

FITZROY RESOURCES LIMITED

ACN 145 590 110

NON-RENOUNCEABLE RIGHTS ISSUE OFFER DOCUMENT

A non-renounceable pro rata offer of New Shares at an issue price of \$0.004 each on the basis of 1 New Share for every 1 Share held on the Record Date.

This document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares being offered by this document.

**THE OFFER IS CURRENTLY SCHEDULED TO CLOSE AT 5.00PM WST ON 6 JANUARY
2015**

VALID APPLICATION FORMS MUST BE RECEIVED BEFORE THAT TIME.

Please read the instructions in this Rights Issue Offer Document and on the Entitlement and Acceptance Form regarding the acceptance of Shares under the Offer.

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT
SHOULD BE READ IN ITS ENTIRETY.**

**IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD
CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.**

**THE SHARES OFFERED BY THIS RIGHTS ISSUE OFFER DOCUMENT SHOULD BE
CONSIDERED SPECULATIVE IN NATURE.**

IMPORTANT INFORMATION

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Rights Issue Offer Document. Any information or representation not so contained may not be relied on as having been authorised by Fitzroy in connection with the Offer.

Eligibility

Applications for New Shares by Eligible Shareholders can only be made on the original Entitlement and Acceptance Form, as sent with this Rights Issue Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's entitlement to participate in the Offer.

Privacy

Fitzroy collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the Applicant's security holding in Fitzroy.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that Fitzroy may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes in this privacy disclosure statement and may disclose it for those purposes to the share registry, Fitzroy's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, Fitzroy may not be able to accept or process your application.

An Applicant has a right to gain access to the information that Fitzroy holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to Fitzroy's registered office.

Overseas Shareholders

No Offer will be made to Shareholders resident outside Australia and New Zealand.

This Rights Issue Offer Document and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Rights Issue Offer Document. The distribution of this Rights Issue Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Rights Issue Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

<p>This document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares being offered by this document</p>
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1. Details of Offer

1.1 Offer

Fitzroy is making a non-renounceable pro-rata offer of Shares to Eligible Shareholders on the basis of 1 New Share for every 1 Share held at the Record Date, each at an issue price of \$0.004, to raise up to \$480,170 (before costs)(**Offer**). Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a Share, such fraction will be rounded down to the nearest whole Share.

As at the Record Date Fitzroy will have on issue 120,042,858 Share (assuming no Options are exercised prior to the Record Date). The Company expects that up to 120,042,858 New Shares will be issued under the Offer.

Fitzroy will accept Entitlement and Acceptance Forms until 5.00pm WST on the Closing Date in Section 1.2 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

Your Entitlement is shown on the personalised Entitlement and Acceptance Form accompanying this Rights Issue Offer Document. You may accept the Offer only by applying for Shares on the Entitlement and Acceptance Form or by making a payment via BPay. Acceptances must not exceed your Entitlement as shown on the Entitlement and Acceptance Form, although you may accept for all or only part of your Entitlement. If your acceptance exceeds your Entitlement, acceptance will be deemed to be for your maximum Entitlement and any surplus application monies will be repaid to you (without interest) as soon as practicable after the Closing Date.

The Directors reserve the right to issue any New Shares not subscribed for by Eligible Shareholders under the Offer at their discretion within 3 months after the Closing Date.

Acceptance of a completed Entitlement and Acceptance Form by Fitzroy creates a legally binding contract between the Applicant and Fitzroy for the number of Shares accepted or deemed to be accepted by the Applicant. The Entitlement and Acceptance Form does not need to be signed by the Applicant to be legally binding. The Offer and contract formed on acceptance are governed by the laws of Western Australia.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

Shares offered by this Rights Issue Offer Document are expected to be issued, and security holder statements dispatched, on the date specified in the timetable in Section 1.2.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

1.2 Timetable

Lodgment of Appendix 3B and s708AA notice	10 December 2014
Notice to Shareholders	12 December 2014
Existing Shares quoted on an "ex" basis	15 December 2014
Record Date	17 December 2014
Rights Issue Offer Document and Entitlement and Acceptance Form sent to Eligible Shareholders	19 December 2014
Closing Date	6 January 2015
Shares quoted on a deferred settlement basis	7 January 2015
Company to notify ASX of under subscriptions (if any)	9 January 2015
Anticipated date for the issue of the Shares and sending of security holder statements	13 January 2015
Deferred settlement trading ends	13 January 2015

Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the Shares.

1.3 Use of Funds

It is proposed that the current cash reserves of Fitzroy and the proceeds raised from the Offer be allocated as follows:

	\$
Pre Offer cash available	34,000
Funds raised from the Offer and Placement	480,171
Total funds available	514,171
Expenses of the Offer	20,000
General working capital	494,171
Total funds applied	514,171

1.4 No Rights trading

The pro-rata offer of Shares is non-renounceable, which means that Eligible Shareholders may not sell or transfer all or any part of their Entitlement to subscribe for Shares under the Offer. Any portion of your Entitlement that is not taken up by the Closing Date will automatically lapse.

1.5 ASX quotation

Application will be made to ASX for the Official Quotation of the Shares to be issued under the Offer. If permission is not granted by ASX for the Official Quotation of the Shares to be issued under the Offer, Fitzroy will repay, as soon as practicable, without interest, all application monies received pursuant to the Offer.

1.6 Risk Factors

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are described in Section 3.

1.7 No Underwriting

The Offer is not underwritten.

1.8 Effect of the Offer on control of the Company

The effect the Offer will have on each Shareholder's percentage interest in the total issued capital of the Company is dependant on a number of factors, including investor demand. Given the structure of the Offer as a pro rata rights issue, the potential effect the issue of the New Shares will have on the control of the Company is as follows:

- (a) If all Eligible Shareholders take up their entitlement under the Offer, each Eligible Shareholder's percentage interest in the total issued Shares of the Company will remain the same and will not be diluted; and
- (b) to the extent that any Eligible Shareholder fails to take up their Entitlement for New Shares under the Offer, that Eligible Shareholder's percentage interest in the total issued Shares of the Company will be diluted by the Shares issued under the Offer and the percentage interest of Eligible Shareholders who participate in the Offer and people who subscribe for shortfall (if any) will increase; and

It is not expected that the issue of the New Shares under the Offer will have any material impact on the control of the Company. In particular, no Shareholder will acquire an interest in 20% or more of the issued capital of the Company as a result of the Offer. The capital structure on completion of the Offer will be as follows:

	Shares	Options
Currently on issue	120,042,858	6,000,000 ⁽¹⁾
Offered under the Offer ⁽²⁾	120,042,858	-
Total on completion of the Offer	240,085,716 ⁽³⁾	6,000,000

(1) Options exercisable at \$0.30 on or before 31 July 2015.

(2) Assumes no Options are exercised prior to the Record Date.

(3) Assumes all New Shares are issued under the Offer. This number will reduce if the Offer is not fully subscribed.

1.9 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Rights Issue Offer Document. Fitzroy, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Shares under this Rights Issue Offer Document.

1.10 Overseas Shareholders

No Offer will be made to Shareholders resident outside Australia and New Zealand. The Company has decided that it is unreasonable to make the Offer to Shareholders outside Australia and New Zealand having regard to the small number of Shareholders with addresses in other jurisdictions, the small number and value of Shares they hold and would be offered under the Offer and the cost of complying with the legal requirements and the requirements of regulatory authorities in those jurisdictions.

This Rights Issue Offer Document and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Rights Issue Offer Document. The distribution of this Rights Issue Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Rights Issue Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Notwithstanding the above, the Company may (in its absolute discretion) extend the Offer to certain shareholders who have registered addresses outside Australia and New Zealand in accordance with applicable law.

1.11 CHESS and issuer sponsorship

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. All trading on ASX in Shares will be settled through CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Rules.

The Company's Registry operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. Both these sub-registers constitute the Company's principal register of Shareholders.

Holders of Shares will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored or other participant in CHESS, ASX Settlement will send you a CHESS statement. The CHESS statement will set out the number of Shares issued under this Rights Issue Offer Document, provide details of your holder identification number, and provide the participant identification number of the sponsor and the terms and conditions applicable to the Shares, including a notice to exercise the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Company's Registry and will contain the number of Shares issued to you under this Rights Issue Offer Document and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

1.12 Enquiries

Enquiries concerning the Entitlement and Acceptance Form can be made by contacting the Company's Registry, Automic Registry Services(**Automic**), by telephone on 1300 288 664. The addresses for Automic are:

Mailing Address

Fitzroy Resources Limited
C/- Automic Registry Services
PO Box 223 West Perth WA 6872

Delivery Address

Fitzroy Resources Limited
C/- Automic Registry Services
Suite 1a , Level 1, 7 Ventnor Avenue West Perth WA 6005

General enquires in relation to Fitzroy can be made to the company secretary at Level 1, 35 Havelock Street West Perth, Western Australia, Australia, 6005 or by telephone on (08) 9481 7111 or by facsimile on 08) 9320 7501. Information may also be obtained by visiting the Company's website at www.fitzroyresources.com.au

2. Action Required

2.1 Acceptance of Shares under this Rights Issue Offer Document

Should you wish to accept all of your Entitlement to subscribe for Shares, then applications for Shares under this Rights Issue Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Rights Issue Offer Document or by completing a BPAY payment, in accordance with the instructions referred to in this Rights Issue Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

If you wish to pay by cheque please complete the Entitlement and Acceptance Form which must be accompanied by a cheque in Australian dollars, crossed 'Not Negotiable' and made payable to 'Fitzroy Limited - Rights Issue A/C' and lodged at any time after the issue of this Rights Issue Offer Document and on or before 5.00pm (WST) on the Closing Date at Fitzroy's share registry (by delivery or by post) at the addresses in Section 1.12 above.

If you wish to pay via BPAY you must follow the instructions in the Entitlement and Acceptance Form. . It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 4:00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Eligible Shareholders who elect to pay via BPAY will not need to return their completed Entitlement and Acceptance Form. Please read the instructions carefully.

2.2 If you wish to take up only part of your Entitlement

Should you wish to only take up part of your Entitlement and allow the balance to lapse, then applications for Shares under this Rights Issue Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Rights Issue Offer Document or by completing a BPAY payment in respect of the portion of your Entitlement you wish to take up in accordance with the instructions referred to in this Rights Issue Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

If you wish to pay by cheque please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of Shares you wish to accept and the amount payable (calculated at \$0.004 per Share accepted). Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed 'Not Negotiable' and made payable to 'Fitzroy Limited - Rights Issue A/C' and lodged at any time after the issue of this Rights Issue Offer Document and on or before the Closing Date at Fitzroy's share registry (by delivery or by post) at the addresses in Section 1.12 above.

If you wish to pay via BPAY you must follow the instructions in the Entitlement and Acceptance Form. . It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 4:00 pm (WST) on

the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Eligible Shareholders who elect to pay via BPAY will not need to return their completed Entitlement and Acceptance Form. Please read the instructions carefully.

2.3 If you do not wish to take up your Entitlement

If you do not wish to accept any of your Entitlement, you are not obliged to do anything and your Entitlement will automatically lapse. In that case, Shares not accepted by the Closing Date will become Shortfall Shares and you will receive no benefit.

The number of Shares you hold and the rights attaching to those Shares will not be affected should you choose not to accept any part of your Entitlement, however your percentage holding in the capital of Fitzroy will be diluted.

3. Risk Factors

This Section discusses some of the key risks associated with an investment in Shares. A number of risks and uncertainties, which are both specific to Fitzroy and of a more general nature, may adversely affect the operating and financial performance or position of Fitzroy, which in turn may affect the value of Shares and the value of an investment in Fitzroy.

The risks and uncertainties described below are not an exhaustive list of the risks facing Fitzroy or associated with an investment in Fitzroy. Additional risks and uncertainties may also become important factors that adversely affect Fitzroy's operating and financial performance or position.

Before investing in Shares, you should consider whether an investment in Shares is suitable for you. Potential investors should consider publicly available information on Fitzroy (such as that available on the websites of Fitzroy and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

3.1 General Risks of investing in the Company

(a) Future Capital Needs and Additional Funding

The Company's growth through its proposed and future drilling and exploration campaigns will require substantial expenditure. There can be no guarantees that the Company's cash reserves together with the funds raised by the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy.

If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer and existing working capital, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or if at all.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse affect on the Company's activities.

(b) Economic Risk

Changes in the general economic climate in which the Company will operate may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption and the rate of

growth of gross domestic product in Australia and the United States and other jurisdictions in which the Company may acquire mineral assets

(c) Changes in Government Policies and Legislation

Any material adverse changes in government policies or legislation of Australia, the United States or any other country that the Company may acquire economic interests may affect the viability and profitability of the Company.

3.2 Risks specific to US coal assets

(a) Coal Thickness

Coal thickness can vary locally and if mining to a minimum thickness, this can result in additional dilution, adversely affecting transportation and processing costs. When mining, if the thickness of the coal is thinner than anticipated, the financial viability of developing the assets may be adversely affected.

(b) Roof and floor conditions

Local conditions can vary. Hard or soft contacts above and below the seam can create difficult mining conditions. When mining at mining thicknesses greater than the coal seam thickness, there are times when the roof can either be difficult to support, or slow and expensive to mine through. In these times, coal recovery, coal dilution and mining productivity may suffer, adversely affecting the value and potentially viability of a particular mining area.

(c) Permitting

In order to commence mining, the Company will require permits to mine underground referred to as a Deep Mine Permit. Failure obtain a permits in a timely fashion may cause lengthy delays to mine development.

(d) Access to infrastructure

While there are a number of third party plants within the region that may be feasible options for the Company to utilise if it develops the assets, reaching a commercial agreement may prove to be problematic due to unforeseen circumstances.

Further, each plant's configuration and the distance to haul may hinder the consideration of certain plants as being viable options to process coal from the Company's projects.

(e) Dependence on key personnel

The Company will be reliant on a number of key personnel employed by the Company. Loss of such personnel may have a materially adverse impact on the performance of the Company. While there can be no assurance given as to the continued availability of such key personnel, the Company expects that the existing team will continue.

(f) Licences, Leases and Permits

The Company's mining and exploration activities are dependent upon the grant and subsequent the maintenance of relevant licences, leases, permits and regulatory consents which may be withdrawn or made subject to limitations.

There is no assurance that such grants and renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed.

(g) Payment Obligations

Under the mineral licences and leases comprising the the Company's projects, the Company will become subject to payment and other obligations. In particular, holders are required to expend the funds necessary to meet the minimum work commitments attaching to the licences and leases. Failure to meet these work commitments will render the licence or lease liable to be cancelled. Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of the Company's interest in the projects.

3.3 Risks Specific to Queensland Tenements

(a) Rookwood sell down

On 7 July 2014 the Company agreed to the sell down of 51% of the Rookwood tenements to Zenith Minerals Limited ("Zenith") and agreed to an exclusive 24 month period within which Zenith has the option to purchase the remaining 49% equity in the Rookwood tenements at Zenith's election. The 24 month period will include an automatic extension period when there is bona fide no or limited access to the project site due to major rainfall events or events beyond Zenith's control. Under the terms of the agreement Fitzroy has received \$200,000 and 500,000 ordinary Zenith shares. If Zenith exercises its option, Fitzroy will receive an option exercise fee of \$300,000 and 3,000,000 ordinary Zenith shares for the remaining 49% interest in the tenements. If, after 24 months, Zenith does not exercise the option then Fitzroy and Zenith may enter into a joint venture arrangement to progress the project or Fitzroy may re-purchase the 51% interest by the payment of the greater of \$200,000 or 50% of Zenith's expenditure incurred during the option period.

There can be no guarantee that Zenith will exercise the option to purchase the remaining 49% interest in the Rookwood tenements in which case the Company will not receive the option exercise fee of \$300,000 and 3 million ordinary Zenith shares. If the Option is not exercised the Company may expend cash resources to repurchase the 51% interest in the tenements or to further evaluate the tenements in joint venture with Zenith.

(b) Land access

The Rookwood and Glentanna tenements (**Tenements**) are located on freehold land. Prior to carrying out any exploration activities the Company is required to provide notice to the landholders of its intention to carry out the activities and

agree compensation. Any delay in gaining access to the Tenements may result in the exploration activities being delayed.

If an economically viable reserve is proven, the Company may be required to enter into various agreements with landowners in order to develop a mine and conduct mining operations.

There can be no assurance that delays will not occur in gaining access to the Tenements to carry out exploration activities or reach agreement with landowners if an economically viable reserve is proven. Such delays may have a negative effect on the Company, its future prospects and its cashflows.

(c) Thickness of Tertiary Cover

The prospective zones of the Tenements are covered by overburden. Certain geophysical techniques, which the Company intends to employ as part of its exploration activities, can be adversely affected by thick overburden. There is no guarantee that the overburden on the Tenements will not be significantly more than expected which may render these geophysical techniques ineffective. This may result in the Company incurring additional exploration expenditure which may materially and adversely affect the Company's future viability.

(d) Strategic Cropping Land

In 2011 the Queensland Government introduced the *Strategic Cropping Land Act 2011* (SCL Act) to protect the State's most valuable food producing land in a new policy entitled "Protecting Queensland's Strategic Cropping Land".

Part of the Tenements falls within the land areas to which the policy applies. The policy proposes to put in place a system for assessing and deciding whether development can proceed on strategic cropping land. Under the SCL Act if the areas of the Tenements on which economic mineralisation are discovered are deemed to be areas of strategic cropping land then the Company may be delayed or prevented from commencing mining operations which could result in a substantial loss to the Company.

(e) Tenement title

Interests in tenements in Queensland are governed by legislation and are evidenced by the granting of licences. Each licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise. This is particularly the case in respect of the Tenements which have in the past been underexpended. Such past underexpenditure will not be seen favourably by DEEDI when assessing future underexpenditure.

All of the Tenements in which the Company has, or may acquire an interest in, will be subject to applications for renewal or grant (as the case may be). The

renewal or grant of the term of each Tenement is usually at the discretion of the relevant government authority. If a Tenement is not renewed or granted, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral commodity on that Tenement.

Some of the Tenements overlap EPC titles. While the existence of an EPC over the area of an EPM does not prevent exploration by either the EPC or EPM holder, the first party to delineate a mineral resource and apply for a mining lease will have priority in respect of development. Should the EPC holder delineate a resource for coal over an area in which other minerals exist the Company may suffer loss as a consequence of losing the ability to develop such mineralisation.

(f) Joint venture parties, contractors and agents

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which Fitzroy may be or become a party; or insolvency or other managerial failure by any of the contractors used by Fitzroy in any of its activities; or insolvency or other managerial failure by any of the other service providers used by Fitzroy for any activity.

3.4 Mineral Industry Risks

(a) Resource and Reserve Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that are valid when made may change significantly when new information becomes available through drilling, sampling and similar examinations.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

Coal Reserve and Coal Resource estimates are expressions of judgment based on drilling results and other exploration observations along with and Competent Person's experience working with coal mining properties, and other factors. Estimates based on available data and interpretations and thus estimations may prove to be inaccurate or may change substantially when new information becomes available.

The actual quality and characteristics of coal deposits cannot be known until mining takes place, and will almost always differ from the assumptions used to develop resources.

Coal Reserves are value based financial and operational forecasts and consequently, the actual Coal Reserves and Coal Resources may differ from those estimated either positively or negatively.

(b) Exploration and Development Risks

Mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery.

There is no assurance that exploration of the mineral interests currently held by the Company, or any other projects that may be acquired in the future, will result in the discovery of an economically viable mineral deposit. Even if an apparently viable mineral deposit is identified, there is no guarantee that it can be profitably exploited.

(c) Operational Risks

The operations of the Company may be affected by various factors including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(d) Commodity Price Volatility and Foreign Exchange Risk

In the event that the Company achieves exploration success leading to production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price risks.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for coal, forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic

conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Furthermore, international prices of various commodities are denominated in United States Dollars and a portion of the Company's capital expenditure and ongoing expenditure is denominated in either United States Dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States Dollar and the Australian Dollar as determined in international markets.

(e) Environmental Risks

The operations and proposed activities of the Company are subject to regulations concerning the environment. The government and other authorities that administer and enforce environmental laws determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if mine development proceeds. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

The coal mining industry has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk. Future legislation and regulations governing coal production may impose significant environmental obligations on the Company in relation to coal mining.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

(f) Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) Identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- (ii) Developing an economic process route to produce a metal and/or concentrate; and
- (iii) Changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

(g) Native title

The Native Title Act recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on the Company's operations and future plans.

Native Title can be extinguished by valid grants of land (such as freehold title) or waters to people other than the Native Title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost its connection with the relevant land or waters. Native Title is not necessarily extinguished by the grant of mining leases, although a valid mining lease prevails over Native Title to the extent of any inconsistency for the duration of the title.

Tenements granted before 1 January 1994 are valid or validated by the Native Title Act.

For tenements to be validly granted (or renewed) after 1 January 1994, the future act regime established by the Native Title Act must be complied with.

The existence of a Native Title claim is not an indication that Native Title in fact exists on the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining operations.

3.5 General Risks

(a) Security investments

Applicants should be aware that there are risks associated with any investment in securities. The prices at which the Shares trade may be above or below the issue price, and may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that these trading prices and volumes will be sustained. These factors may materially affect the market price of the Securities, regardless of the Company's operational performance.

(b) Share market conditions

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Global credit and investment markets

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have lead to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Company's Shares trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

3.6 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Rights Issue Offer Document. Therefore, the Shares to be issued pursuant to this Rights Issue Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Shares pursuant to this Rights Issue Offer Document.

4. Directors Interests

4.1 Directors' interests in Company securities

The Directors or their nominees currently hold Shares and Options.

The Directors' and their nominee's current securityholdings and interests in Shares and Options are as follows:

	Mr Tom Henderson	Mr William Dix	Mr Riccardo Vittino	Mr Russell Lynton Brown
Current Number of Shares	6,070,489	800,005	1,168,498	780,000
Current percentage holding	5.1%	0.6%	0.9%	0.6%
Current number of Options	1,500,000	1,500,000	500,000	0
Entitlement to Shares under the Offer ¹	6,070,489	800,005	1,168,498	780,000
Maximum number of Shares following the Offer ²	12,140,978	1,600,010	2,336,996	1,560,000
Maximum percentage of Shares following the Offer ²	5.1%	0.6%	0.9%	0.6%

¹Assuming Directors do not exercise their Options.

²Assuming the Directors and their nominees take up their full Entitlements under the Offer and the Offer is fully subscribed.

At the time of lodging the Rights Issue Offer Document the Directors and their nominees have indicated that they will take up their full entitlement under the Offer.

5. Glossary of terms

\$ means Australian dollars.

Applicant means a person who has applied for New Shares by submitting an Application Form or arranging payment through BPay in accordance with the instructions on the Entitlement and Acceptance Form.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

ASX Settlement means ASX Settlement Pty Ltd ACN 008 504 532.

Business Day has the same meaning as in the Listing Rules.

CHESS means ASX Clearing House Electronic Subregister System.

Closing Date means the date identified as such in the indicative timetable, or such other date as announced to ASX by the Company.

Company or **Fitzroy** means Fitzroy Resources Limited ACN 145 590 110.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Directors mean the directors of the Company as at the date of this Rights Issue Offer Document.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date whose registered address is in Australia or New Zealand.

Entitlement means the entitlement to subscribe for New Shares pursuant to the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this Rights Issue Offer Document.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the Listing Rules of ASX.

New Share means a Share proposed to be issued pursuant to this Offer.

Offer is as defined in Section 1.1.

Official List means the official list of ASX.

Official Quotation means quotation of New Shares on the Official List.

Opening Date means the date identified as such in the indicative timetable, or such other date as announced to ASX by the Company.

Option means an option to subscribe for a Share.

Record Date means 4:00pm (WST) on the date identified as such in the indicative timetable in Section 1.2, or such other date as announced to ASX by the Company.

Registry or **Automic** means the Company's share registry, Automic Registry Services.

Rights Issue Offer Document means this document.

Section means a section of this Rights Issue Offer Document.

Share means an ordinary fully paid share in the capital of the Company.

Shareholder means a holder of Shares.

Shortfall or **Shortfall Shares** means those New Shares for which valid Applications have not been received by the Closing Date.

WST means Australian Western Standard Time.