

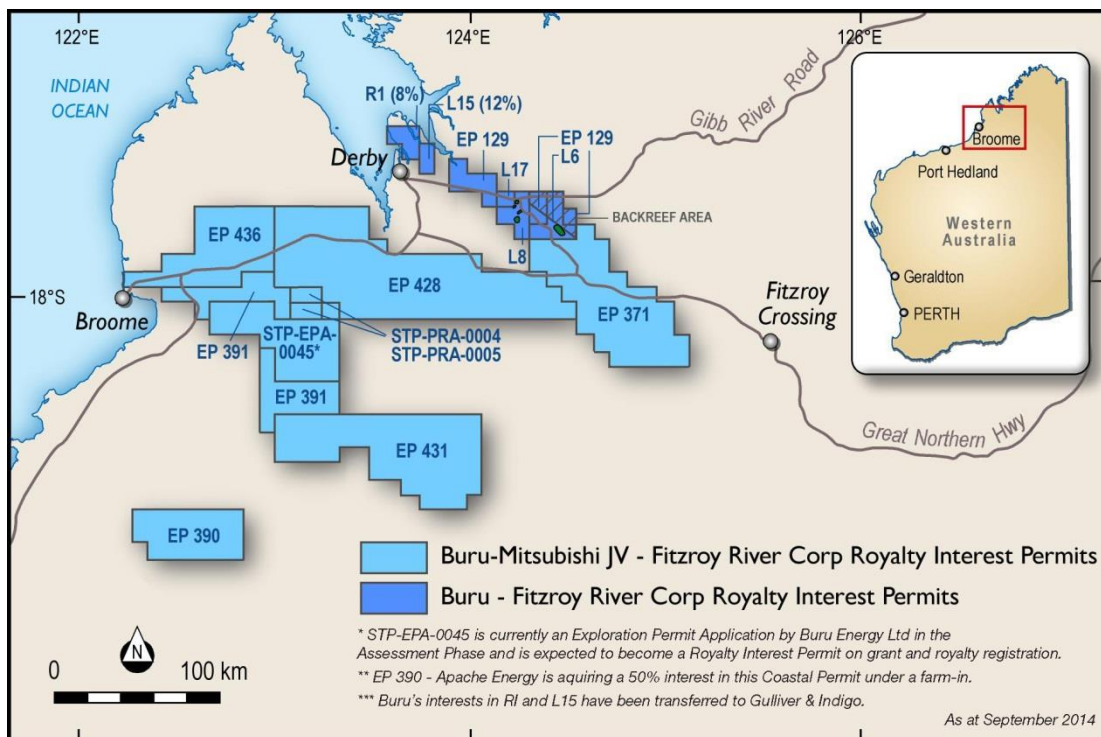
## Quarterly Activities Report (Quarter ended 31 March 2015)

Fitzroy River Corporation Ltd ('Fitzroy', 'FZR' or the 'Company') reports on its activities during the 3 months ended 31 March 2015.

Fitzroy holds royalty interests in several permits in the Canning Basin (via 2 separate Royalty Deeds).

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

The map below shows the location of all of the royalty interests, including those under the Canning Basin Royalty. Except for R1 and L15, the dark blue areas are under the Lennard Shelf Royalty discussed in section B) below.



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

#### **EP 391, EP 431, EP 436, EP 371, EP 428 (2% Royalty) – Buru-Mitsubishi JV**

These 5 Permits as shown in the map above are currently held 50% by Buru Energy Ltd ('Buru') and 50% by either Diamond Resources (Fitzroy) Pty Ltd ('DRF') (EP 391, EP 431 and EP 436), or Diamond Resources

(Canning) Pty Ltd ('DRC') (EP 371 and EP 428). DRF and DRC are wholly owned subsidiaries of Mitsubishi Corporation ('Mitsubishi'). DRF and DRC are currently each responsible, as to 50%, for the obligations and liabilities under the 26 August 2006 'Canning Basin Royalty Deed' relating to these 5 Permits. Mitsubishi has guaranteed to Fitzroy the performance of DRF's and DRC's obligations. With respect to EP 390 which is the subject of the Apache Farm-in Agreement announced by Buru in November 2013, this has resulted in both DRC and Buru having reduced equity (of 25% each).

**Ungani Field production - EP 391 (R2) (2% Royalty on 100% participation interest)**

Fitzroy continues to closely monitor relevant announcements concerning the Ungani Field that are made by Buru, particularly regarding its development and production plans. Buru announced on 13 December 2013 that oil production from the Ungani Field had recommenced. Crude oil is now trucked from Ungani to a storage facility at the Port of Wyndham.

During the quarter, Buru announced that it had executed a Native Title Agreement with 2 of the 3 Traditional Owners with the third Traditional Owners signing subsequent to the end of the quarter. A summary of Buru's significant announcements relating to Ungani is as follows:

- On 14 April Buru advised that the Buru Energy/Mitsubishi Joint Venture will now secure the Production Licence for its Ungani oil field after executing a Native Title agreement with the Yawuru People. Under the agreement, the Yawuru People have agreed to the grant of the production licences (STP-PRA-004 and 005 over which Fitzroy has a 2% royalty interest) required for the commercial development of the Ungani oil field. This follows the agreement announced by Buru on 9 March that the Nyikina Mangala and the Karajarri Yanja People have also executed a Native Title Agreement with the Joint Venture; and
- In its Operations Update on 28 April Buru announced that the development of the Ungani Oilfield will now proceed through the grant of the Production License and the Consent to Operate. Buru is well advanced in the process of procuring these approvals and has a target start date for production of mid-July. Production will initially start at some 1,250 bopd with continued export through Wyndham

Fitzroy will continue to monitor and wait for further announcements in relation to exploration and production from the tenements over which it holds a royalty interest.

As at Quarter end, STP-PRA-0004 and 0005, the applications for Petroleum Production Licenses in respect of the Ungani Field referred to above were still in the assessment stage however, the Company notes from Buru's announcement of 14 April that the applications are expected to be granted in coming months.

**Royalty Payments Received during the Quarter**

During the quarter the Company received a further royalty payment from each of Buru Energy Limited (Buru) and Diamond Resources (Fitzroy) Pty Ltd (DRF) for production from two Ungani wells (the Ungani - 1 ST 1 and

the Ungani - 2) on EP 391. The payments were received in late January 2015 and represented oil sold in the months of October, November and December together with minor adjustments in respect of oil sold in August, September and October. The payments from Buru and DRF were made on the previously disputed and delayed basis as outlined in previous Quarterly Reports however the Company notes that with the litigation now resolved between the parties (Refer Section C below) payments will continue to be made on the current basis. The total amount received by Fitzroy in production royalties during the Quarter in respect of the Ungani EPT production was \$88,765.39 (paid, as distinct from accrued). There have been no payments received subsequent to the end of the quarter as at the date of this report.

Fitzroy is expecting further quarterly royalty payments from Buru and DRF in 2015 when production recommences and Fitzroy remains in discussions with these parties as to the correct timing of quarterly royalty payments, particularly concerning royalties on changes in inventories during each quarter.

#### **Royalty Calculation Dispute**

Fitzroy announced to the ASX on 26 August 2013 that it had filed an Originating Summons in the Supreme Court of Western Australia (Proceedings) seeking a declaration concerning the proper construction of the terms of its 'Canning Basin Royalty Deed' (Royalty Deed) dated 26 August 2006 that relate to the calculation of the royalty. Subsequent to the end of the quarter the litigation between the parties was resolved in favour of Buru and Mitsubishi (Refer ASX announcement of 15 April).

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

Fitzroy continues to monitor activities by the R1 joint venture participants. Fitzroy's 8% participating interest in R1 was sold together with various other Canning Basin Assets in 2006. R1 is over 3 blocks and renewal number 1 was granted on 8 November 2010. Fitzroy's 2% royalty rights on its 8% participating interest have been held as against Buru, one of the joint venture participants.

Pursuant to a Deed of Covenant dated 20 December 2013, Buru transferred its 43.28% interest in R1 to Gulliver Productions Pty Ltd ('Gulliver', a subsidiary of Key Petroleum Limited) and Indigo Oil Pty Ltd ('Indigo') as part of an asset swap and Buru's 'ongoing acreage rationalisation program'.

Fitzroy maintains that the assignment provisions of the Canning Basin Royalty Deed (Royalty Deed) apply to this transaction and, as stated in previous quarterly reports, these assignment provisions have not been followed in relation to the Deed of Covenant between Buru, Indigo and Gulliver. Fitzroy is of the view that the Royalty Deed does not release Buru from any of its obligations thereunder in respect to Fitzroy's interest and has advised Buru, Indigo and Gulliver accordingly.

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

Fitzroy continues to monitor activities by the L15 joint venture participants. L15 (over 2 blocks) was granted on 1 April 2010 and expires on 31 March 2031. Fitzroy's 2% royalty right on its 12% participating interest have been held as against Buru, one of the joint venture participants.

Pursuant to a Deed of Covenant dated 20 December 2013, Buru transferred its 15.5% interest in L15 to Gulliver Productions Pty Ltd ('Gulliver', a subsidiary of Key Petroleum Limited) and Indigo Oil Pty Ltd ('Indigo') as part of an asset swap and Buru's 'ongoing acreage rationalisation program'.

Fitzroy maintains that the assignment provisions of the Canning Basin Royalty Deed (Royalty Deed) apply to this transaction and, as stated in previous quarterly reports, these assignment provisions have not been followed in relation to the Deed of Covenant between Buru, Indigo and Gulliver. Fitzroy is of the view that the Royalty Deed does not release Buru from any of its obligations thereunder in respect to Fitzroy's interest and has advised Buru, Indigo and Gulliver accordingly.

**STP-EPA-0045**

In October 2011, Buru applied for an Exploration Permit over 25 blocks comprising EPA 0045. On 9 October 2013, Fitzroy advised Buru that if and when it is granted, the EP will be a 'Replacement Permit' referable to EP 391 (as it stood in 2006 when sold by Fitzroy) and therefore Fitzroy's 2% Royalty will apply to it. Buru has advised that its view is that the EP shouldn't constitute a 'Replacement Permit'. The EPA remains in the assessment phase as at Quarter end.

**EP 390 – Apache Farm-in**

On 4 November 2013, Buru announced that a subsidiary of Apache Energy Limited will farm-in to a number of permits in the Buru-Mitsubishi joint venture. EP 390, one of the so-called 'Coastal Permits' and comprising 20 blocks, was to become 50% held by Apache Onshore Holdings Pty Ltd ('Apache') once Apache funded an exploration program on the Coastal Permits during 2014.

The assignment provisions of the Canning Basin Royalty Deed applied to this transaction and a Deed dated 14 March 2014 relating specifically to EP 390 was entered into by Fitzroy with Apache, DRC, Buru and Apache Energy Ltd. Under the Deed, Apache has assumed (as from 12 May 2014, the completion date of the Apache farm-in) the responsibility to pay royalties to Fitzroy as to 50% of the Petroleum recovered from the area of EP 390 (leaving DRC and Buru at 25% each). Apache Energy Ltd has guaranteed the obligations of Apache to Fitzroy.

On 23 December 2014, in its quarterly activities report, Buru announced in relation to the Commodore 1 Exploration Well on EP 390 the Apache funded well was drilled on time and on budget but did not encounter any significant hydrocarbons but a fully cored section provides valuable information on prospectivity.

Fitzroy will continue to monitor progress with respect to EP 390.

**EP 428, EP 431, EP 371 (R1) and EP 436**

Renewal applications for these 4 permits were lodged by Buru in late October 2013. These 4 permits are 4 out of the 5 State Agreement permits (discussed extensively in previous reports by Fitzroy) and are exempt from the requirement to drop 50% of the blocks as part of the renewal application process.

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

**Royalty (3% of Well Head Value (net)) over EP 129 and L6 and L8 production and sales**

No Blina oilfield royalty payments were received by Fitzroy from Buru during the Quarter and no payments are expected. Buru stated in its operations update on 20 January 2015:

*“Buru is continuing its remediation of this area...The Company took the decision to cease production from the area in 2013 in order to address the legacy issues, including the rehabilitation...”*

**EP 129**

The Lennard Shelf Royalty was created by a Royalty Deed dated 5 September 2006 over the entire area covered by EP 129, as well as over L6 and L8. It was registered on 2 March 2007. In August 2013 Buru applied for a suspension with extension for the 8 block EP 129 (R5), and the new expiry date is 31 January 2016.

On 27 January 2015 Buru announced that it had commenced drilling operations on the Sunbeam 1 well located on EP 129 and in its final drilling report announced to the market on 9 February Buru stated drilling did not encounter any significant hydrocarbons and the well would be suspended for possible re-entry and deepening into the underlying Emanuel prospect during the coming dry season.

EP 129 is subject to the Trident Energy farm in right to earn a 17.5% interest. Mitsubishi is entitled to an interest equal to Buru's interest.

**Backreef Area of EP 129 and L6**

Fitzroy is monitoring the activities on the 'Backreef Area' of L6 and EP 129, particularly those of Oil Basins Ltd. It is understood that Buru holds 100% of the Backreef Area on trust for Oil Basins Ltd and other parties due to the completion of the drilling of the East Blina-1 well on 31 October 2012 in accordance with the 'Backreef Play Agreement' dated 30 October 2008. As previously announced, Fitzroy had some negotiations with Buru during 2013 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. As at Quarter end, the contractual relationship governing the 3% royalty obligation (which is registered against L6 and EP 129) is between Fitzroy and Buru alone.

### **L17**

In April 2013, a new petroleum production licence L17 was granted to Buru. L17 is over a single block (block 6275, which was formerly part of EP129). L17 constitutes a 'Replacement Permit' under the Royalty Deed. In July 2013 Fitzroy applied to register the Lennard Shelf Royalty against L17 and this was done as part of Fitzroy's routine title maintenance activities (ensuring royalty dealings are and remain registered under Section 75 of the Petroleum and Geothermal Energy Resources Act (WA) against relevant permits). On 19 May 2014 the registration application was approved.

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

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

Fitzroy has not had any direct activities of this nature during the Quarter however the Company is actively seeking to invest its current funds by seeking out additional royalty interests, free carried interests and minor equity positions.

### **Future Investments**

With respect to potential future investments, FZR is actively seeking investments related to royalty interests, free carried interests and minor equity positions and is presently reviewing a number of prospective opportunities as part of this process.

### **Petroleum tenement and farm-in agreement information**

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.

### **Shareholders**

As at 31 March 2015, Fitzroy had 90,788,294 ordinary shares on issue, held by 1,021 registered shareholders.

### **Buy-back**

The on-market buy-back of the Company's shares as announced to the ASX remains on foot. The Company has not as yet activated the buy-back and has not purchased any shares thereunder. The buy-back remains

active until 30 May 2015 unless terminated earlier. Fitzroy has appointed Taylor Collison to undertake the buy-back.

### **Events Subsequent to Quarter's End**

In relation to the Western Australian Supreme Court proceedings (CIV 2315 of 2013) (**Proceedings**) involving Buru Energy Limited, Diamond Resources (Canning) Pty Ltd, Diamond Resources (Fitzroy) Pty Ltd and Mitsubishi Corporation, on 15 April the Company announced that the court declined to grant the declaration sought by the Plaintiff that the Defendants pay Fitzroy a gross royalty. Fitzroy was also ordered to pay the Defendants' costs.

### **Change of Address**

Pursuant to Listing Rule 3.14 the Company advises a change in its principal place of business from 29 April 2015 to:

**Level 11, 2 Bligh Street, Sydney NSW 2000**

There is no change to the Company's registered office address which remains as follows:

**Suite 2, Level 11, 50 Margaret Street, Sydney NSW 2000**

**Malcolm McComas**

Non-Executive Chairman

Dated: 29 April 2015

### **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.*