have their percentage shareholding in Fitzroy River diluted. More information about the effects of the Offer on Fitzroy River and its capital structure is set out in Sections 1.4 and 1.5.

It is the responsibility of Applicants to determine their allocation of New Shares prior to trading in the New Shares. The sale by Applicants of New Shares prior to the receipt of a holding statement is at the Applicant's own risk.

3.2. ENQUIRIES

If you have any questions about your Entitlement to New Shares, please contact:

- your stockbroker or professional adviser; or
- Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) and +61 3 9415 4000 (outside Australia) between 8:30am and 5:00pm (AEDT) Monday to Friday.

3.3. WHAT YOU NEED TO DO

Set out below are instructions on the actions you should take depending on how you want to respond to the Offer.

(a) Take up your Entitlement in full

If you wish to take up all of your Entitlement, either:

- (i) complete and return the Entitlement and Acceptance Form together with a cheque, bank draft or money order for the applicable amount of the application money; or
- (ii) make payment of the applicable amount of the application money using BPAY,

in each case in accordance with the instructions on the form.

(b) Sell your Entitlements in full through your stockbroker

If you wish to sell all your Entitlements through your stockbroker, you should instruct your stockbroker personally and provide details as requested from the Entitlement and Acceptance Form. There is no guarantee that you will be able to sell any of your Entitlements or that you will receive a total price for any Entitlements that you do sell that exceeds the costs associated with selling those Entitlements.

Entitlements trading on ASX is expected to commence on 14 February 2013 and cease on 1 March 2013.

(c) Take up part of your Entitlement and sell the remaining Entitlements through your stockbroker

If you wish to take up part of your Entitlement and sell the remaining Entitlements through your stockbroker:

- (i) **in respect of the Entitlements to be sold**, instruct your stockbroker personally and provide details as requested from the Entitlement and Acceptance Form. Entitlements trading on ASX is expected to commence on 14 February 2013 and cease on 1 March 2013. There is no guarantee that you will be able to sell any of your Entitlements or that you will receive a total price for any Entitlements that you do sell that exceeds the costs associated with selling those Entitlements; and

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- (ii) **in respect of any part of your Entitlement you are taking up:**
- (A) complete and return the Entitlement and Acceptance Form together with a cheque, bank draft or money order for the applicable amount of the application money (for the number of New Shares you wish to take up); or
 - (B) make payment of the applicable amount of the application money using BPAY,

in each case in accordance with the instructions on the form.

(d) Take up part of your Entitlement and allow the remaining Entitlements to lapse

If you wish to take up part of your Entitlement under the Offer and allow the remaining Entitlements to lapse, either:

- (i) complete and return the slip attached to the Entitlement and Acceptance Form together with a cheque, bank draft or money order for the applicable amount of the application money (for the number of New Shares you wish to take up); or
- (ii) make payment of the applicable amount of the application money (for the number of New Shares you wish to take up) using BPAY,

in each case in accordance with the instructions on the form.

(e) Transfer all or part of your Entitlements to another person other than through your stockbroker, with or without taking up the balance of your Entitlement

You may elect to transfer all or part of your Entitlements to another person other than through a stockbroker provided that the purchaser is not an Ineligible Shareholder (or would not be an Ineligible Shareholder if the purchaser was the registered holder of Fitzroy River shares).

To do this you must:

- (i) **in respect of the Entitlements to be sold**, complete and return a Standard Renunciation Form (available from your stockbroker or the Share Registry on 1300 850 505 (within Australia) and +61 3 9415 4000 (outside Australia) between 8:30am and 5:00pm (AEDT) Monday to Friday) to the Share Registry in accordance with the instructions on the Standard Renunciation Form; and
- (ii) **in respect of any part of your Entitlement you are taking up**, either:
 - (A) complete and return the Entitlement and Acceptance Form together with a cheque, bank draft or money order for the applicable amount of the application money (for the number of New Shares you wish to take up); or
 - (B) make payment of the applicable amount of the application money (for the number of New Shares you wish to take up) using BPAY,

in each case in accordance with the instructions on the form.

If the Share Registry receives both a completed Standard Renunciation Form and an application for New Shares in respect of the same Entitlements, the renunciation will be given effect in priority to the application.

(f) Do nothing and let your Entitlements lapse

If you do nothing, your Entitlements will lapse and you will receive no benefit. Although you will continue to own the same number of Fitzroy River shares, your percentage shareholding in Fitzroy River will be diluted.

3.4. PAYMENT

Entitlement and Acceptance Forms must be accompanied by payment in full of the Issue Price per New Share subscribed for. Payments must be made by 5:00pm AEDT on 8 March 2013. Payments will only be accepted in Australian currency and as follows:

- BPAY using the BPAY biller code and customer reference number set out on your personalised Entitlement and Acceptance Form;
- cheque drawn on and payable at any Australian bank;
- bank draft drawn on and payable at any Australian bank; or
- money order.

If you require further information in relation to using BPAY please contact your bank, credit union or building society. If you are applying for New Shares and your payment is being made by BPAY you do not need to return your Entitlement and Acceptance Form. Your payment must be received by no later than 5:00 pm AEDT on 8 March 2013. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPAY are received by 5:00 pm AEDT on 8 March 2013.

Cheques, bank drafts or money orders should be made payable to 'Fitzroy River Corporation Ltd - Offer' and crossed 'Not Negotiable'. You should ensure that sufficient funds are held in relevant account(s) to cover the application payment. If the amount of your cheque for your application payment is insufficient to pay in full for the number of New Shares you have applied for, you will be taken to have applied for such lower or higher number of whole New Shares as your cleared application payment will pay for. Cash payments will not be accepted.

4. RISK FACTORS

4.1. Introduction

The activities in which the Company is involved, and the activities in which the Company used to be involved (either itself or through controlled entities or joint ventures), are or were subject to risks which may impact on the Company's future performance.

Prior to deciding whether to take up their Entitlement, Shareholders should read this Offer Booklet in its entirety and review both recent and old announcements made by the Company to ASX (at www.asx.com.au under the code FZR) in order to gain an

appreciation of the Company, its activities and former activities, financial position and prospects.

As and when the Company becomes aware of information concerning the Company in connection with its Australian royalty and other assets (including its European investment) then the Company intends to comply with its continuous disclosure obligations. Information about specified events or matters that may have some connection with the Company's royalty assets is often being made known or generally available by Buru Energy (ASX Code: BRU) or other listed entities, and other information may consist of readily observable matters. Market participants and any Applicants making or drawing their own deductions, conclusions or inferences from any other company's ASX announcements do so at their own risk.

The information in this Offer Booklet does not constitute a recommendation to subscribe for New Shares and this Offer Booklet does not purport to contain all of the information that a Shareholder may require to evaluate a possible application for New Shares. Shareholders should make their own assessment of the information that is relevant to their decision to participate in the Offer.

Shareholders should also consider the following summary risk factors which the Directors believe now represent some of the general and specific risks that Shareholders should be aware of when evaluating the Company and deciding whether to increase their shareholding in the Company. The following risk factors are not intended to be an exhaustive list of all of the risk factors to which the Company is or has been exposed.

4.2. General risk factors

The financial performance of Fitzroy River is influenced by a variety of general economic and business conditions including the level of inflation, international share markets, interest rates and exchange rates, government fiscal, monetary and regulatory policies and factors peculiar to the oil and gas sector. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a material adverse impact on Fitzroy River's business or financial situation.

4.3. Specific business risk factors

In addition to the general risks set out in Section 4.2, the Directors believe that there are a number of specific factors that should be taken into account before investors decide whether or not to apply for New Shares under the Offer. These include:

(a) Exploration and development risks

Oil and gas exploration involves significant risk. There is no assurance that any of the projects falling within the petroleum permits the subject of Fitzroy River's several royalty permits (together *Royalty Interests*) will result in further oil or gas discoveries or the development of an oil or gas producing field.

Furthermore, the projects associated with the Company's Royalty Interests will only be progressed by the operators or owners of those projects when data and evaluations demonstrate that an oil or gas discovery could be economically viable.

(b) **Drilling and operating risks**

Oil and gas drilling activities are subject to numerous risks, many of which are beyond the control of Fitzroy River and each of the operators of those drilling and well activities. The projects associated with the Company's Royalty Interests may be curtailed, delayed or cancelled as a result of such risks. Hazards incidental to the exploration and development of oil and gas projects such as unusual or unexpected formations, pressures or other factors are inherent in drilling and operating wells and may be encountered by the projects associated with the Company's Royalty Interests.

(c) **Ability to exploit successful discoveries**

It may not always be possible for entities involved in a project associated with a Royalty Interest to participate in the exploitation of successful discoveries made in any areas the subject of the Royalty Interests. Such exploitation will involve the need to obtain necessary licences or clearances from relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as Fitzroy River (and the other entities involved in those projects).

(d) **Native Title**

Native title legally recognises the unique title rights of indigenous Australians over areas where those rights have not been lawfully extinguished. The *Native Title Act 1993* (Commonwealth), ensuing state native title legislation, subsequent legislative amendments and aboriginal land right and heritage legislation may affect the granting of, and access to, the Royalty Interests over land in Western Australia where a native title claim has been registered. Compensation may be required where the extinguishment or impairment of native title has occurred.

At this point in time it is not possible to quantify the financial or other impact (if any) to the Company of a native claim against the areas underlying the Royalty Interests.

(e) **Tenure and Access**

The permits comprising the Royalty Interests are located in Western Australia. There is no guarantee that permit applications, conversions or extensions in which Fitzroy River has a current registered royalty interest, or may in the future have an interest, will be granted. Permit applications, conversions or extensions may require the relevant operator to commence negotiations with the relevant landholders and/or indigenous representative bodies to gain access to the underlying land. There is no guarantee that such negotiations will be successful.

The grant and renewal of permits is subject to a number of specific legislative conditions including payment of rent and minimum annual expenditure commitments. The renewal of the term of a permit (including exemptions to

conditions) is also subject to the discretion of the relevant Minister and may, in the case of permits in Western Australia, trigger native title negotiation rights. The inability to meet these conditions or the triggering of any negotiation procedures in respect of any of the permits comprising the Royalty Interests could prevent the renewal of a granted permit, with the potential to adversely affect the rights and assets, and financial position and performance of Fitzroy River.

(f) **Hydrocarbon reserve estimates**

Hydrocarbon reserve estimates are expressions of judgement based on knowledge, experience and industry practice, and are carried out in accordance with the Society of Petroleum Engineers' Guidelines. However, reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. Should the relevant operator at a project associated with a Royalty Interest encounter oil and/or gas deposits or formations different from those predicted by past drilling, sampling and similar examinations, reserve estimates may have to be adjusted and production plans may have to be altered in a way without reference to Fitzroy River and which could adversely affect Fitzroy River's financial performance.

(g) **Future requirements for funding**

Fitzroy River's funding requirements depend on a number of factors including Fitzroy River's ability to obtain or generate income from its Royalty Interests. The Company may require further financing.

Additional equity financing, if available, may be dilutive to shareholders and at lower prices than the current market price of Shares. Debt financing, if available, may involve restrictions on financing and operating activities. If Fitzroy River is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or consider selling assets.

(h) **Price of oil and gas**

The demand for, and prices of, oil and gas are dependent on a variety of factors, including supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels and global economic political developments. An adverse change in any one or more of these factors could negatively affect the income Fitzroy River derives or is able to derive from its Royalty Interests.

(i) **Key employees**

Fitzroy River has one executive officer (Mr. Sebastian Hempel, Executive Director and Company Secretary) and could therefore be subject to risks relating to the loss of Mr. Hempel on either a temporary or permanent basis, and the subsequent disruption that loss might cause to the operations of Fitzroy River.

(j) **Production risk**

A major facility incident, such as an explosion, fire, terrorist attack, significant weather incident or mechanical failure, at any of the projects associated with the Royalty Interests could affect production and subsequently Fitzroy River's performance.

(k) **Environmental risks controls**

The areas relating to and projects associated with the Royalty Interests will be subject to environmental laws and controls relating to hazardous operations, any breach of which could lead to an economic loss. There are also certain risks inherent in oil and gas exploration such as accidental leakages or spills, or other unforeseen circumstances which could subject the operators of projects associated with the Royalty Interests to extensive liability, which liability may (depending on the circumstances) not be covered by any relevant insurances. Any such loss or liability could severely affect the income Fitzroy River derives or is able to derive in future from its Royalty Interests.

(l) **Acts and omissions of operators**

If any of the operators at projects associated with the Royalty Interests fail to agree on work programs and/or budgets for the development of projects or fail to meet their obligations under relevant permits or joint venture agreements, this will likely delay or otherwise impact on the progress of that project which could subsequently have a material adverse effect on Fitzroy River's business and its financial performance.

(m) **Competition**

The projects associated with the Royalty Interests compete with other companies and projects, including major gas exploration and production companies. Some of these companies have greater financial and other resources than those available for the Royalty Interests, including substantial global refining and downstream processing and marketing operations. As a result, such companies may be in a better position to compete for funding and future business opportunities and there can be no assurance that the operators of projects linked to the Royalty Interests can compete effectively with these companies.

(n) **Title risks**

The petroleum permits the subject of the Royalty Interests are subject to various conditions and obligations and have different terms. If renewal is required, this may be at the discretion of the relevant government minister or official. If approval for renewal is refused, Fitzroy River may suffer significant damage due to a project's loss of the opportunity to develop and discover or recover any Petroleum on that permit.

(o) Contract risk

The Directors are unable to predict the risk of financial failure or default by a counterparty to any of the contracts (including royalty agreements or guarantees and indemnities in favour of Fitzroy River) which relate to or support the Royalty Interests or legacy issues associated with the operations of EGL UK, or insolvency or other managerial failure by any such contract counterparty. Refer to the Company's recent quarterly reports regarding various contractual issues in relation to the Royalty Interests.

(p) Possible joint and several liability under European contracts

Refer to section 2.6 of the Company's Notice of Extraordinary General Meeting lodged with the ASX on 4 June 2012 (*2012 Notice of EGM*), which details the assignment by the Company to EGL UK in March 2012 of its rights and interests under the Gazonor Valenciennois Permit Farmout Agreement, the Gazonor Sud-Midi Permit Farmout Agreement, and a Production Sharing Agreement over two permits or 'concessions' in France (*European Contracts*), in order to enable current or former Company shareholders who were to acquire EGL UK shares under the Company's 2012 buy-back to have materially the same interests in those assets once they became EGL UK shareholders. As part of that assignment Fitzroy River agreed to become jointly and severally liable for the obligations of EGL UK under the European Contracts.

EGL UK's obligations under the two Farmout Agreements initially included expenditure requirements of €795,000 for the Valenciennois Permit, and €2 million for the Sud-Midi permit, in order for EGL UK to earn a 70% joint venture interest in those permits. EGL UK's obligations in respect of the Production Sharing Agreement include an expenditure requirement of €1 million in order for EGL UK to earn a 70% participating interest in any future production. For further information refer to the Company's announcements made to ASX on 27 and 30 May 2011 respectively.

EGL UK has recently informed the Company that the above agreements have been extended, but that no work programs have been agreed in respect of those agreements in order for EGL UK to commence meeting its expenditure requirements.

EGL UK entered into a deed of indemnity with Fitzroy River dated 1 May 2012, as mentioned in section 2.6 of the 2012 Notice of EGM (*EGL UK Deed of Indemnity*).

In the event that the Company is called upon to perform the obligations of EGL UK under the Farmout Agreements or Production Sharing Agreement referred to above, there can be no guarantee that Fitzroy River will be able to recover any cost, liability or expense incurred in relation to those obligations under the EGL UK Deed of Indemnity.

(q) **Investment risk**

An investment in New Shares should be considered speculative. New Shares carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those New Shares.

(r) **Legacy issues and potential contingent liabilities**

The Company is now over 16 years old and has a long history in oil and gas exploration and development, both in Western Australia and in Europe. There have been several management changes over the years, and the Company was effectively run from Europe for a number of years until July 2012.

Various disputes have at times arisen between the Company and its former directors and officers. No assurance can be made by the Directors that material issues will not emerge in relation to claims by former directors and officers.

The Company is or has been a party to numerous contracts and from time to time issues emerge relating to such legacy contracts and those issues may or may not be material to the Company. Some contingent liabilities are mentioned in the Company's financial reports and some are not, depending on materiality. What may have been considered immaterial before 26 July 2012 (when the Company completed a major buy-back of around 75% of its shares on issue) may be now considered material. A number of contingent liabilities are discussed elsewhere in this Offer Booklet, including in Section 1.6, and paragraph (p) above. No assurance can be made by the Directors that further material issues will not emerge in relation to such legacy contracts.

(s) **Shareholding in EGL UK**

The Company understands that EGL UK is endeavouring to raise equity and/or debt funding to fund its operations. Fitzroy River may or may not be invited to participate in any such capital raising endeavours. Any shares issued by EGL UK to another person may dilute the Company's current shareholding in EGL UK of approximately 25.5%, resulting in further loss of influence over EGL UK and its activities and operations.

Refer to Note 2 in Section 1.5 of this Offer Booklet for a discussion of the Company's investment in EGL UK and fair value considerations. Refer to Section 1.6(b) regarding a proposal received from EGL UK to buy-back its shares.

(t) **Dependence on Buru Energy**

Buru Energy is a counterparty to one of the Company's two royalty agreements (as to 100% of the royalty payment obligations) and a counterparty to the other royalty agreement (as to 50% of the royalty payment obligations). Buru Energy is heavily involved in all of the Company's Royalty Interests. As a result the Directors believe that the Company's current prospects, in Australia, are closely tied to Buru Energy's successes and activities in the Canning Superbasin. The Company's Royalty

Interests are essentially passive in nature and other than via various contractual provisions in the two royalty agreements, the Company has no significant influence over Buru Energy's activities. Information about specified events or matters that may have some connection with the Company's royalty assets is often being made known or generally available by Buru Energy or other listed entities, and other information may consist of readily observable matters. It is part of the Company's continuous disclosure policy to advise market participants (and Applicants) making or drawing their own deductions, conclusions or inferences from Buru Energy's and any other company's ASX announcements that they do so at their own risk.

5. ADDITIONAL INFORMATION

5.1. PRIVACY NOTIFICATION

By accepting the Offer, each Eligible Shareholder acknowledges that they have received and read this Offer.

As a Shareholder, Fitzroy River and the Share Registry have already collected certain personal information from you. If you apply for New Shares, Fitzroy River and the Share Registry may update that personal information or collect additional personal information. Such information will be used to assess your acceptance of New Shares, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. By accepting the Offer, you agree that Fitzroy River and the Share Registry may disclose your personal information for purposes related to your Shareholding to its agents, contractors and service providers including those listed below or as otherwise authorised under the Privacy Act:

- the Underwriter in order to assess your acceptance of New Shares;
- the Share Registry for ongoing administration of the register;
- printers and mailing houses for the purposes of preparation and distribution of Shareholder statements and for handling of mail; and
- ASX and other regulatory authorities.

The Corporations Act requires Fitzroy River to include information about each Shareholder (including name, address and details of the Shares held) in its public register. The information contained in Fitzroy River's public register is also used to facilitate payments and corporate communications (including Fitzroy River's financial results, annual reports and other information that Fitzroy River wishes to communicate to its shareholders) and compliance by Fitzroy River with legal and regulatory requirements.

If you are paying by cheque, bank draft or money order and do not provide the information required on the Entitlement and Acceptance Form, Fitzroy River may not be able to accept or process your form.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) Fitzroy River and the Share Registry. You can request access to your personal information by contacting Fitzroy River through the Share Registry as follows:

Privacy Officer
Computershare Investor Services Pty Limited
GPO Box 2975
MELBOURNE VIC 3001

A fee may be charged by the Share Registry for access to your personal information.

5.2. UNDERWRITING AGREEMENT

The Underwriter has agreed to fully underwrite the Offer. The Underwriting Agreement between the Underwriter and Fitzroy River was executed on 12 February 2013. The Underwriting Agreement contains the following key terms (unless the

context requires otherwise, defined terms in this Section 5.2 have the same meaning as given to them in the Underwriting Agreement):

- under the terms of the Underwriting Agreement and a separate Engagement Letter with the Underwriter, the Underwriter is entitled to a Management Fee of 2% (plus GST), and an Underwriting Fee of 3%, of the proceeds of the Entitlement Offer. Additionally, the Company must pay or reimburse the Underwriter for its reasonable legal and other costs of and incidental to the Offer. The Underwriter may appoint sub-underwriters to sub-underwrite the Offer. The Underwriter is responsible for paying all sub-underwriting fees, handling fees, brokerage and other charges incurred by them in procuring valid Applications;
- if there is a Shortfall, the Underwriter must, by 18 March 2013, lodge or cause to be lodged with the Company applications for the Shortfall Shares comprising the Shortfall (including the application money);
- the Company has made a number of representations and warranties under the Underwriting Agreement, including that the Offer complies with the requirements of the Corporations Act and that the Company has complied with its continuous disclosure requirements. The Company has indemnified the Underwriter and its related bodies corporate and their Directors, officers, employees and agents against losses arising if these representations and warranties are wrong; and
- the Underwriter may terminate the Underwriting Agreement and be released from its obligations on the happening of a number of events that the Company considers are usual for an underwriting agreement of this type.

5.3. COST OF THE OFFER

If the Offer proceeds, the total estimated costs of the Offer, including underwriting fees, registry fees, legal fees, fees for other advisers, Offer Booklet printing, postage and other miscellaneous expenses, will be approximately \$280,000.

5.4. DIRECTORS' SHAREHOLDINGS

Ms Sue Thomas (Director), Mr Sebastian Hempel (Executive Director) and Mr Rod Bresnehan (Director) have agreed with the Company to take up their Entitlements in full (in Ms Thomas' case this agreement covers all holdings of Shares in which she has a relevant interest as disclosed in her Form 3X). This would account for approximately 2.5 million Entitlements. As at 11 February 2013, Ms Thomas, Mr Hempel and Mr Bresnehan have a relevant interest in 16.43%, 0.03%, and 0.06% of the Company's Shares respectively. As at 11 February 2013, Mr Malcolm McComas (Chairman) does not hold any Shares in the Company.

The Directors and their controlled entities may purchase Shares, or Entitlements which are sold by Eligible Shareholders during the rights trading period, and thereafter apply under the Offer for New Shares with those acquired Entitlements. Accordingly, and subject to the Corporations Act (including Chapter 6) and the Listing Rules, a Director's relevant interest in Shares in the Company may increase as a result of such actions.

6. DEFINED TERMS

TERM	MEANING
Applicant	means a person who has applied to subscribe for New Shares under the Offer.
AEDT	means Australian Eastern Daylight Saving Time.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited.
Board	means the board of Directors of Fitzroy River.
Buru Energy	means Buru Energy Limited (ABN 71 130 651 437, ASX Code: BRU).
Closing Date	means the last date for accepting an offer for New Shares, being 5:00pm AEDT on 8 March 2013.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Directors	means the directors of Fitzroy River.
EGL UK	means European Gas Limited (company number 05321791) (a private company incorporated in England and Wales, and former subsidiary of the Company).
Eligible Shareholders	means a holder of Shares who is registered as a holder of Shares as at 7:00pm AEDT on the Record Date and who is not an Ineligible Shareholder.
and Eligible Shareholder	means any one of those Eligible Shareholders.
Entitlement	means the right to subscribe for one (1) New Share for every five (5) Shares held by an Eligible Shareholder on the Record Date and Entitlements has a corresponding meaning.
Entitlement and Acceptance Form	means the form accompanying this Offer, which is particularised for the relevant Eligible Shareholder.
Entitlement Offer or Offer	means the offer made of one (1) New Share for every five (5) Shares held by an Eligible Shareholder on the Record Date.
Fitzroy River or Company	means Fitzroy River Corporation Ltd (ACN 075 760 655).
Ineligible Shareholder	a person will be an Ineligible Shareholder if that person has a registered address in the Company's share register at the Record Date which is not in Australia, New Zealand or the United Kingdom.

Issue Price	means the issue price of A\$0.25 per New Share.
Listing Rules	means the official listing rules of ASX.
New Share	means a Share to be issued pursuant to this Offer at the Issue Price.
Petroleum	<p>has the meaning given in the <i>Petroleum and Geothermal Energy Resources Act 1967</i> (WA), namely:</p> <ul style="list-style-type: none"> (a) any naturally occurring hydrocarbon, whether in a gaseous, liquid or solid state; or (b) any naturally occurring mixture of hydrocarbons, whether in a gaseous, liquid or solid state; or (c) any naturally occurring mixture of one or more hydrocarbons, whether in a gaseous, liquid or solid state, and one or more of the following, that is to say, hydrogen sulphide, nitrogen, helium and carbon dioxide, <p>and includes any petroleum as defined by paragraph (a), (b) or (c) that has been returned to a natural reservoir, but excludes oil shale.</p>
Privacy Act	means the <i>Privacy Act 1988</i> (Cth).
Record Date	means 7:00pm AEDT on 20 February 2013.
Share	means a fully paid ordinary share in the capital of Fitzroy River and Shares has a corresponding meaning.
Shareholders	means the registered holders of Shares as at the Record Date.
Share Registry	means Computershare Investor Services Pty Limited (ACN 48 078 277).
Shortfall	means the number of underwritten New Shares for which Valid Applications have not been received by the Closing Date.
Underwriter	means Bell Potter Securities Limited (ABN 25 006 390 772).
Underwriting Agreement	means the underwriting agreement between the Underwriter and Fitzroy River dated 12 February 2013.
US Securities Act	means the Securities Act of 1933 in the United States.
US Person	has the meaning given to it in the US Securities Act.
Valid Applications	means applications for New Shares properly completed and complying with the requirements set out in this Offer Booklet.