



COMPANY UPDATE

January 2021 (ASX:FZR)

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Cover image credit;
Left Buru Energy, *Right* ExxonMobil Australia.

OBJECTIVES

Fitzroy's current objectives are:

- Achieve positive cashflow from operations – based on current income producing royalties of Buru (Canning Basin) and Weeks (Gippsland Basin)
- Reduce debt – currently \$2.5m from acquisition of Royalco Resources in January 2020 (\$2.5m repaid).

The upside to Fitzroy's valuation and business case include:

- Several near term royalty assets (Blackwater and Bowden's) provide the prospect of a material increase in value as they move to funding decisions and potential development over the next three years
- Recovery in the oil price
- Exploration success in Canning Basin by Buru and Origin.

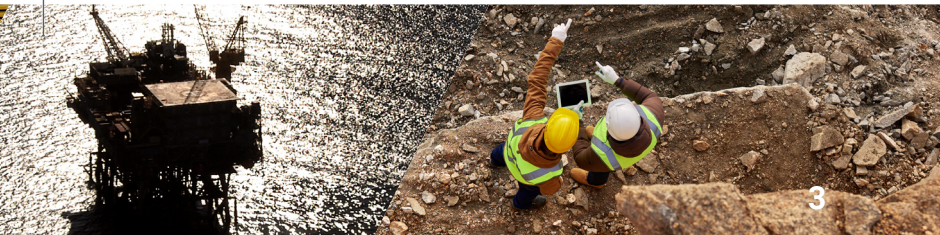
Buru Energy



Silver Mines



ExxonMobil Australia



ATTRIBUTES OF ROYALTY BUSINESS MODEL



**No exposure to
capex or cost
overruns**



**Leveraged
to commodity
prices**



**Exploration and
mine expansion
upside**



**Production
royalties are
enduring and
attach to permits**



**Growing cash flows
with low corporate
costs**



**Scaleable business
model via cash and
share acquisition
consideration**

Fitzroy has a diversified royalty portfolio with several near term production assets.

OIL AND GAS

- **Canning Basin (WA)**
 - Buru Energy (BRU) – operator *
 - Origin Energy – Farm-in partner
 - Black Mountain (Private) – developer
- **Gippsland Basin (Offshore VIC)**
 - Weeks Royalty – ExxonMobil – operator *

* denotes production asset

SILVER

- **Bowden's (NSW)**
 - Silver Mines (SVL) – developer

GOLD

- **Blackwater (NZ)**
 - OceanaGold (OGC) & option to Federation Mining Pty Ltd - developer
- **Sam's Creek (NZ)**
 - potential future development by new owner Auris Minerals (AUR)

EQUITY INVESTMENTS

- **Byron Energy (BYE)**
 - exposure to Gulf of Mexico O&G exploration & production
- **High Peak Royalties (HPR)**
 - exposure to Amadeus Basin NT
- **Spark Exploration (Private)**
 - exposure to Rona Ridge, West Shetland Basin O&G

SUMMARY OF ROYALTY INTERESTS

Fitzroy's royalty assets include the following:

Project	Counterparty	Location	Commodity	Status	Revenue (LTM)	Royalty rates **
Canning Basin Royalty Deed						
EP391, EP428, EP431 & EP436	Buru Energy (BRU-50%) & Origin Energy (ORG-50%)*	Canning Basin, WA	Hydrocarbons	Exploration	Nil	2% NR
L20 & L21 (Ungani)	Buru Energy (50%) & Roc Oil (50%)	Canning Basin, WA	Hydrocarbons	Production	A\$223,000	2% NR
EP371	Black Mountain Exploration	Canning Basin, WA	Hydrocarbons	Exploration	Nil	2% NR
R1	Rey Resources (REY)	Canning Basin, WA	Hydrocarbons	Exploration	Nil	2% NR (FZR 8% interest)
L15	Rey Resources (REY)	Canning Basin, WA	Hydrocarbons	Exploration	Nil	2% NR (FZR 12% interest)
Lennard Shelf Royalty Deed						
EP129	Buru Energy (50%) & Origin Energy (ORG-50%)*	Canning Basin, WA	Hydrocarbons	Exploration	Nil	3% NR
L6, L8 & L17	Buru Energy	Canning Basin, WA	Hydrocarbons			3% NR
Weeks	Exxon Mobil/BHP Gippsland Basin JV	Gippsland Basin, VIC	Hydrocarbons	Production	A\$518,000	2.5% ORR (FZR 1.0% interest)
Blackwater	OceanaGold (OGC); option to Federation Mining	Reefton, NZ	Au	E & D	Nil	Variable 1-3% NSR with buy-out
Bowden's	Silver Mines (SVL)	Mudgee, NSW	Ag	E & D	Nil	2% NSR, 1% > US\$5m
LFB Molong	Regis Resources (RRL)	Molong, NSW	Au, Cu	Exploration	Nil	3% NSR
Sam's Creek	OGC (20%) & Auris Minerals (AUR-80%)	Takaka, NZ	Au	Exploration	Nil	1% ORR
Mt Garnett	Consolidated Tin Mines (CSD)	Queensland	Zn, Pb, Ag	E & D	Nil	3% NSR

* Subject to Farm-out Agreement with Origin Energy announced 21 December 2020.

** NSR - Net Smelter Return; ORR - Over Riding Royalty on production; NR - Net Production Royalty after allowable deductions.

CAPITAL STRUCTURE

\$13.8m

Market Capitalization

\$0.16

Share Price
(30 day vwap)

86.363m

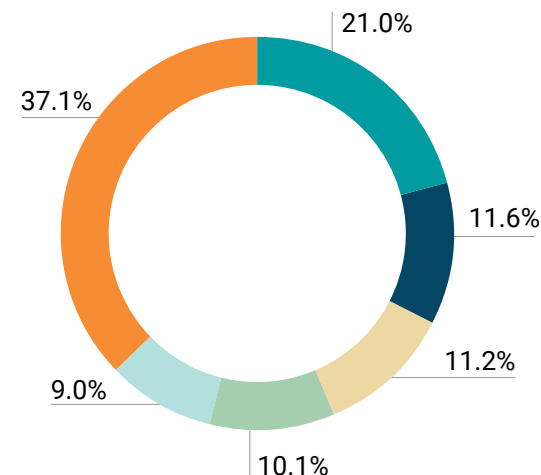
Shares

\$2.3m

Net debt (30.06.20
adjusted for Q1FY21)

\$16.1m

Enterprise Value



Substantial shareholders

FlexiPlan Management P/L (Sue Thomas)	21.0%
Australasia Resources P/L	11.6%
Noontide Investments P/L	11.2%
Sandon Capital (SNC)	10.1%
Rocket Science P/L	9.0%

Total substantial shareholders	62.9%
Total shareholders	~820

EXPERIENCED BOARD



Malcolm McComas

Company director, investment banker and lawyer with leadership roles at County NatWest (now Citi) and Grant Samuel and career experience in resources.



Sue Thomas

Company director with experience in technology and law. Founder of administration platform FlexiPlan Australia. Substantial shareholder in FZR.



Justin Clyne

Lawyer and Chartered Company Secretary with experience in resources, ASX compliance and corporate regulatory requirements.



Map and image supplied by ExxonMobil Australia

PRODUCTION ASSETS

Weeks Royalty and Canning Basin Royalty

WEEKS ROYALTY – GIPPSLAND BASIN

Total royalty income (12 months to 30 Sep 2020) \$518,085 (2019:\$682,857)

Average annual income since 2015 is \$585k in range \$511-695k

Weeks offers upside exposure to AUS east coast gas price appreciation as ~65% of currently contracted gas comes off contract in near term

Receipts from LTM to Sept 2020 down 24% vs PCP

Upside to cash flow with any oil price recovery

Paid in A\$ with Weeks Royalty payments managed by Oil Basins Limited

Seasonal variations, with high period usually being CYQ3

UNGANI FIELD – CANNING BASIN

Buru Energy announced farm-out to Origin Energy in Dec 2020

- Production from Ungani targeted at ~1,00bopd, with export from Wyndham Port
- Origin Energy (ORG) has farmed in to all BRU's 100% exploration permits with substantial funding commitment
- The ORG Farm-in confirms 2021 exploration program including commitment to fund Rafael and Kurrajong 1 exploration wells and an extensive seismic program
- Canning Basin is largest onshore sedimentary basin in WA with Blina & Ungani oilfields in dolomitic reservoirs. World scale, basin centered, condensate rich, tight gas accumulation defined by wells and fracs (BRU Dec 20 presentation).



Image supplied Buru Energy



Images supplied by Silver Mines

NEAR TERM PRODUCTION ASSETS

NEAR TERM PRODUCTION ASSETS

The following near term production assets will provide significant upside to Fitzroy if they move into production.

GOLD

- Blackwater (NZ) – variable 1-3% ORR
- OceanaGold option to Federation Mining Pty Ltd (Jim Askew & Mark LeMessurier)
- Development funding from Australian Super and NZ Provincial Growth Fund.

SILVER

- Bowden's (NSW) – variable 1-2% NSR – Silver Mines (SVL) as developer
- Approvals at advanced stage with NSW Govt
- Improved Ag price supports FID. Au price appreciation over LTM is ~40% (US\$) and ~24% (A\$).

OIL & GAS

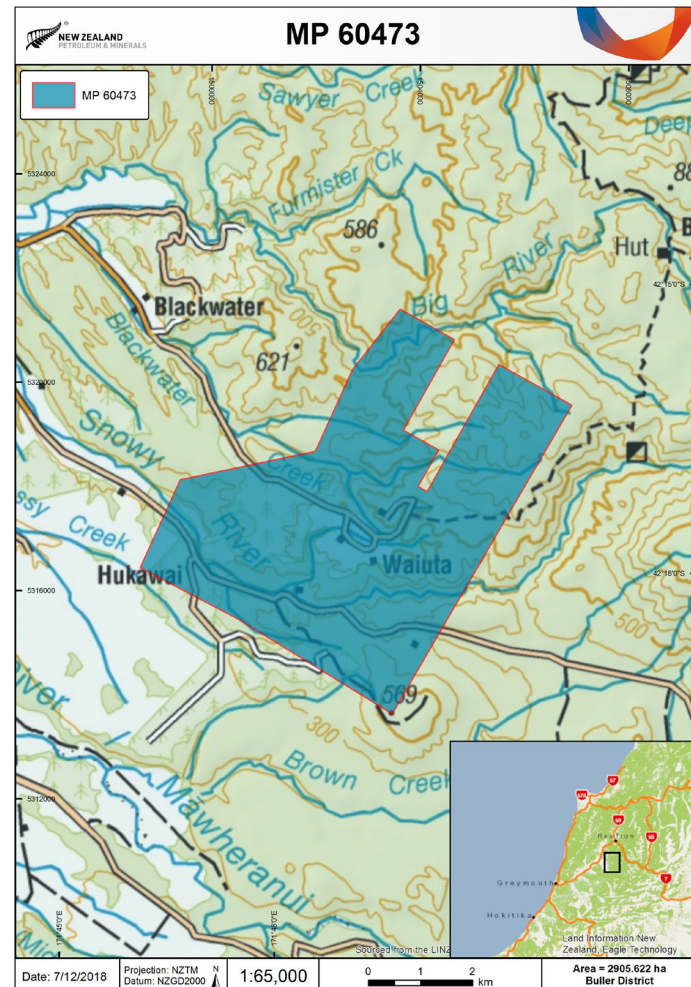
- Canning Basin (WA) – Buru Energy (BRU) – Origin Energy (ORG) as new Farm-in partner for BRU
- Canning Basin (WA) – Black Mountain Exploration (private)

BLACKWATER GOLD PROJECT (REEFTON, NZ)

Snowy River Mine

Federation Mining Pty Ltd as developer (under option from Oceana Gold)

- Variable 1-3% NSR royalty payable, based on production from parts of areas now known as MP60473 & EP60460.
- If spot gold price is NZ\$900 and above, royalty is fixed at 3.0%, reverting to 1.5% after aggregate Au production exceeds 1.0m oz.
- Federation has an option to purchase royalty at a Decision to Mine (DTM) for the area previously PL312176, for A\$5.0m indexed from May 1991 (current value approx. A\$9.8m).
- Federation announced in August 2020 funding support from NZ Provincial Growth Fund and Australian Super to progress to a DTM.
- Plan of works includes:
 - Dec 2020 Decline start
 - Dec 2022 Decline complete
 - Jan–Jun 2023 Drilling of resource
 - Apr–Nov 2023 Feasibility study complete
 - Dec 2023 Decision to Mine.

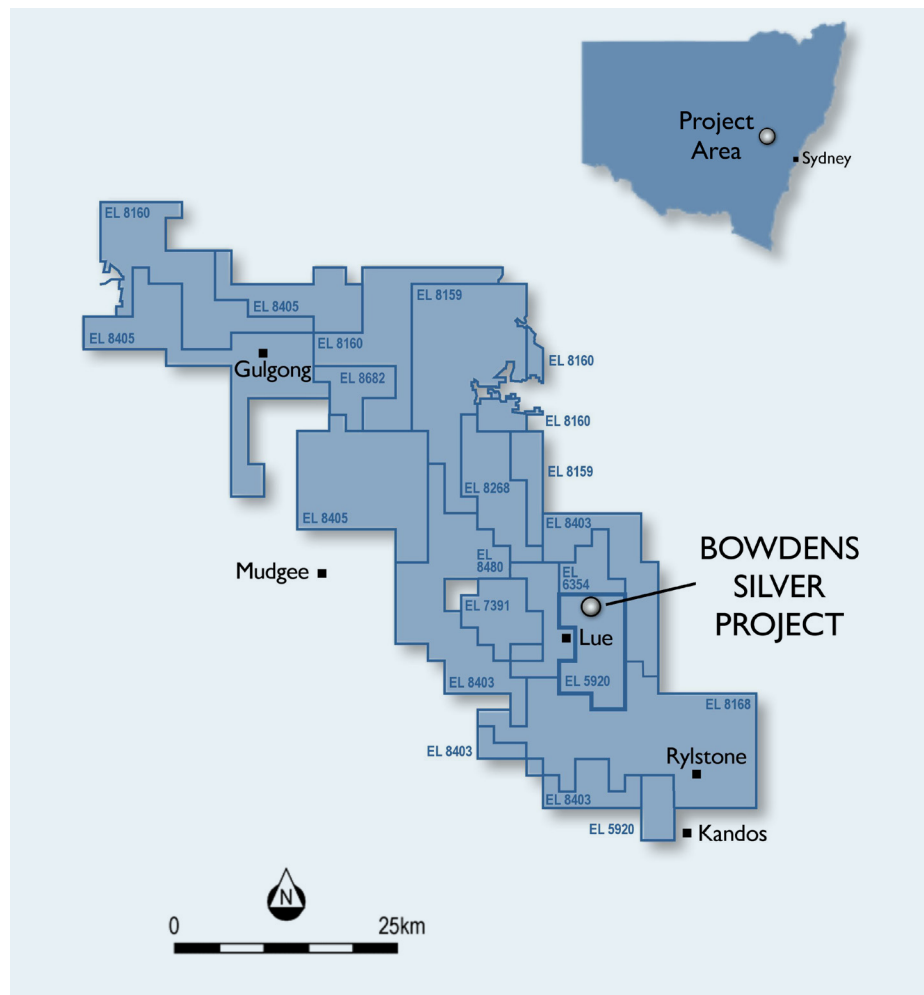


BOWDEN'S SILVER MINE (MUDGEE, NSW)

Silver Mines Limited (SVL) as developer

- Fitzroy is entitled to an initial 2.0% NSR for the first US\$5m and 1.0% thereafter
- The project's viability has improved with recent Ag price increases (6mth increase approx. 50%)
- SVL lodged DA and EIS in May 2020
- In January 2020, a 0.85% gross royalty over the Bowden's project was acquired by an international royalty fund for approx. A\$3.0m
- In January 2020, SVL bought back a 1.0% gross revenue royalty over Stage 1 production (first 4 years) for a share consideration of approx. A\$1.9m. At current SVL share price, consideration valued at ~\$5.1m
- The Bowden's Feasibility Study assumed a life of mine royalty stream in excess of A\$20m in respect of FZR's royalty area.

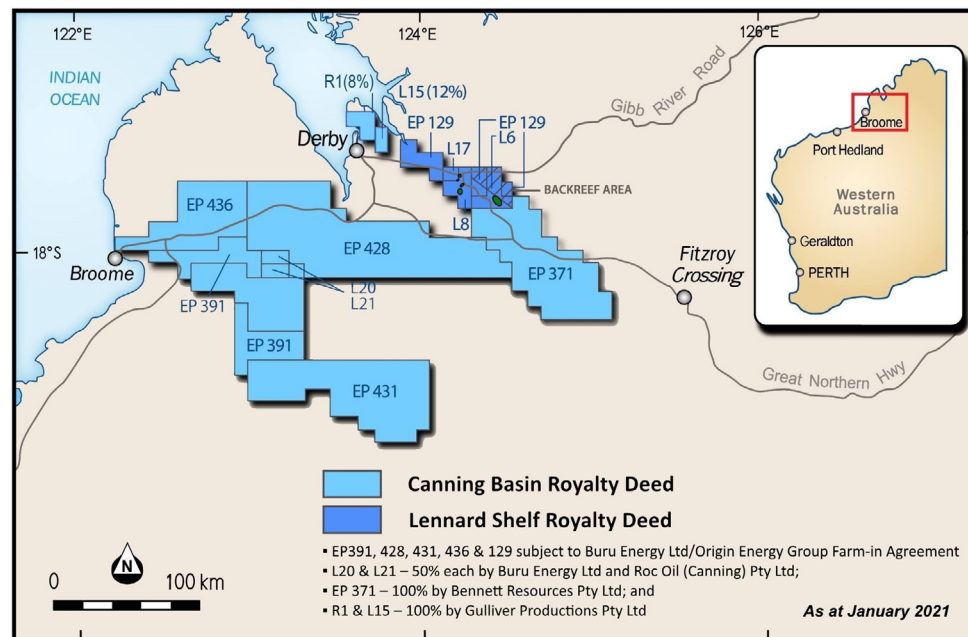
Note: The Bowden's Silver Project and FZR's royalty are limited to certain EL's within this map.



CANNING BASIN ROYALTY INTERESTS

Canning Basin Royalty Deed & Lennard Shelf Royalty Deed

- Production and exploration assets held by Buru Energy and 4 other parties across 2 Royalty Deeds & 13 permits and licences
- Black Mountain Exploration has current development plans for exploration of EP371 (Canning Deed)
- The Ungani L20/21 oilfield (BRU 50%, ROC 50%) commenced production in 2015
- In December 2020, Buru announced a Farm-out of 5 permits to Origin Energy (OGE) under the Canning Basin & Lennard Shelf Royalties involving substantial near term work commitments for 2 wells and seismic programs
- Royalty rates are 2% NR across the Canning Basin Deed and 3% NR on Lennard Shelf.



Current activity

- Black Mountain Exploration intends to undertake an extensive evaluation of the unconventional gas resources on EP371, including drilling a number of wells and undertaking a frac program
- There have previously been successful wells and fracs at Valhalla North and Asgard 1
- Black Mountain have commenced an application process for 6 wells
- Subject to approvals, work is expected to commence in CY2022.





OTHER ASSETS

OTHER ASSETS

LISTED EQUITY INVESTMENTS

Byron Energy Limited (BYE)
– 12.2m shares

High Peak Royalties Limited (HPR)
– 5.7m shares

UNLISTED EQUITY INVESTMENTS

Spark Exploration Pty Ltd
– 5.0m shares, plus warrants



FINANCIAL INFORMATION

PROFIT & LOSS STATEMENT

Revenue (\$'000)	FY2020	FY2019
Interest	18	32
Royalty income	484	358
Expenses		
Corporate and other	(877)	(425)
Impairment of intangibles	(3,923)	–
Fair value loss, impairment, equity share loss	(164)	(287)
Amortization of royalty rights	(224)	–
Finance costs	(312)	–
Profit/loss before tax	(4,998)	(322)
Income tax expense	(832)	(110)
Revaluation of investments at fair value	(1,942)	(687)
Total comprehensive loss	(7,772)	(1,119)

STATEMENT OF FINANCIAL POSITION

Assets (\$'000)	FY2020
Cash	624
Receivables and other	211
Financial assets	3,038
Intangibles	3,816
Other	55
Total assets	7,744
Liabilities	
Payables and other	210
Borrowings	3,500
Total liabilities	3,710
Net Assets	4,034

STATEMENT OF CASH FLOWS

Cash flows from Operating Activities (\$'000)	FY 2020
Payments to suppliers and employees	(828)
Interest received	18
Interest costs paid	(283)
Royalties received	564
Net cash used in Operating Activities	(529)
Cash flows from Investing Activities	
Payments for investments	(23)
Cash paid to acquire control of Royalco Resources (net of cash acquired)	(4,097)
Proceeds from disposal of investments	569
Net cash used in Investing Activities	(3,551)
Cash flows from Financing Activities	
Proceeds from borrowings	5,000
Payments for share buybacks	(47)
Repayment of borrowings	(1,500)
Net cash from/(used in) Financing Activities	3,453
Net decrease in cash and cash equivalents	(627)
Cash at beginning of financial year	1,251
Cash at end of financial year	624

CORPORATE DIRECTORY

Directors

Malcolm McComas – Chair

Sue Thomas – NED

Justin Clyne – NED

Company Secretary

Justin Clyne

Auditor

RSM Australia Partners

Share Registrar

Boardroom Pty Ltd

www.boardroomlimited.com.au



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ANNOUNCEMENT

Authority for this announcement

This announcement has been
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The Board of Fitzroy River Corporation

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