

Quarterly Activities Report (Quarter ended 31 December 2018)

Highlights:

- **Highlights in relation to Buru Royalty**
 - Receipt of \$95,822 in royalties from Buru for 105,289 bbls from 2 separate liftings of oil sold in the prior quarter; and
 - Payment due in late January of \$80,068 from Ungani production of 74,432 bbls sold in the December quarter with a further payment due in late April from a lifting of ~69,687 bbls completed on 1 January.

- **Highlights in relation to Exploration Permits and Production Licences relating to Buru Royalty**
 - Drilling of the Ungani 4ST1 well by Buru completed and producing several hundred barrels of oil per day with only minor amounts of water prior to pump failure. Production to recommence in late January;
 - Buru/Roc Oil Joint Venture meeting in early February to finalise the 2019 drilling program and the order of wells with a target start date of mid-April/early May 2019; and
 - Western Australian Government lifts the moratorium on fracking in the Canning Basin in response to the report of the Scientific Inquiry into hydraulic fracture stimulation.

- **Highlights in relation to Capital Management**
 - 707,662 Shares purchased pursuant to the On-Market Share Buy-back during the quarter.

- **Investment Highlights:**
 - Investment through a minority position into unlisted Spark Exploration Pty Ltd (**Spark**) for working capital and a 2-year work program ahead of making a drilling decision on Spark's 2 exploration licences in the West of Shetlands in the UK North Sea; and
 - Byron Energy reaches 1.0 million barrels of gross production (January 2019) from the South Marsh Island 71 Project with payout to be reached in less than 1 year since commencement of production.

Fitzroy River Corporation Ltd (**Fitzroy, FZR or Company**) is pleased to report on its activities during the quarter ended 31 December 2018.

A) Corporate:

1. Summary of Announcements to the ASX During the Quarter:

<u>Date:</u>	<u>Announcement:</u>	<u>Number of Shares by month:</u>
<u>Share Buy-Back Announcements:</u>		
<u>Shares Bought back:</u>		
<u>October:</u> 11 th , 22 nd & 23 rd	Daily Share Buy-Back Notices	550,553
<u>November:</u> 7 th , 12 th & 22 nd	Daily Share Buy-Back Notices	20,846
<u>December:</u> 12 th 14 th , 19 th & 28 th	Daily Share Buy-Back Notices	<u>136,263</u>
		<u>707,662</u>
<u>Shares Cancelled:</u>		
<u>November:</u> 6 th & 29 th	Cancellation of Shares	571,399
<u>Date:</u>	<u>Other ASX Announcements:</u>	
16 October	Appendix 4G	
16 October	Corporate Governance Statement	
16 October	Annual Report to Shareholders	
16 October	Notice of Annual General Meeting/Proxy Form	
24 October	Quarterly Activities and Cashflow Reports	
16 November	Results of Meeting	

Table 1: Summary of ASX releases by Fitzroy during the December Quarter.

2. Progress Continues under the On-market Share Buy-back:

During the quarter, the Company made significant progress under its on-market share buy-back announced to the ASX on 9 August 2018, in which Fitzroy aims to acquire up to 8,845,000 shares which represents approximately 10% of all shares on issue prior to the commencement of the buy-back. During the quarter, the

Company bought back a total of 707,662 shares and has purchased a further 285,110 shares since the end of the quarter. Total shares purchased under the buy-back to date is 992,772 for a total consideration of just under \$185,000. The buy-back remains in place until 28 August 2019 unless terminated earlier.

The buy-back gives Fitzroy the flexibility to buy back the Company's ordinary shares in circumstances where it is beneficial to the efficient capital management of the Company. The buy-back is therefore dependent on market conditions, volumes, price and other relevant conditions from time to time.

3. Royalties:

During the quarter, Fitzroy received a royalty payment from Buru for the quarter ended 30 September 2018 of \$95,822. This is based on the sale of 105,289 bbls of production comprising 53,328 barrels in July at a price of USD\$67.8480 per barrel and a further 51,961 barrels in August at a price of USD\$66.1210 per barrel. FZR also notes the announcements by Buru of further liftings as follows:

- a lifting of 74,432 barrels on 21 October 2018 at a price of USD\$75.6040 per barrel; and
- a lifting of 69,687 barrels from Wyndham completed on 1 January 2019¹.

Fitzroy will receive payment for the first of these two liftings from Buru in late January and the second in late April. Pursuant to the royalty agreement, Fitzroy receives a 2% net royalty.

4. Shareholders

Fitzroy has 87,458,087 ordinary shares on issue held by 871 registered shareholders (as at 30 January 2019).

¹ At a provisional FOB price of A\$68.64/bbl subject to calculation of the average January Brent pricing.

B) Projects and Assets

1. Royalty deeds:

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

The map below shows the location of all the Company’s royalty interests with those acquired under the Canning Basin Royalty Deed shown in light blue and with those shown in dark blue being the areas acquired under the Lennard Shelf Royalty Deed.

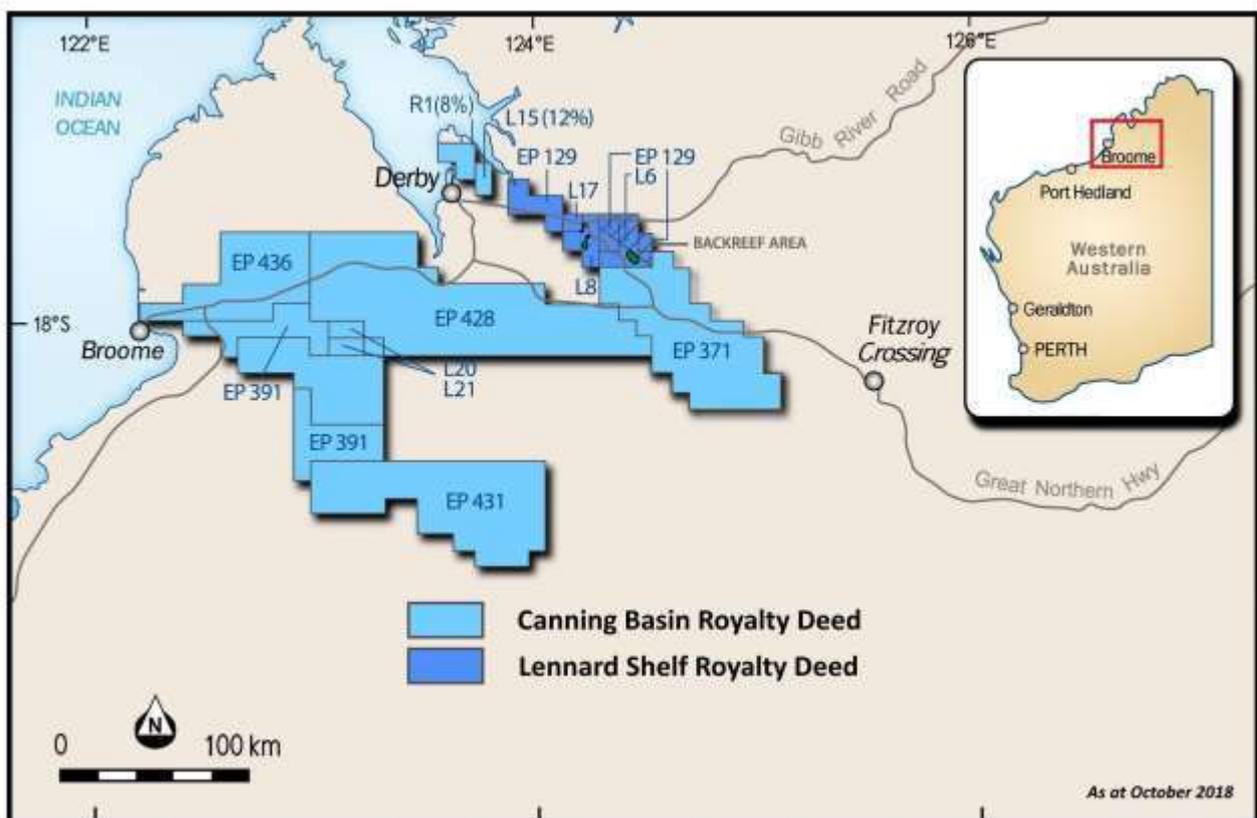


Figure 1: Map of Tenements over which Fitzroy has a royalty.

2. Announcements by Buru Energy Limited (ASX: BRU):

During the quarter, Buru completed drilling both the Ungani 4ST1 sidetrack well (**4ST1**) and the Ungani West 1 (**UW1**) Well.

2.1 Ungani West 1 Well:

In its announcement of 19 November Buru stated that there was no commercially producible oil column in the well and that the well has been suspended for use as a future water injection well. This was confirmed in Buru's Quarterly Activities Report (**Buru Quarterly**) released to the ASX on 23 January 2019 which states in part:

"...The Ungani Dolomite reservoir section was penetrated over the interval 2,196 metres to total depth of 2,322 metres. Fair to moderate oil shows were observed in cuttings over most of this section, together with high mud gas readings. A full log suite was obtained over the drilled section and this indicated several zones of good to excellent porosity with interpreted moderate oil saturations. A detailed wireline pressure survey was then acquired, and this indicated that there was no commercially producible oil column in the well. The well has been suspended for use as a future water injection well.

Although this was a disappointing result, the excellent reservoir encountered and the evidence for extensive oil migration are encouraging for further exploration."

2.2 Ungani 4 Sidetrack Well:

In relation to the 4ST1 well, the summary of work during the period was summarised in the Buru Quarterly as follows:

"The Ungani 4 sidetrack was drilled with the DDGT1 Rig to a total depth of 2,247 metres, some 60 metres to the southwest of the original bottom hole location, and comprehensive wireline logging and pressure surveys were undertaken before a production completion string was run.

The wireline logging program indicated that there are several zones of good quality reservoir section in the well, but overall the net reservoir section appears to be less than the Ungani 1 and Ungani 2 wells. A wireline pressure survey program undertaken as part of the logging program indicated that the oil/water contact in the well is at a similar elevation to the original field oil water contact. The significance of the oil water contact being interpreted as being close to its original elevation after over one million barrels of oil have been produced from the field is still being evaluated.

The Ungani 4ST1 well was reconnected to the flowline as soon as the rig equipment had been cleared from the lease and was put on production into a test tank for a short period of initial unstabilised cleanup flow prior to the swell packers providing effective zonal isolation. The well was then shutin for pressure buildup. On recommencement of production from the well, a stabilized flow was unable to be obtained and a PCP (Progressing Cavity Pump) from Buru's existing inventory was run in the well for an artificial lift. The well was

producing several hundred barrels a day with only minor amounts of water before the CPC failed. A beam pump is planned to be installed by the end of January to recommence production from the well.”

2.3 2019 Drilling Program:

Fitzroy is pleased to note that the Joint Venture will be meeting in early February to finalise the 2019 drilling program and the order of wells. Buru expects that the 2019 drilling program will commence as early as practicable in the dry season (mid-April/early May).

2.4 Lifting of Moratorium on Fraccing:

During the quarter, the WA Government released the report of the Scientific Inquiry into hydraulic fracture stimulation along with the Government’s response to the report. As part of the Government’s response the moratorium on fraccing in the Canning Basin was lifted (as well as in the Perth Basin) however given the additional regulations and range of regulatory approvals contained in the response, it is difficult to predict when activities will commence on the tight gas and liquid resources on the tenements held by Buru and also EP371 which is held 100% by Mitsubishi through its subsidiary, Diamond Resources (Canning) Pty Ltd, over which FZR has a royalty.

In relation to the gas assets, the Buru Quarterly states in part:

“...Buru and its previous Joint Venture partner undertook a comprehensive evaluation of the wet gas resources in the Yulleroo Gasfield area where it had drilled three wells and undertaken a hydraulic stimulation (frac) program in the Yulleroo 2 well in 2010 with encouraging results.

Further review of this resource has identified a number of areas where there is potential for conventional gas accumulations in Yulleroo and these activities are currently being evaluated for testing in 2019 with the objective of quantifying their ability to supply local industry and power generation.”

3. Investment Highlights:

3.1 Spark Exploration:

During the quarter, Fitzroy participated as a minority investor in a capital raising by unlisted Spark Exploration Pty Ltd (**Spark**) which raised over US\$5m for working capital and to allow Spark to undertake a 2-year desktop work program ahead of making a drilling on its 2 oil and gas licences along the prolific Rona Ridge in the West of Shetland, UK region. Spark’s licences are located between two world class accumulations (Hurricane Energy’s recent Lancaster and Halifax discoveries and BP’s multibillion-barrel Clair field) and Spark has identified an attractive mix of prospects.

Over the last few years, Hurricane Energy has made very substantial oil discoveries adjacent to Spark’s acreage and in 2018 Spirit Energy farmed into some of Hurricane Energy’s acreage for up to a US\$387 million carry. Fractured basement developments have been successful in various locations globally.

Fitzroy invested USD\$500,000 as part of the raise after undertaking significant detailed due diligence including the engagement of a third-party consultant for a technical review, meeting with the Board and management and other investors who participated alongside FZR in the raise. The Fitzroy Board is excited by the prospects of this investment and will update shareholders with any material developments on the exploration program as they arise.

3.2 Byron Energy Limited (ASX: BYE):

Fitzroy continues to monitor its investment in Byron Energy Limited (**ASX: BYE, Byron or Byron Energy**). Fitzroy holds over 18.8m shares in Byron Energy with a market value of over A\$5.0m. Byron's net revenue for the quarter was US\$7.7m from its share of 110,056 barrels of oil and 258,048 mmbtu² of gas production.

Byron announced during the quarter that the Byron-operated Weiss-Adler No. 1 well was drilled and deemed non-commercial. The well was plugged and abandoned at a cost well below originally forecast. Byron was one of 4 parties with an interest in the well.

Byron also recompleted operations on the Byron-operated SM71 F2 well during the quarter with bottom hole pressure work also done.

In its Quarterly Activities Report released to the ASX on 29 January 2019, Byron states in relation to the South Marsh Island 71 Project (**SM71**):

“Current Production

As of 31 December 2018, the SM71 project was fast approaching 1 million barrels of total oil production since Marsh 2018. The 1.0 million (gross) production milestone was reached on 14 January 2019. This cumulative production combined with minor amounts of facility related downtime and strong commodity prices means that the SM71 project will reach payout within one year of initial production.

As of the date of this report, the SM71 daily production rates are approximately 2,800 bopd³ and 6,600 mcfgpd⁴.

Additional downhole pressure surveys will be acquired in May of 2019.”

In the current quarter, Byron is focusing its efforts on preparations for drilling the South Marsh Island 74 (**SM74**) SM74 D-14 well to a depth of 16,464 feet Measured Depth. The SM74 D-14 well will test three

² Mmbtu = million British Thermal Units.

³ Barrels of oil per day.

⁴ Thousand cubic feet of gas per day.

amplitude supported target sands with mapped gross prospective resource potential of 5.2 million barrels of oil and 13 billion cubic feet of gas⁵.

3.3 Royalco Resources Limited (ASX: RCO)

The Company also continues to watch with interest the outcome of the Weeks Royalty sales process currently being conducted by Royalco Resources Limited (ASX: **RCO**) of which Fitzroy is no longer a bidder.

4. Petroleum tenement and farm-in agreement information:

Canning Basin Royalty Deed:

EP or PL #	Date Issued	Expiry	Area (km2)	Registered Holder
EP 391	1 Feb. 2015	31 Jan. 2024 ⁶	2,274.7736 (26 blocks)	Buru Energy Limited Roc Oil (Canning) Pty Limited
EP 371	31 July 2014	30 July 2023	3,663.2577 (45 blocks)	Diamond Resources (Canning) Pty Ltd
EP 428	31 July 2014	30 July 2023	6,431.9741 (79 blocks)	Buru Energy Limited Roc Oil (Canning) Pty Limited
EP 431	31 July 2014	30 July 2023	4,211.4604 (52 blocks)	Buru Energy Limited
EP 436	31 July 2014	30 July 2023	2,404.1372 (30 blocks)	Buru Energy Limited Roc Oil (Canning) Pty Limited
L20	2 July 2015	-	162.7085 (2 blocks)	Buru Energy Limited (50%) Roc Oil (Canning) Pty Limited (50%)
L21	2 July 2015	-	162.6399 (2 blocks)	Buru Energy Limited (50%) Roc Oil (Canning) Pty Limited (50%)
R 1	11 Oct 2016	10 Oct 2021	245.1571 (3 blocks)	Gulliver Productions Pty Ltd
L 15 ⁷	1 April 2010	31 March 2031	163.46 (2 blocks)	Gulliver Productions Pty Ltd

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

⁵ Refer to the Prospective Resource Information at the end of the Byron Energy Quarterly Activities Report released to the ASX on 29 January 2019.

⁶ Termination dates for EP's 391, 371, 428, 431 and 436 following the termination of the State Agreement dated 7 November 2012. The termination dates as recorded by the WA Department of Mines, Industry Regulation and Safety are 31 January 2020 for EP 391 and 30 July 2019 for the other 4 EP's, which are expected to be updated shortly.

⁷ On 31 December 2018 Rey Resources Limited (ASX: REY), of which Gulliver Productions Pty Ltd is a wholly owned subsidiary, announced that it had signed a Letter of Intent with Doriemus PLC (ASX: DOR) which, subject to the completion of due diligence and certain conditions precedent, Doriemus has agreed to farm-in to L15 and earn a 50% operating interest in the asset.

Lennard Shelf Royalty Deed:

EP or PL #	Date Issued	Expiry	Area (km2)	Held by
EP 129 ⁸	18 March 2016	17 March 2023	652.9955 (8 blocks)	Buru Energy Limited
L 6	19 May 2006	18 May 2027	407.9 (5 blocks)	Buru Energy Limited
L 8	19 May 2006	18 May 2027	326.3084 (4 blocks)	Buru Energy Limited
L 17	10 April 2013	Indefinite	81.6 (1 block)	Buru Energy Limited

Table 3: Schedule of Tenements under the Lennard Shelf Royalty Deed.
(# EP = Exploration Permit, L = Production Licence (e.g. L20, L21 etc).

5. Information Pursuant to Listing Rule 5.4.3:

In accordance with ASX Listing Rule 5.4.3, but noting its several royalty interests as described above, Fitzroy advises that:

- 1) No petroleum tenements were held at the end of the Quarter;
- 2) No petroleum tenements were acquired or disposed of during the Quarter;
- 3) The beneficial percentage interests held in farm-in or farm-out agreements at the end of the Quarter was nil; and
- 4) The beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the Quarter was nil.

Malcolm McComas – Chairman

Dated: 30 January 2019

⁸ Fitzroy is monitoring the activities on the 'Backreef Area' of EP 129 and L6, particularly those of Emperor Energy Ltd (ASX: EMP) (formerly Oil Basins Ltd). It is understood that Buru holds 100% of the Backreef Area on trust for Emperor Energy Ltd due to the completion of the drilling of the East Blina-1 well on 31 October 2012 in accordance with the 'Backreef Play Agreement' dated 30 October 2008. Fitzroy is currently in negotiations with Buru regarding the terms of a deed of covenant proposed to be entered into by the beneficial owners of the Backreef Area, to support Fitzroy's royalty interest. Until such time as a deed of covenant is executed, the contractual relationship governing the 3% royalty obligation (which is registered against EP 129 and L6) is between Fitzroy and Buru alone.

Important

Certain information in this report refers to the statements, intentions or opinions of Buru Energy Ltd (ABN 71 130 651 437, ASX Code: BRU) and is based on public statements by it. Statements have been attributed to Buru Energy Ltd where applicable. Petroleum production targets announced by Buru Energy Ltd are subject to risks, uncertainties and other factors that may cause Fitzroy's actual results, performance or achievements to differ from those suggested or referred to in this report and regard should be given to Buru's statements and other announcements concerning the risks, uncertainties and other factors that may cause Buru to not meet production targets or result in delays meeting those targets. As and when Fitzroy becomes aware of information concerning it in connection with its royalty and other assets then Fitzroy intends to comply with its continuous disclosure obligations under Australian law. Information about specified events or matters that may have some connection with Fitzroy's royalty assets is often being made known or generally available by Buru Energy Ltd (ABN 71 130 651 437, ASX Code: BRU) or other listed entities, and other information may consist of readily observable matters. Market participants and investors making or drawing their own deductions, conclusions or inferences from any other company's ASX announcements do so at their own risk.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Fitzroy River Corporation Ltd

ABN

75 075 760 655

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	96	162
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(106)	(243)
1.3 Dividends received (see note 3)		
1.4 Interest received	10	20
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	-	(61)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments	(695)	(695)
(d) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(695)	(695)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)	(132)	(132)
3.10 Net cash from / (used in) financing activities	(132)	(132)

Other relates to share buy backs

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,270	2,331
4.2 Net cash from / (used in) operating activities (item 1.9 above)	-	(61)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(695)	(695)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(132)	(132)
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of period	1,443	1,443

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,443	2,270
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,443	2,270

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
50

Director and company secretarial fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	
9.2 Development	
9.3 Production	
9.4 Staff costs	
9.5 Administration and corporate costs	90
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	90

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



30 January 2019

Sign here:
(Director/Company Secretary)

Date:

Print name:Justin Clyne.....

Note-++

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.