

## Quarterly Activities Report (Quarter ended 31 March 2020)

### **Highlights:**

- **Highlights in relation to Capital Management**
  - Completion of takeover of Royalco Resources Limited; and
  - Subsequent to quarter's end, agreement to extend of the term of the outstanding loan facility to mature on 14 November 2021.
  
- **Highlights in relation to Royalties**
  - Buru
    - Total royalties received for the 12 months to 31 March 2020 of \$306,729;
    - Subsequent to quarter's end, receipt of a royalty of \$98,789 for the March quarter.
  - Weeks Royalty
    - Royalty payment received of \$165,388 for the quarter ended 31 December 2019.
  
- **Highlights in relation to Exploration Permits and Production Licences relating to Buru Royalty**
  - Ungani Oilfield production for the quarter of ~88,000 bbls (gross) at a daily rate of ~970 bopd;
  - Oil sales for the quarter of ~142,000 barrels (gross) from two liftings;
  - Oil production continuing at present with the next lifting in mid-May (subject to changes to production as a result of Covid19 price impacts);
  - Buru undertaking a comprehensive review of its Canning Basin exploration portfolio.
  
- **Byron Energy**
  - Byron curtailing production to align with previously hedged volumes;
  - SM71 F Platform production unaffected by COVID-19 events; and
  - Sound balance sheet with no pressing loan repayments.
  
- **COVID-19 Impacts**

Fitzroy notes that there will be significant impacts to its royalty receipts as a result of the oil price changes, and possible changes to production:

- Buru announcement on 30 March that it is monitoring the crude market in regard to the continuation of production; and
- An expected decline in royalty receipts from the Weeks Royalty as a result of the oil price decline. The quantum will depend on changes (if any) to production and the proportion of production where oil and gas sales are hedged or contracted. A decline in the A\$ exchange rate is expected to partially offset this decline. At this stage, it is not possible to forecast the extent of any such decline as there is little public information available.

Fitzroy River Corporation Ltd (**Fitzroy, FZR or Company**) is pleased to report on its activities during the quarter ended 31 March 2020.

**1. Summary of Announcements during the March Quarter:**

<u>Date:</u>	<u>Announcement:</u>
7 January	Change in Substantial Holding (Noontide Investments Ltd – increase from 7.2% to 9.1%)
10 January	Change in Substantial Holding for RCO (increase by FZR from 94.99% to 96.05%)
14 January	Compulsory Acquisition of Shares in Royalco
14 January	Change in Substantial Holding for RCO (increase by FZR from 96.05% to 96.58%)
28 January	Quarterly Activities and Cashflow Reports
17 February	Completion of Compulsory Acquisition Process for Royalco
11 March	Half Yearly Report and Accounts
12 March	Change in Substantial Holding (Noontide Investments Ltd – increase from 9.1% to 10.2%)

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

**2. Completion of Takeover of Royalco Resources:**

On 14 February, Fitzroy completed the off-market takeover offer pursuant to which it acquired all the shares in Royalco Resources Limited (**Royalco**) that it did not already own. Section 6.2 contains details of the royalty interests acquired as a result of the acquisition of Royalco.

**3. Royalties with current income expectations:**

3.1 Buru Royalty:

During the quarter, Fitzroy received a royalty of \$63,542 from Buru in respect of a lifting of 73,757 bbls of oil in November and subsequent to the end of the quarter, Fitzroy received a royalty of \$98,789 from Buru for 2 separate liftings of oil totalling ~142,000 bbls during the March quarter.

3.2 Weeks Royalty:

During the quarter, Fitzroy received its first royalty as the owner of the Weeks royalty through its newly acquired wholly owned subsidiary, Royalco. The royalty received was \$165,388 for the quarter ended 31 December 2019.

#### **4. Announcements by Buru Energy Limited (ASX: BRU):**

During the quarter, Buru reported the following progress on production and exploration.

##### **4.1 Ungani Oilfield Production – L20/L21:**

Buru's production during the quarter was ~88,000 barrels (gross). The average rate of production was ~970 bopd from Ungani. Buru announced that Ungani Oilfield production is continuing with next lifting mid-May but did note that the oil price is being monitored in regard to continuation of production.

On 30 March Buru stated in part that *"...Field operating costs are also being reduced and the current global crude market environment is being closely monitored by the joint venture in regard to the continuation of production. The COVID-19 management protocols have had no material effect on the Company's operational capability..."*.

##### **4.2 Buru Corporate Developments:**

Also on 30 March, Buru announced that it *"...has quickly responded to the current unprecedented global situation by taking appropriate steps to preserve its current balance sheet and to ensure that it is well positioned for the future..."*. Buru further stated that it has a *"...Strong balance sheet and no material commitments provides confidence in the future..."*.

In relation to the current farmout process, Buru announced *"...The farmout process for the Company's Canning Basin exploration areas is continuing, with interest shown from a number of parties. Technical due diligence material will be available to parties in the coming weeks as the data base compilation is completed and the virtual data room becomes operational..."*. (This announcement was made on 30 March).

In its Quarterly Activities Report on 20 April, Buru announced that it was undertaking a *"...Comprehensive review of the Company's Canning Basin exploration portfolio has identified several new exploration play areas with potential for large conventional oil discoveries and confirmed the Company's extensive and high potential prospect portfolio..."* and *"Strong interest being shown in the current farmout process"*.

##### **4.3 Bennett Resources Royalty:**

There were no announcements in relation to Bennett Resources' gas assets over which Fitzroy has a royalty.

**5. Investment Highlights:**

**5.1 Byron Energy Limited:**

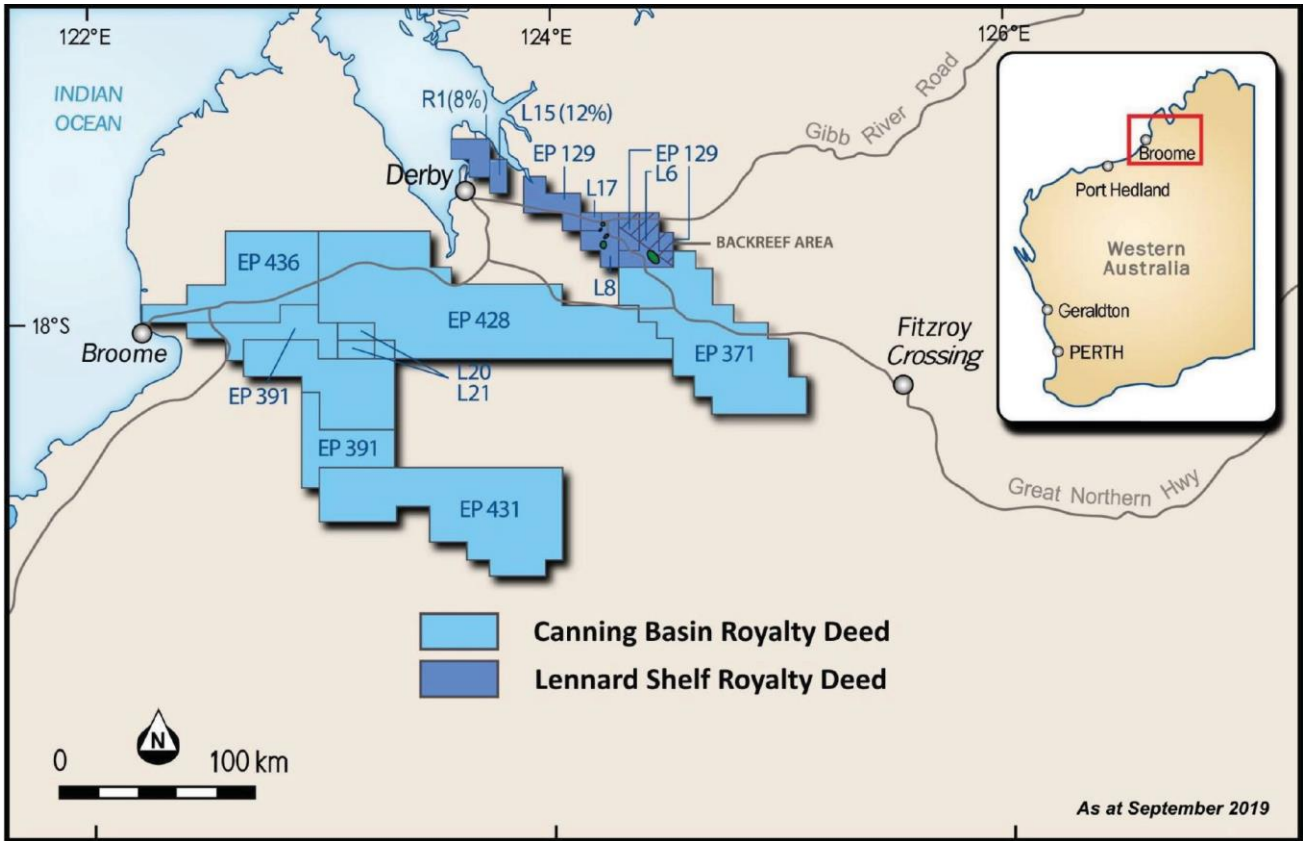
Fitzroy continues to monitor its investment in Byron Energy Limited (ASX: BYE, Byron or Byron Energy). Fitzroy holds approximately 17.45m shares in Byron Energy. Fitzroy notes the following key points from Byron's "Oil Risk Management Update" of 22 April:

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

**6. Details of Royalties:**

**6.1 Western Australian Royalties:**

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



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

This map shows the location of the Company's W.A. royalty interests with the Canning Basin Royalty Deed royalties shown in light blue and the Lennard Shelf Royalty Deed royalties in dark blue.

#### 6.1.1 Canning Basin Royalty Deed:

EP or PL #	Date Issued	Expiry	Area (km2)	Registered Holder
EP 391	1 Feb. 2015	31 Jan. 2024	2,274.7736 (26 blocks)	Buru Energy Limited
EP 371	31 July 2014	30 July 2023	3,663.2577 (45 blocks)	Bennett Resources Pty Ltd
EP 428	31 July 2014	30 July 2023	6,431.9741 (79 blocks)	Buru Energy Limited
EP 431	31 July 2014	30 July 2023	4,211.4604 (52 blocks)	Buru Energy Limited
EP 436	31 July 2014	30 July 2023	2,404.1372 (30 blocks)	Buru Energy Limited
L20	2 July 2015	-	162.7085 (2 blocks)	Buru Energy Limited (50%) Roc Oil (Canning) Pty Limited (50%)
L21	2 July 2015	-	162.6399 (2 blocks)	Buru Energy Limited (50%) Roc Oil (Canning) Pty Limited (50%)
R 1	11 Oct 2016	10 Oct 2022	245.1571 (3 blocks)	Gulliver Productions Pty Ltd <sup>1</sup>
L 15	1 April 2010	31 March 2031	163.46 (2 blocks)	Gulliver Productions Pty Ltd <b>Error! Bookmark not defined.</b>

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

#### 6.1.2 Lennard Shelf Royalty Deed:

EP or PL #	Date Issued	Expiry	Area (km2)	Held by
EP 129 <sup>2</sup>	18 March 2016	17 March 2025	652.9955 (8 blocks)	Buru Energy Limited
L 6	19 May 2006	18 May 2027	407.9 (5 blocks)	Buru Energy Limited
L 8	19 May 2006	18 May 2027	326.3084 (4 blocks)	Buru Energy Limited
L 17	10 April 2013	Indefinite	81.6 (1 block)	Buru Energy Limited

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

<sup>1</sup> Gulliver Productions Pty Ltd is a 100% subsidiary of Rey Resources Limited (ASX: REY).

<sup>2</sup> 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.

## 6.2 Other Royalties:

The following is a schedule of royalty interests acquired as a result of the acquisition of Royalco.

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

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

## 7. 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.

## 8. Events Subsequent to the Quarter:

Subsequent to the end of the quarter, Fitzroy announced that the outstanding balance (\$3.5m) of the \$5.0m loan facility described in section 5.4 of the Company's Bidder's Statement dated 21 November 2019 and in the Company's H1 2020 Interim Accounts (refer notes 6 and 11) has been extended on the same terms for a further period to 14 November 2021. The new maturity date for the loan facility is a good outcome to fund Fitzroy through current volatile commodity markets.

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

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Dated: 29 April 2020

**Important**

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