



Fitzroy Resources Ltd

ACN 145 590 110

To be renamed 4DS Memory Limited

PROSPECTUS

For the offer of 90,000,000 Shares at an issue price of \$0.025 each to raise \$2,250,000 (before costs) (**Public Offer**). Oversubscriptions of up to a further 20,000,000 Shares at an issue price of \$0.025 each to raise up to a further \$500,000 (before costs) may be accepted under the Public Offer.

The Prospectus also contains:

- (a) an offer of 23,000,000 Shares to the 4DS A Class Shareholders in consideration for the acquisition of all of their 4DS A Class Shares (**4DS A Class Shareholder Offer**). Refer to Section 6.3 of this Prospectus for more information in respect of the A Class Shareholder Offer;
- (b) an offer of 23,440,322 Shares, 4,370,211 Class 1 Performance Shares and 36,458,333 Transaction Options to the 4DS Optionholders in consideration for the acquisition of all of their 4DS Options (**4DS Optionholder Offer**). Refer to Section 6.4 of this Prospectus for more information in respect of the 4DS Optionholder Offer; and
- (c) an offer of up to 30,000,000 Adviser Options to the Advisers (**Adviser Option Offer**). Refer to Section 6.5 of this Prospectus for further details of the Adviser Option Offer.

Conditional Offer

The Public Offer is conditional upon the Public Offer Conditions outlined in Section 6.6 of this Prospectus being satisfied. In the event that the Public Offer Conditions are not satisfied, the Company will not proceed with the Public Offer and the Company will repay all application monies received. In the event that the Public Offer does not proceed, the other Offers under this Prospectus will not proceed.

Re-compliance with Chapters 1 and 2

In addition to the purpose of raising funds under the Public Offer and issuing Securities under the other Offers, this Prospectus is issued for the purpose of re-complying with the admission requirements under Chapters 1 and 2 of the Listing Rules following a change to the nature and scale of the Company's activities.

Important Information

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

An investment in the Securities offered by this Prospectus should be considered as speculative.



Lead Manager to the Public Offer

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1. Important Information

1.1 Important notice

This Prospectus is dated 16 October 2015 and was lodged with ASIC on that date. ASX, ASIC and their officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates. The expiry date of this Prospectus is that date which is 13 months after the date this Prospectus was lodged with ASIC (**Expiry Date**). No Securities may be issued on the basis of this Prospectus after the Expiry Date.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary before deciding whether to invest. An investment in the Securities the subject of this Prospectus should be considered speculative. Please refer to Section 12 for details relating to risk factors that could affect the financial performance and assets of the Company.

As the 4DS Optionholder Offer and the Adviser Option Offer include non-quoted Class 1 Performance Shares, Transaction Options and Adviser Options, the Company is prohibited from accepting applications under the 4DS Optionholder Offer and the Adviser Option Offer during the Exposure Period. This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the acceptance of applications for or issue of non-quoted Class 1 Performance Shares, Transaction Options and Adviser Options,. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications under the 4DS Optionholder Offer and the Adviser Option Offer under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

Application will be made to ASX within seven days after the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus.

Persons wishing to apply for Securities under the Offers must do so using the applicable Application Form as provided with a copy of this Prospectus. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus.

1.2 Web site – electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.fitzroyresources.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to, or accompanied by, the complete unaltered version of the Prospectus. If you have received this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. During the offer period, any person may obtain a copy of the Prospectus (free of charge) by contacting the Company on (08) 9481 7111.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus, or any of those documents were incomplete or altered.

1.3 Overseas applicants

The offer of Securities made pursuant to this Prospectus is not made to persons to whom, or places in which, it would be unlawful to make such an offer of Securities. No action has been taken to register or qualify the Offers under this Prospectus or otherwise permit the Offers to be made in any jurisdiction outside of Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law in those jurisdictions and therefore persons who come into possession of this Prospectus should seek legal advice on, and observe, any of those restrictions. Failure to comply with these restrictions may violate securities laws.

It is the responsibility of any Applicant outside Australia to ensure compliance with all laws of any country relevant to his or her Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

For further information see Section 6.18.

1.4 Forward looking statements

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'should', 'will', 'expect', 'anticipate', 'believes', 'estimate', 'intend', 'scheduled' or 'continue' or other similar words. Such statements and information are subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in the forward looking statements or information.

Whilst the Company considers the expectations reflected in any forward looking statements or information in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined in Section 12, as well as other matters not yet known to the Company or not currently considered material to the Company, may cause actual events to be materially different from those expressed, implied or projected in any forward looking statements or information. Any forward looking statement or information contained in this Prospectus is qualified by this cautionary statement.

1.5 Definitions

A number of defined terms are used in this Prospectus. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 16, words and phrases in this Prospectus have the same meaning and interpretation as in the Corporations Act or ASX Listing Rules.

1.6 Disclaimer

No person is authorised to give any information or to make any representation in relation to the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company or the Directors in relation to the Offers. You should only rely on information in this Prospectus.

2. Corporate directory

Existing Directors

Mr Riccardo Vittino (Non-executive Director)
(Proposed to resign following Takeover Offers becoming Unconditional)

Mr Tim Grice (Non-executive Director)
(Proposed to resign following Takeover Offers becoming Unconditional)

Mr Peter Webse (Non-executive Director)
(Proposed to resign following Takeover Offers becoming Unconditional)

Company Secretary

Mr Peter Webse

Proposed Directors

Mr James Dorrian (Non-executive Chairman)

Dr Guido Arnout (Managing Director)

Mr David McAuliffe (Non-executive Director)

Mr Howard Digby (Non-executive Director)

Registered Office

Level 1, 35 Havelock Street
West Perth WA 6005

Investigating Accountant

PKF Mack
Level 4, 35-37 Havelock Street
West Perth WA 6005

Auditors

PKF Mack
Level 4, 35-37 Havelock Street
West Perth WA 6005

Lawyers

GTP Legal
Level 1, 28 Ord Street
West Perth WA 6005

Author of the Patent Report

FB Rice
Level 23, 44 Market St
Sydney NSW 2000

Lead Manager

Forrest Capital
Unit 8-9/88 Forrest Street
Cottesloe WA 6011

Share Registry*

Automic Registry Services
Suite 1a, Level 1, 7 Ventnor Avenue,
West Perth WA 6005,

Company Website

www.fitzroyresources.com.au

4DS website

www.4-d-s.com

ASX Code

Current: FRY
Proposed: 4DS

* This entity is included for information purposes only and has not been involved in the preparation of this Prospectus.

3. Key information and indicative timetable

| Public Offer | Minimum Subscription | Maximum Subscription |
|---|-----------------------------|-----------------------------|
| Price per Share | \$0.025 | \$0.025 |
| Shares offered | 90,000,000 | 110,000,000 |
| Amount to be raised (before costs) | \$2,250,000 | \$2,750,000 |
| Takeover Offers (not the subject of offers under this Prospectus) | | |
| Shares offered to 4DS Shareholders | 339,163,320 | 339,163,320 |
| Class 1 Performance Shares offered to 4DS Shareholders | 63,233,808 | 63,233,808 |
| 4DS A Class Shareholder Offer | | |
| Shares offered to 4DS A Class Shareholders | 23,000,000 | 23,000,000 |
| 4DS Optionholder Offer | | |
| Shares offered to 4DS Optionholders | 23,440,322 | 23,440,322 |
| Class 1 Performance Shares offered to 4DS Optionholders | 4,370,211 | 4,370,211 |
| Transaction Options offered to 4DS Optionholders | 36,458,333 | 36,458,333 |
| Adviser Option Offer | | |
| Adviser Options offered to the Advisers | 30,000,000 | 30,000,000 |
| General | | |
| Total cash on completion of the Offers | \$3,382,588 | \$3,882,588 |
| Total Shares on issue upon completion of the Offers | 639,156,514 | 659,156,514 |
| Total Class 1 Performance Shares on issue upon completion of the Offers | 67,604,019 | 67,604,019 |
| Market capitalisation on completion of the Offers at \$0.025 per Share | \$15,978,913 | \$16,478,913 |
| Note: Refer to Section 6.11 for further details relating to the proposed capital structure of the Company. | | |

| Indicative timetable | |
|--|------------------|
| Lodgement of this Prospectus with ASIC | 16 October 2015 |
| Opening Date for the Public Offer | 16 October 2015 |
| General Meeting | 23 October 2015 |
| Closing Date for the Public Offer | 9 November 2015 |
| Date for giving notice of status of conditions under Takeover Offers | 12 November 2015 |
| Closing Date for the Takeover Offers | 19 November 2015 |
| Issue of Securities under the Offers | 20 November 2015 |
| Dispatch of holding statements | 20 November 2015 |
| Expected date for Shares to be reinstated to trading on ASX | 23 November 2015 |

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offers early without notice.

4. Investment Summary

This Section is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Securities offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Securities.

4.1 Introduction

| Topic | Summary | Details |
|---|--|-------------|
| Who is the issuer of the Prospectus? | Fitzroy Resources Ltd ACN 145 590 110 (Company) (to be renamed "4DS Memory Limited"). | Section 7.1 |
| Who is the Company and what does it do? | The Company is a public company that has been listed on ASX since December 2010. The Company's principal activities previously involved the identification and development of mineral resources including coal. The Company holds interests in mining tenements in Queensland and coal assets in the United States of America. In light of difficult market conditions for junior mineral exploration companies, the Company has been evaluating high quality and value adding investment opportunities outside the resources industry. | Section 7.1 |
| What is the Company's strategy? | <p>The Company is proposing to acquire 100% of 4DS through both off-market takeover offers for all of the 4DS Ordinary Shares and 4DS Preference Shares on issue, and Private Treaty Offers for the 4DS Non-voting Securities.</p> <p>4DS has an intellectual property portfolio for the creation of non-volatile memory storage known as "ReRAM" which may, assuming successful development and commercialisation, become a replacement for more traditional "Flash" memory storage.</p> <p>Following reinstatement to quotation of the Company's Shares on ASX, the Company's primary focus will be to develop the business of the 4DS Group in line with its business model and strategy.</p> | Section 7.2 |
| What are the Company's key assets? | <p>The Company's primary assets are its cash holdings (approximately \$1,123,482 as at 30 June 2015) and its coal and base metals exploration assets.</p> <p>As announced by the Company on 7 July 2014, the Company has sold 51% of its Rookwood base metals exploration project in Queensland to Zenith Minerals Limited (Zenith). Zenith has an exclusive option to acquire the remaining equity in the Rockwood Project.</p> <p>As noted in the Company's Quarterly Report for the period ending 30 June 2015, the Company has given notice to Emmaus Partners LLC and Blackstone Energy Corporation that it will be withdrawing from the US coking coal sector, and has commenced the process of winding up its US operations and subsidiaries.</p> <p>Via the Acquisition, the Company intends to acquire 100% of the issued capital of 4DS.</p> | Section 7.1 |
| What is the | The Company is offering 90,000,000 Shares to the public at an issue price of | Section |

| Topic | Summary | Details |
|--|---|-------------|
| Public Offer? | <p>\$0.025 each to raise a Minimum Subscription amount \$2,250,000 (before costs of the Offers). Oversubscriptions of up to a further 20,000,000 Shares at an issue price of \$0.025 each to raise up to a further \$500,000 may be accepted under the Public Offer to raise a Maximum Subscription amount of \$2,750,000.</p> <p>The Public Offer is not underwritten.</p> | 6.2 |
| What is the 4DS A Class Shareholder Offer? | The Company is offering 23,000,000 Shares to the 4DS A Class Shareholders in consideration for the acquisition of all the A Class Shares in 4DS pursuant to the Private A Class Offers. | Section 6.3 |
| What is the 4DS Optionholder Offer? | The Company is offering 23,440,322 Shares, 4,370,211 Class 1 Performance Shares and 36,458,333 Transaction Options to the 4DS Optionholders in consideration for the acquisition of their existing options in 4DS pursuant to the Private Option Offers. | Section 6.4 |
| What is the Adviser Option Offer? | The Company is offering up to 30,000,000 Adviser Options to the Advisers as part of the agreed fees for corporate advisory and capital raising services under the Lead Manager's mandate (see Section 13.3 for more information on this mandate). | Section 6.5 |
| What are the conditions of the Public Offer? | <p>The Public Offer is conditional upon the following events occurring:</p> <ul style="list-style-type: none"> the Company raising the Minimum Subscription amount of the Public Offer (being \$2,250,000); Shareholders approving the Essential Resolutions at the General Meeting; the Takeover Offers becoming Unconditional; and the Company receiving from ASX written confirmation that ASX will re-instate the Company's Shares to quotation on ASX and terminate the suspension of the Company's Shares from quotation, subject to the satisfaction of such terms and conditions (if any) as are prescribed by ASX or the Listing Rules. <p>If any of the Public Offer Conditions are not satisfied then the Company will not proceed with the Public Offer and the Company will repay all Application Monies received. If the Company does not proceed with the Public Offer, it will not proceed with the other Offers under this Prospectus.</p> | Section 6.6 |
| Why is the Public Offer being conducted? | <p>The purposes of the Public Offer are to:</p> <ul style="list-style-type: none"> meet the requirement that the Company re-complies with ASX's admission requirements in accordance with Chapters 1 and 2 of the Listing Rules; provide funding for the continued development of 4DS's business model and strategy; meet the expenses of the Offers; and provide funding for working capital and administration expenditure. | Section 6.9 |

4.2 The Acquisition of 4DS

| Topic | Summary | Details |
|---|---|--------------|
| What is the Acquisition? | The Acquisition is the Company's proposed acquisition of 100% of the issued capital of 4DS pursuant to the Takeover Offers and Private Treaty Offers contemplated under the Bid Implementation Agreement. | Section 13.2 |
| What are the key terms of the Acquisition under the Bid Implementation Agreement? | <p>The key terms of the Acquisition are as follows</p> <ul style="list-style-type: none"> (a) as consideration for the acquisition of 100% of the issued capital of 4DS, under the Takeover Offers and the Private Treaty Offers the Company will issue to the 4DS Securityholders a total of 385,604,174 Shares, 67,604,168 Class 1 Performance Shares and 36,458,333 Transaction Options (Consideration Securities); (b) the Acquisition is conditional upon, and subject to, a number of conditions. These conditions have either been satisfied or substantially satisfied, with the exception of the following conditions which remain outstanding at the date of this Prospectus: <ul style="list-style-type: none"> i) Shareholder approval of the Essential Resolutions at the General Meeting; ii) the Company receiving subscriptions for the Minimum Subscription amount of the Public Offer under this Prospectus; iii) the Company obtaining all necessary regulatory approvals on terms acceptable to the parties as are required to give effect to the Acquisition including re-compliance with Chapters 1 and 2 of the Listing Rules on terms which the Company believes are capable of satisfaction; iv) the Takeover Offers being declared Unconditional; and v) the 4DS Non-voting Securityholders subscribing for the Consideration Securities offered under this Prospectus. (c) As part of the acceptance documentation for the Takeover Offers and the Private Treaty Offers, the 4DS Securityholders will acknowledge that some or all of the Consideration Securities may be escrowed in accordance with the requirements of ASX and will sign such form of escrow agreement as required by ASX. | Section 13.2 |
| What approvals are being sought at the General Meeting? | <p>At the General Meeting to be held on 23 October 2015, the Company will seek Shareholder approval for, amongst other things, the following resolutions:</p> <ul style="list-style-type: none"> (a) the change in nature and scale of the activities of the Company as a result of the Acquisition; (b) authority to issue the Class 1 Performance Shares; (c) authority to the Securities under the 4DS Optionholder Offer; (d) authority to the Securities under the 4DS A Class Shareholder Offer; (e) the Public Offer under this Prospectus; (f) the grant of Adviser Options to the Advisers under the Adviser Option Offer; (g) the appointment of the Proposed Directors to the Board; (h) the change of the Company's name to "4DS Memory Limited"; and | Section 6.7 |

| Topic | Summary | Details |
|--|---|-------------|
| | (i) authority for Proposed Director Mr Howard Digby to participate in the Public Offer. | |
| Why is the Company required to re-comply with Chapters 1 and 2 of the Listing Rules? | <p>At the Company's General Meeting, the Company will seek Shareholder approval for, amongst other things, a change in the nature and scale of the Company's activities as a result of the Acquisition. To give effect to these changes, ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements.</p> <p>The Company will be suspended from trading from the day of the General Meeting and will not be reinstated until the Company has satisfied the Public Offer Conditions, including re-compliance with Chapters 1 and 2 of the Listing Rules.</p> <p>There is a risk that the Company may not be able to meet the requirements for re-quotations on ASX. In the event the Public Offer Conditions are not satisfied or the Company does not receive conditional approval for re-quotations on ASX then the Company will not proceed with the Public Offer and will repay all Application Monies received (without interest).</p> | Section 6.8 |
| Who are 4DS and the 4DS Group? | <p>4DS Group is comprised of the companies as set out in Section 7.3(b). 4DS has an intellectual property portfolio for the creation of non-volatile memory storage known as "ReRAM" which may, assuming successful development and commercialisation, become a replacement for more traditional "Flash" memory storage. 4DS has secured patents to protect its intellectual property rights in its technology in key markets (see Section 11).</p> <p>4DS's registered office is in Perth, Australia. 4DS's head operational office is located in Fremont, in the "Silicon Valley" of the United States of America. All key management personnel of 4DS are also based in Fremont.</p> | Section 7.3 |
| What is 4DS's business model? | <p>4DS is developing emerging non-volatile memory called "Resistive Random Access Memory" (ReRAM) with potential technological advantages to other known ReRAM cells in development making it a realistic candidate to replace NAND Flash (Flash) as the dominant standard for storage class memory (assuming successful development and commercialisation). 4DS owns 15 US patents for its technology and materials deposition process (comprising 13 granted patents and 2 pending applications), together with several related patents in other key jurisdictions (see Section 11 for more information on the 4DS patent portfolio). At the heart of 4DS's memory is the MOHJO™ hetero junction, explained in more detail in Section 7.3(c).</p> <p>In order to demonstrate sufficient progress to indicate that production of commercial product is viable, 4DS must demonstrate scalability (small memory cell size with small space between memory cells) and consistency of its memory cell behaviour.</p> <p>Once significant progress is made to prove scale and consistency of its memory cells, this will attract the attention of the "memory community" (both makers and users) and opportunities to license the technology could arise.</p> <p>If 4DS is successful in taking the MOHJO™ ReRAM technology to this point, it will have the potential to stand out among other market players as the first viable ReRAM product for major storage applications. Having access to this</p> | Section 7.3 |

| Topic | Summary | Details |
|-------|--|---------|
| | <p>technology, if successfully developed by 4DS, will potentially be enormously commercially significant for mobile device manufacturers and solid-state storage (SSD) device producers.</p> <p>The business is currently loss making. 4DS's business should accordingly be considered high risk and speculative.</p> | |

4.3 Key Risks

Prospective investors should be aware that subscribing for Securities in the Company involves a number of risks and uncertainties. The risk factors set out in Section 12 and other risks applicable to all listed securities, may affect the value of the Securities in the future. Accordingly an investment in the Company must be considered highly speculative. This Section summarises some of the risks that apply to an investment in the Company. Investors should refer to Section 12 for a more detailed summary of the risks.

| Key risk | Details | Details |
|------------------------------------|--|-----------------|
| Conditional Acquisition and Offers | <p>As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements. The Shares will be suspended from the General Meeting. It is anticipated that the Shares will remain suspended until completion of the Takeover Offers, the Offers, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on reinstatement to quotation. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its Shares will consequently remain suspended from quotation.</p> <p>In the event that the Public Offer Conditions set out in Section 6.6 are not satisfied or the Company does not receive conditional approval for re-quotation on ASX, the Company will not proceed with the Public Offer and will repay all Application Monies received. In the event that the Public Offer does not proceed, the other Offers under this Prospectus will not proceed.</p> | Section 12.1(a) |
| Existing Technology Risks | Current semiconductor memory technologies of DRAM, NAND Flash, and NOR Flash face technological barriers to continue to meet long-term customer needs. These barriers include potential limitations on the ability to shrink products in order to reduce costs, meet higher density requirements, and improve power consumption and reliability. Notwithstanding these challenges, existing semiconductor memory technologies may be able to overcome these barriers and remain the dominant technology. | Section 12.1(b) |
| Development risk | The success of 4DS relies almost entirely on the successful development of 4DS's ReRAM technology, which is in an advanced stage of development. Should the testing and verification of 4DS's technology not be completed to the satisfaction of the procedures specified by the Company, then 4DS will have to expend additional time and resources to rectify any outstanding issues which will delay the development of the next stage of development or at the very worst, if unassailable barriers are encountered, abandon the project entirely. | Section 12.1(c) |

| Key risk | Details | Details |
|---|---|-----------------|
| Commercialisation risk | <p>Risks will also be involved in the ability to translate the developed technology in to a solution that provides a meaningful improvement in all of the relevant metrics for memory storage in a cost effective manner to support the price needed to make an impact in the marketplace. The main factors that may introduce risk include but are not limited to:</p> <ul style="list-style-type: none"> the ability to further improve the functionality of its core resistive memory material; the ability to scale the memory cells further; the ability to maintain lot-to-lot consistency at high endurance and high yield; and the ability to manage sneak path issues and other related access and selection mechanisms when completing a full memory configuration. <p>There can be no assurance that 4DS will:</p> <ul style="list-style-type: none"> be successful in developing a competitive new semiconductor memory technology; be able to cost-effectively manufacture new products; be able to successfully market its technology; and generate licence fees or other forms of income from its technology that will allow 4DS or the Company to recover the costs of development efforts. | Section 12.1(d) |
| Market adoption | <p>4DS's ReRAM technology is a new technology, which is designed to replace existing technologies that have a large amount of market acceptance. Following completion of the Acquisition and the Capital Raising, the Company and 4DS will continue to focus efforts on development and commercialisation of 4DS's technology. 4DS does not currently have any contracts in place to become revenue generating, there are no guarantees of success in commercialising the 4DS technology. Following development of its technology, the success of the commercialisation of 4DS will in part relate to the acceptance of its technology for routine use within the semiconductor memory industry. Take up of the technology will involve education of market participants and marketing programmes to raise the profile of 4DS and its technology.</p> | Section 12.1(e) |
| Competition and new technologies | <p>The industry in which 4DS operates is competitive and includes companies with significantly greater financial, technical, human, research and development, and marketing resources than currently available to 4DS. Numerous entities around the world may resist 4DS's efforts to commercialise or market products that may compete with their own offerings. 4DS's competitors may develop new memory technologies: in advance of 4DS; that are more effective than those developed by 4DS; or have greater market acceptance. As a consequence, 4DS's technology may become obsolete or uncompetitive, resulting in adverse effects on revenue, margins and profitability.</p> | Section 12.1(f) |
| Joint Development Agreement – termination | <p>4DS has entered into a joint development agreement with HGST, providing 4DS with resources which may expedite the development, and potential commercialisation, of 4DS's technology. This JDA is subject to various risks, including:</p> | Section 12.1(g) |

| Key risk | Details | Details |
|--|--|-----------------|
| | <ul style="list-style-type: none"> HGST deciding unilaterally to terminate the JDA without cause (which it has the right to do on the giving of 30 days' written notice to 4DS); and 4DS's interests diverging from HGST's such that the parties may not be able to agree on ongoing development activities, or on the amount, timing, or nature of further investments in the joint development of the technology. <p>If 4DS loses access to HGST's resources, there can be no guarantee that 4DS will be able to find a replacement strategic partner with similar resources. Accordingly, a loss of access to HGST's resources could result in significant delays to or suspension of 4DS's development strategy and could have a material adverse effect on 4DS's activities and on the Company generally.</p> | |
| Intellectual Property | There can be no assurance that 4DS's patent portfolio (see Section 11) will afford 4DS or the Company commercially significant protection of 4DS's technology, or that competitors will not develop competing technologies that circumvents such intellectual property. Although the Company will implement all reasonable endeavours to protect 4DS's intellectual property, there can be no assurance that these measures will be sufficient. | Section 12.1(h) |
| Infringement of third party intellectual property rights | <p>If a third party accuses 4DS of infringing its intellectual property rights or if a third party commences litigation against 4DS for the infringement of patent or other intellectual property rights, 4DS may incur significant costs in defending such action, whether or not it ultimately prevails. Typically, patent litigation is expensive. Costs that 4DS incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time.</p> <p>In addition, parties making claims against 4DS may be able to obtain injunctive or other equitable relief that could prevent 4DS from further developing discoveries or commercialising its technology. In the event of a successful claim of infringement against 4DS, it may be required to pay damages and obtain one or more licenses from the prevailing third party. If it is not able to obtain these licenses at a reasonable cost, if at all, it could encounter delays in technology development and loss of substantial resources while it attempts to develop alternatives. Defence of any lawsuit or failure to obtain any of these licenses could prevent 4DS from commercialising its technology and could cause it to incur substantial expenditure.</p> | Section 12.1(i) |
| Reliance on Key Personnel | The responsibility of overseeing the day-to-day operations and the strategic management of 4DS and the Company depends substantially on senior management and key personnel, including 4DS's current management. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these parties cease their employment. Further, there is no guarantee that 4DS will be able to attract and retain suitable qualified personnel, and a failure to do so could materially adversely affect the business, operating results and financial prospects of 4DS and the Company. | Section 12.1(j) |
| Limited trading history | 4DS is essentially a start-up company with limited trading history. 4DS has to date principally developed its technology as well as seeking patent protection. However, 4DS is still developing and testing its technology and has yet to commence the commercialisation phase of the business cycle and | Section 12.1(k) |

| Key risk | Details | Details |
|------------------------|---|-----------------|
| | as such carries the normal risks of a start-up business. Given the limited trading history of 4DS, no assurance can be given that 4DS will achieve commercial viability through the implementation of its development plan. | |
| Sufficiency of funding | <p>4DS's growth through technology development and commercialisation activities will require substantial expenditure and may not result in profitability being achieved. There can be no guarantees that 4DS's cash reserves together with the funds raised by the Capital Raising will be sufficient to successfully achieve all the objectives of 4DS's overall development strategy.</p> <p>If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Capital Raising and existing working capital, there can be no assurance that 4DS 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 at all.</p> <p>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 and 4DS's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend 4DS's development strategy and could have a material adverse effect on 4DS's activities and on the Company generally.</p> | Section 12.1(l) |
| Foreign exchange risks | 4DS's main operations are carried on in the United States. Further, 4DS is potentially a global business and will likely have commercial opportunities outside of Australia in general to generate revenue. Any revenue in foreign currencies converted to AUD for reporting purposes will be affected by currency fluctuations, which may adversely impact on the Company's financial performance and position. | Section 12.1(m) |

4.4 Proposed use of funds and other key terms of the Offers

| Topic | Summary | Details |
|---|---|-----------------------|
| What is the proposed use of funds raised under the Public Offer? | <p>The funds raised under the Public Offer are proposed to be used (over the first year following re-instatement to quotation of the Company's Shares) to fund the following key business activities:</p> <ul style="list-style-type: none"> • research and development activities pursuant to agreed scope of work under Joint Development Agreement; • other research and development activities; • costs of the Offers; • corporate overheads; and • working capital. | Section 6.10 |
| Will the Company be adequately funded after completion of the Public Offer? | The Directors are satisfied that on completion of the Public Offer, the Company will have sufficient working capital to carry out its business objectives as set out in this Prospectus. | Sections 6.9 and 6.10 |

| Topic | Summary | Details |
|---|--|------------------------|
| What rights and liabilities attach to the Shares being offered? | All Shares issued under the Public Offer, the 4DS Optionholder Offer and the 4DS A Class Shareholder Offer will rank equally in all respects with existing Shares on issue. The rights and liabilities attaching to the Shares are described in Section 14.1. | Section 14.1 |
| What rights and liabilities attach to the Class 1 Performance Shares being offered? | The Class 1 Performance Shares are shares that convert into Shares upon satisfaction of the Milestone. The rights and liabilities attaching to the Shares are described in Section 14.2. | Section 14.2 |
| What are the terms and conditions of the Transaction Options being offered? | The Transaction Options have an exercise price of \$0.02 each and an expiry date of 30 June 2020. The full terms and conditions of the Transaction Options are described in Section 14.3. | Section 14.3 |
| What are the terms and conditions of the Adviser Options being offered? | The Adviser Options have an exercise price of \$0.05 each and an expiry date of 30 June 2020. The full terms and conditions of the Adviser Options are described in Section 14.4. | Section 14.4 |
| Is the Public Offer underwritten? | No, the Public Offer is not underwritten. | Section 6.12 |
| Who is the lead manager to the Public Offer? | The Company has appointed Forrest Capital (AFSL: 298311) to act as lead manager to the Public Offer. The Lead Manager will receive a fee of 6% of the total amount raised under the Public Offer payable on completion of the Public Offer. The Company has also agreed to grant 30,000,000 Adviser Options to Forrest Capital (or its nominees) for corporate advisory and capital raising services provided on completion of the Public Offer. | Sections 6.19 and 13.3 |
| Will the Securities issued under the Offers be listed? | The Company will apply for listing of the Shares offered under the Public Offer, the 4DS Optionholder Offer and the 4DS A Class Shareholder Offer on ASX under ASX code '4DS' within seven days of the date of this Prospectus. Completion of the Offers is conditional on, amongst other matters, ASX approving this application. The Company will not apply for listing of the Class 1 Performance Shares, the Transaction Options or the Adviser Options to be offered under the 4DS Optionholder Offer or the Adviser Option Offer. | Section 6.8 |
| What are the tax implications of investing in | The tax consequences of any investment in Securities will depend upon your particular circumstances. Prospective investors should obtain their own tax advice before deciding to invest. | Section 6.25 |

| Topic | Summary | Details |
|---|---|---------------------------|
| Securities under the Offers? | | |
| What is the Company's dividend policy? | <p>The Company does not expect to pay dividends in the near future as its focus will primarily be on using cash reserves to grow and develop 4DS's business.</p> <p>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.</p> | Section 6.14 |
| How do I apply for Shares under the Public Offer? | Applications for Shares under the Public Offer must be made by completing a Public Offer Application Form and must be accompanied by a cheque in Australian dollars (or an electronic transfer to the bank account advised by the Company) for the full amount of the application being \$0.025 per Share. Cheques must be made payable to "Fitzroy Resources Ltd – Share Offer Account" and should be crossed "Not Negotiable". | Section 6.15(a) |
| How do I apply for Securities under the 4DS A Class Shareholder Offer? | <p>The 4DS A Class Shareholder Offer is an offer to the 4DS A Class Shareholders and their nominees only.</p> <p>Only the 4DS A Class Shareholders or their nominees may accept the 4DS A Class Shareholder Offer. A personalised 4DS A Class Shareholder Offer Application Form will be issued to each 4DS A Class Shareholders or their nominees together with a copy of this Prospectus. The Company will only provide the 4DS A Class Shareholder Offer Application Forms to the persons entitled to participate in the 4DS A Class Shareholder Offer.</p> | Section 6.15(b) |
| How do I apply for Securities under the 4DS Optionholder Offer? | <p>The 4DS Optionholder Offer is an offer to individual 4DS Optionholders only.</p> <p>Only individual 4DS Optionholders may accept the 4DS Optionholder Offer. A personalised 4DS Optionholder Offer Application Form will be issued to 4DS Optionholders together with a copy of this Prospectus. The Company will only provide the 4DS Optionholder Offer Application Form to 4DS Optionholders.</p> | Section 6.15(c) |
| How do I apply for Securities under the Adviser Option Offer? | <p>The Adviser Option Offer is an offer to Forrest Capital and its nominees only.</p> <p>Only Forrest Capital and its nominees may accept the Adviser Option Offer. A personalised Adviser Option Offer Application Form will be issued to Forrest Capital and its nominees together with a copy of this Prospectus. The Company will only provide the Adviser Option Offer Application Form to Forrest Capital and its nominees.</p> | Section 6.15(d) |
| When will I receive confirmation that my application has been successful? | It is expected that holding statements will be sent to successful Applicants by post on or about the dispatch date noted in the indicative timetable set out in Section 3. | Sections 3, 6.17 and 6.21 |

| Topic | Summary | Details |
|---|---|--------------|
| How can I find out more about the Prospectus or the Offers? | Questions relating to the Offers can be directed to the Company on +61 8 9481 7111. | Section 6.26 |

4.5 Board and management

| Topic | Summary | Details |
|---|---|-----------------------------------|
| Who are the Directors of the Company: | <p>The Existing Directors of the Company are:</p> <ul style="list-style-type: none"> • Riccardo Vittino – Non-Executive Director • Tim Grice – Non-Executive Director • Peter Webse – Non-Executive Director <p>Upon the Takeover Offers becoming Unconditional, changes will be made to the Board, with the resignation of all Existing Directors and the appointment of the Proposed Directors, such that the Board will then comprise:</p> <ul style="list-style-type: none"> • James Dorrian – Non-executive Chairman • Guido Arnout – Managing Director • David McAuliffe – Non-executive Director • Howard Digby – Non-executive Director <p>Refer to Section 8.1 for details of the relevant experience and expertise of the Directors.</p> | Section 8.1 |
| Who are the key management personnel? | <p>Following the Acquisition, the key management personnel will include:</p> <ul style="list-style-type: none"> • Dr Guido Arnout – Managing Director • Mr Michael Van Buskirk – Chief Engineering Officer • Ms Melanie Buffier – Corporate Strategy and Investor Relations Director | Sections 8.1, 8.2, 8.6(a) and 8.7 |
| What are the significant interests of Directors? | <p>The interests of the Directors are detailed in Section 8.3.</p> <p>The security holdings of the Directors are set out in Section 8.4.</p> <p>Section 8.6 sets out details of related party agreements with the Company from which the Directors may benefit.</p> | Sections 8.3, 8.4 and 8.6 |
| Are there any relationships between the Company and parties involved in the Acquisition or Offers that are relevant to investors? | <p>Proposed Directors, Mr James Dorrian, Dr Guido Arnout and Mr David McAuliffe are also directors of 4DS.</p> <p>See disclosure above in relation to these Proposed Directors.</p> | Section 8.6 |

4.6 Miscellaneous

| Topic | Summary | Details |
|--|---|---------------------------|
| What material contracts are the Company and 4DS Group a party to? | <p>The material contracts of the Company and 4DS comprise:</p> <ul style="list-style-type: none"> (a) Bid Implementation Agreement; (b) Joint Development Agreement; (c) 4DS Intercompany Agreement; (d) Lead Manager Mandate; (e) Executive Services Agreement – Managing Director; (f) Employment Agreement – Chief Engineering Officer; and (g) Executive Services Agreement – Corporate Strategy and Investor Relations Director. | Sections 8.6, 8.7 and 13. |
| What is the financial position of the Company and 4DS post completion of the Offers and the Acquisition? | <p>The Company is currently listed on ASX and its financial history, including its 2013, 2014 and 2015 Annual Reports are available on its website (www.fitzroyresources.com.au).</p> <p>4DS's historical operations have focused on the development of its intellectual property portfolio. It has incurred significant costs in doing so and is currently loss making.</p> <p>Further financial information regarding the Company and 4DS Group is set out in Section 9 of this Prospectus and considered in the Investigating Accountant's Report in Section 10.</p> | Sections 9 and 10 |
| Will any Securities be subject to escrow? | <p>Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules and the Company's Shares being reinstated to trading on ASX, certain Shares, Performance Shares and Options in the Company will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement.</p> <p>As part of the acceptance documentation for the Takeover Offers and the Private Treaty Offers, the 4DS Securityholders will acknowledge that some or all of the Consideration Securities may be escrowed in accordance with the requirements of ASX and will sign such form of escrow agreement as required by ASX.</p> <p>No Shares issued under the Public Offer are expected to be subject to escrow.</p> <p>All Adviser Options issued under the Adviser Option Offer are expected to be subject to escrow.</p> <p>Refer to Section 6.13 for further details of the escrow arrangements.</p> | Section 6.13 |

5. Director's letter

Dear Investor

On behalf of the Directors, I am pleased to present this Prospectus and to offer you the opportunity to invest in Fitzroy Resources Ltd, to be renamed 4DS Memory Limited.

The Company has entered into the Bid Implementation Agreement with 4DS and has made the Takeover Offers under the Bidder's Statement to acquire 100% of the 4DS Ordinary Shares and 4DS Preference Shares.

4DS has an intellectual property portfolio for the creation of non-volatile memory storage known as "ReRAM" which may, assuming successful development and commercialisation, become a replacement for more traditional "Flash" memory storage. 4DS has secured patents to protect its intellectual property rights in its technology in key markets (see Section 11).

This Prospectus has been issued by the Company for a public offering of 90,000,000 Shares at an issue price of \$0.025 each to raise \$2,250,000. Oversubscriptions of a further 20,000,000 Shares at an issue price of \$0.025 each to raise a further \$500,000 may be accepted. The funds raised will be used for research and development activities pursuant to agreed scope of work under Joint Development Agreement, other research and development activities, costs of the Offers, corporate overheads and working capital. Refer to Section 6.10 for further details on the use of funds.

In addition to the purpose of raising funds under the Public Offer, this Prospectus is issued for the purpose of re-complying with the admission requirements under Chapters 1 and 2 of the Listing Rules following a change to the nature and scale of the Company's activities from a mineral exploration company to a technology development company.

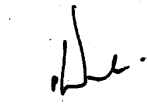
This Prospectus also contains:

- (a) offers in connection with the acquisition of the 4DS Non-voting Securities which are not the subject of the Takeover Offers, being:
 - i) an offer of 23,000,000 Shares to the 4DS A Class Shareholders in consideration for the acquisition of all of their 4DS A Class Shares. Refer to Section 6.3 of this Prospectus for more information in respect of the 4DS A Class Shareholder Offer; and
 - ii) an offer of 23,440,322 Shares, 4,370,211 Class 1 Performance Shares and 36,458,333 Transaction Options to the 4DS Optionholders in consideration for the acquisition of all of their 4DS Options. Refer to Section 6.4 of this Prospectus for more information in respect of the 4DS Optionholder Offer; and
- (b) an offer of 30,000,000 Adviser Options to the Advisers as part of the agreed fees for corporate advisory and capital raising services under the Lead Manager's mandate (see Section 13.3 for more information on this mandate). Refer to Section 6.5 of this Prospectus for more information in respect of the Adviser Option Offer.

This Prospectus includes details of the Offers, the Company and 4DS, including the assets and proposed operations, together with a statement of the risks associated with investing in the Company. I recommend that you read this document carefully and seek independent professional advice before investing in the Company.

On behalf of the Directors, I commend this offer to you and look forward to welcoming you as a shareholder of the Company.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Peter Webse', with a stylized flourish at the end.

Peter Webse
Director

6. Details of the Offers

6.1 Background and Takeover Offers

On 13 August 2015, Fitzroy announced the execution of the Bid Implementation Agreement, setting out a proposal to acquire all of the outstanding fully paid ordinary shares and preference shares in 4DS by way of off-market Takeover Offers. Fitzroy lodged its Bidder's Statement for the Takeover Offers with ASIC on 7 October 2015. Under the Takeover Offers, accepting 4DS shareholders will receive a combination of Shares and Class 1 Performance Shares for every 4DS Ordinary Share or 4DS Preference Share held.

In addition to the Takeover Offers, in order to acquire 100% of 4DS, Fitzroy has agreed to make Private Treaty Offers to holders of 4DS Non-voting Securities (4DS A Class Shares and 4DS Options).

6.2 The Public Offer and Minimum Subscription

Pursuant to this Prospectus, the Company offers 90,000,000 Shares at an issue price of \$0.025 each to raise \$2,250,000 (before costs of the Offers). Oversubscriptions of up to a further 20,000,000 Shares at an issue price of \$0.025 each to raise up to a further \$500,000 may be accepted under the Public Offer.

All Shares issued pursuant to the Public Offer will rank equally with the existing Shares on issue. Please refer to Section 14.1 for further information regarding the rights and liabilities attaching to the Shares.

The minimum level of subscription for the Public Offer is 90,000,000 Shares to raise \$2,250,000. No Shares will be issued until the Minimum Subscription has been received. If the Minimum Subscription is not received within four months after the date of this Prospectus (or such period as varied by ASIC), the Company will not issue any Shares under this Prospectus and will repay all Application Monies received (without interest) in accordance with the Corporations Act.

Please refer to Section 6.15(a) for details on how to apply for Shares under the Public Offer.

6.3 The A Class Shareholder Offer

Pursuant to this Prospectus, the Company is also offering 23,000,000 Shares to the 4DS A Class Shareholders (or their nominees) in consideration for the acquisition of all 4DS A Class Shares under the Private A Class Share Offers (**A Class Shareholder Offer**).

All Shares issued pursuant to the 4DS A Class Shareholder Offer will rank equally with the existing Shares on issue. Please refer to Section 14.1 for further information regarding the rights and liabilities attaching to the Shares.

Please refer to Section 6.15(b) for details of how to apply for Shares under the 4DS A Class Shareholder Offer.

6.4 The 4DS Optionholder Offer

Pursuant to this Prospectus, the Company is also offering in aggregate 23,440,322 Shares, 4,370,211 Class 1 Performance Shares and 36,458,333 Transaction Options to the 4DS Optionholders in consideration for the acquisition of all 4DS Options under the Private Option Offers (**4DS Optionholder Offer**).

All Shares issued pursuant to the 4DS Optionholder Offer will rank equally with the existing Shares on issue. Please refer to Section 14.1 for further information regarding the rights and liabilities attaching to the Shares. Please refer to Section 14.2 for further information regarding the rights and liabilities attaching to the Class 1 Performance Shares. Please refer to Section 14.3 for further information regarding the terms and conditions of the Transaction Options.

Please refer to Section 6.15(c) for details of how to apply for Shares, Class 1 Performance Shares and Transaction Options under the 4DS Optionholder Offer.

6.5 The Adviser Option Offer

The Company is also offering up to 30,000,000 Adviser Options to Forrest Capital (and its nominees) as part of the agreed fees for corporate advisory and capital raising services under the Lead Manager's mandate (see Section 13.3 for more information on this mandate).

The terms and conditions attaching to the Adviser Options to be granted pursuant to the Adviser Option Offer are outlined in Section 14.4.

There is no minimum subscription under the Adviser Option Offer.

Please refer to Section 6.15(d) for details of how to apply for Adviser Options under the Adviser Option Offer.

6.6 Public Offer Conditions

The Public Offer is conditional upon the following events occurring:

- (a) the Company receiving subscriptions for the Minimum Subscription amount of the Public Offer (being \$2,250,000) (see Section 6.2);
- (b) Shareholders approving the Essential Resolutions at the General Meeting (see Section 6.7);
- (c) the Takeover Offers becoming Unconditional; and
- (d) the Company receiving from ASX written confirmation that ASX will re-instate the Company's Shares to quotation on ASX and terminate the suspension of the Company's Shares from quotation, subject to the satisfaction of such terms and conditions (if any) as are prescribed by ASX or the Listing Rules,

(together the **Public Offer Conditions**).

If the Public Offer Conditions are not achieved then the Company will not proceed with the Public Offer and will repay all Application Monies received (without interest) in accordance with the Corporations Act.

If the Public Offer does not proceed, the other Offers under this Prospectus will not proceed.

6.7 General Meeting

At the General Meeting the Company will seek Shareholder approval for the:

- (a) change in nature and scale of the activities of the Company as a result of the Acquisition;
- (b) issue of the Class 1 Performance Shares;

- (c) issue of the Securities under the 4DS Optionholder Offer;
- (d) issue of the Securities under the 4DS A Class Shareholder Offer
- (e) Public Offer under this Prospectus;
- (f) change of the Company's name to "4DS Memory Limited";
- (g) appointment of the Proposed Directors to the Board;
- (h) the grant of Adviser Options to the Advisers under the Adviser Option Offer; and
- (i) participation of a Proposed Director, Mr Howard Digby, in the Public Offer.

The Essential Resolutions relate to those resolutions associated with the approval of items (a) to (e) (inclusive), (g) and (h) above.

6.8 Re-compliance with Chapters 1 and 2 of the Listing Rules

At the Company's General Meeting, the Company will seek Shareholder approval for, amongst other things, a change in the nature and scale of the Company's activities as a result of the Acquisition. To give effect to these changes, ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements.

The Company will be suspended from trading from the time of the General Meeting and will not be reinstated until the Company has satisfied the Public Offer Conditions, including re-compliance with Chapters 1 and 2 of the Listing Rules.

There is a risk that the Company may not be able to meet the requirements for re-quotation on ASX. In the event the Public Offer Conditions are not satisfied or the Company does not receive conditional approval for re-quotation on ASX then the Company will not proceed with the Public Offer and will repay all Application Monies received (without interest). If the Public Offer does not proceed, the other Offers under this Prospectus will not proceed.

The Company will apply to ASX no later than seven days from the date of this Prospectus for Official Quotation of the Shares issued pursuant to this Prospectus. If the Shares are not admitted to quotation within three months after the date of this Prospectus, no Shares will be issued and Application Monies will be refunded in full (without interest) in accordance with the Corporations Act.

The Company will not apply to ASX for quotation of the Class 1 Performance Shares, Transaction Options or Adviser Options. Neither ASX nor ASIC take responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation of the Shares issued pursuant to this Prospectus is not to be taken in any way as an indication by ASX as to the merits of the Company or the Shares.

6.9 Purpose of the Public Offer

The purpose and key objectives of the Public Offer are to:

- (a) meet the requirements of ASX to re-comply with ASX's admission requirements under Chapters 1 and 2 of the Listing Rules;
- (b) provide funding for the continued development of 4DS Group's business model and strategy (refer to Section 7.3(d));
- (c) meet the expenses of the Offers; and

(d) provide working capital and administration expenditure.

6.10 Use of funds

The Company intends to apply the funds raised from the Public Offer together with existing cash reserves over a 12 month period as follows:

| Source of funds | Minimum Subscription | Maximum Subscription |
|--|----------------------|----------------------|
| Cash position for the merged entity | \$1,132,588 | \$1,132,588 |
| Funds raised under the Public Offer | \$2,250,000 | \$2,750,000 |
| Total funds available | \$3,382,588 | \$3,882,588 |
| Use of funds | | |
| Research and development activities pursuant to agreed scope of work under Joint Development Agreement | \$1,400,000 | \$1,500,000 |
| Other research and development activities | \$337,051 | \$426,731 |
| Administration | \$906,397 | \$906,397 |
| Working Capital | \$153,825 | \$433,645 |
| Costs of the Offers ¹ | \$585,315 | \$615,815 |
| Total funds applied | \$3,382,588 | \$3,882,588 |
| Notes: | | |
| 1. Refer to Section 14.11 for further details of the costs of the Offers. | | |

If the Company raises more than the Minimum Subscription but less than the Maximum Subscription, the Company intends to apply these funds firstly to pay additional costs of the Offers. Additional funds will then be allocated to further research and development activities by the Company on its technology.

The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational activities, regulatory developments and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

The Directors are satisfied that upon completion of the Offers, the Company will have sufficient working capital to meet its stated objectives as set out in this Prospectus.

The use of further debt or equity funding will be considered by the Board where it is appropriate to expand sales and marketing efforts, accelerate a specific product development or capitalise on further opportunities.

6.11 Capital structure

The proposed pro forma capital structure of the Company following completion of the Offers and the Acquisition is as follows:

| Equity component | Shares ¹ Minimum Subscription | Shares ¹ Maximum Subscription | Existing Performance Shares ² | Class 1 Performance Shares ³ | Options ⁴ |
|---|--|--|--|---|----------------------|
| On issue as at date of Prospectus | 163,552,872 | 163,552,872 | 6,666,669 | - | 29,666,668 |
| Issued pursuant to the Takeover Offers | 339,163,320 | 339,163,320 | - | 63,233,808 | - |
| Issued pursuant to the Public Offer | 90,000,000 | 110,000,000 | - | - | - |
| Issued pursuant to the 4DS A Class Shareholder Offer | 23,000,000 | 23,000,000 | - | - | - |
| Issued pursuant to the 4DS Optionholder Offer | 23,440,322 | 23,440,322 | - | 4,370,211 | 36,458,333 |
| Issued pursuant to the Adviser Option Offer | - | - | - | - | 30,000,000 |
| Total following completion of the Acquisition and Offers | 639,156,514 | 659,156,514 | 6,666,669 | 67,604,019 | 96,125,001 |

Notes:

1. Rights attaching to Shares are summarised in Section 14.1
2. Existing Performance Shares related to the Company's previous Premier Coal assets (which the Company has now relinquished). The milestones for conversion of the Existing Performance Shares are now incapable of satisfaction. On 23 December 2016 the Existing Performance Shares will convert into a nominal number of Shares.
3. Class 1 Performance Shares convertible into Shares upon satisfaction of the Milestone. The terms and conditions of the Class 1 Performance Shares are outlined in Section 14.2.
4. Further details in respect to the terms and conditions of the Options are outlined in the Options table below.

Following completion of the Offers and Acquisition the Company will have 106,125,001 Options on issue as outlined below.

| Options | Exercise Price | Expiry Date/ Term | Number |
|--|----------------|----------------------|-------------------|
| On issue at the date of this Prospectus: | \$0.024 | 10 May 2018 | 26,666,668 |
| On issue at the date of this Prospectus: | \$0.042 | 25 June 2018 | 3,000,000 |
| Issued pursuant to the 4DS Optionholder Offer ¹ | \$0.02 | 30 June 2020 | 36,458,333 |
| Issued pursuant to the Adviser Option Offer ² | \$0.05 | 30 June 2020 | 30,000,000 |
| Total Options following completion of the Offers | | | 96,125,001 |
| Notes: | | | |
| 1. The terms and conditions of the Transaction Options to be issued pursuant to the 4DS Optionholder Offer are outlined in Section 14.3. | | | |
| 2. The terms and conditions of the Adviser Options to be issued pursuant to the Adviser Option Offer are outlined in Section 14.4. | | | |

6.12 Underwritten

The Public Offer is not underwritten.

6.13 Restricted securities

Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules and the Company's Shares being reinstated to trading on ASX, certain Shares, Class 1 Performance Shares and Options in the Company will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

It is anticipated that:

- 105,446,718 Shares to be issued to the 4DS Securityholders (or their nominees) under the Offer and the Private Treaty Offers will be subject to ASX escrow for 24 months from the date of re-compliance with the Listing Rules;
- 25,690,368 Class 1 Performance Shares to be issued to the 4DS Securityholders (or their nominees) under the Offer and the Private Treaty Offers (and Shares issued on conversion of those Class 1 Performance Shares) will be subject to ASX escrow for 24 months from the date of re-compliance with the Listing Rules;
- 3,233,456 Shares to be issued to the 4DS Securityholders (or their nominees) under the Offer and the Private Treaty Offers will be subject to ASX escrow until various dates between 22 October 2015 and 16 March 2016 (being 12 months after the date that the 4DS Securityholder subscribed for the relevant 4DS Securities);
- 41,913,651 Class 1 Performance Shares to be issued to the 4DS Securityholders (or their nominees) under the Offer and the Private Treaty Offers (and Shares issued on conversion of those Class 1 Performance Shares) will be subject to ASX escrow for 12 months from the date of re-compliance with the Listing Rules;
- 36,458,333 Fitzroy Options to be granted to Dr Guido Arnout under a Private Option Offer will be subject to ASX escrow for 24 months from the date of re-compliance with the Listing Rules; and
- 30,000,000 Adviser Options to be granted to the Advisers will be subject to ASX escrow for 24 months from the date of re-compliance with the Listing Rules.

None of the Shares issued under the Public Offer are expected to be restricted securities.

As part of the acceptance documentation for the Takeover Offers and the Private Treaty Offers, the 4DS Securityholders will acknowledge that some or all of the Consideration Securities may be escrowed in accordance with the requirements of ASX and will sign such form of escrow agreement as required by ASX.

The restricted securities listed above are subject to change depending on the escrow periods imposed by ASX in accordance with the Listing Rules. Prior to the Company's Shares being reinstated to trading on ASX, the Company will enter into escrow agreements with the recipients of the restricted securities in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow.

6.14 Dividend policy

The Company does not expect to declare any dividends in the near future as its focus will primarily be on using cash reserves to grow and develop 4DS Group's business.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurances can be given by the Company in relation to the payment of dividends or that franking credits may attach to any dividends.

6.15 How to apply

(a) Public Offer

Applications for Shares under the Public Offer will only be accepted on the general application form accompanying this Prospectus (**Public Offer Application Form**). The Public Offer Application Form must be completed in accordance with the instructions set out on the back of the form.

The Public Offer Application Form must be accompanied by a personal cheque, payable in Australian dollars, or payment to the bank account advised by the Company, for an amount equal to the number of Shares for which the Applicant wishes to apply multiplied by the Application price of \$0.025 per Share. Cheques must be made payable to "**Fitzroy Resources Ltd – Subscription Account**" and should be crossed "**Not Negotiable**".

Applications for Shares must be for a minimum of 80,000 Shares (\$2,000) and thereafter in multiples of 20,000 Shares (\$500).

Completed Public Offer Application Forms and accompanying cheques (or payment to the bank account advised by the Company) must be received by the Company before 5.00pm (WST) on the Closing Date at either of the following addresses:

Fitzroy Resources Ltd
c/- Automic Registry Services

| Delivery Address | or | Postal Address |
|--|-----------|---|
| Suite 1a, Level 1, 7 Ventnor Avenue West Perth WA 6005 Australia | | PO Box 223 West Perth WA 6872 Australia |

Applicants under the Public Offer are urged to lodge their Public Offer Application Forms as soon as possible as the Public Offer may close early without notice.

An original, completed and lodged Public Offer Application Form together with a cheque for the Application Monies or a payment to the bank account advised by the Company, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Public Offer Application Form. The Public Offer Application Form does not need to be signed to be valid. If the Public Offer Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an application as valid and how to construe, amend or complete the Public Offer Application Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque or direct transfer for the Application Monies.

(b) **4DS A Class Shareholder Offer**

The 4DS A Class Shareholder Offer is an offer to the 4DS A Class Shareholders or their nominees only.

Only the 4DS A Class Shareholders or their nominees may apply for Shares under the 4DS A Class Shareholder Offer.

A personalised application form will be issued to each 4DS A Class Shareholders or their nominees together with a copy of this Prospectus (**4DS A Class Shareholder Offer Application Form**). The number of Shares to be offered to each 4DS A Class Shareholders will be outlined in the 4DS A Class Shareholder Offer Application Form provided by the Company. The Company will only provide the 4DS A Class Shareholder Offer Application Forms to the persons entitled to participate in the 4DS A Class Shareholder Offer.

In order to apply for the issue of Shares under the 4DS A Class Shareholder Offer you must complete and return the personalised 4DS A Class Shareholder Offer Application Form to:

Company Secretary
Fitzroy Resources Ltd
Suite 1, Level 1, 35 Havelock Street,
West Perth, Western Australia 6005, Australia

by no later than 5.00pm on the Closing Date. If you do not return your 4DS A Class Shareholder Offer Application Form by this time and date, then the 4DS A Class Shareholder Offer to you will lapse.

(c) **4DS Optionholder Offer**

The 4DS Optionholder Offer is an offer to individual 4DS Optionholders only.

Only individual 4DS Optionholders may apply for Securities under the 4DS Optionholder Offer.

A personalised application form will be issued to each 4DS Optionholder together with a copy of this Prospectus (**4DS Optionholder Offer Application Form**). The number of Securities to be offered to each 4DS Optionholder will be outlined in the 4DS Optionholder Offer Application Form provided by the Company. The Company will only provide the 4DS Optionholder Offer Application Form to 4DS Optionholders.

In order to apply for the issue of Securities under the 4DS Optionholder Offer you must complete and return the personalised 4DS Optionholder Offer Application Form to:

Company Secretary
Fitzroy Resources Ltd
Suite 1, Level 1, 35 Havelock Street,
West Perth, Western Australia 6005, Australia

by no later than 5.00pm on the Closing Date. If you do not return your 4DS Optionholder Offer Application Form by this time and date, then the 4DS Optionholder Offer to you will lapse.

(d) **Adviser Option Offer**

The Adviser Option Offer is an offer to the Advisers only.

Only the Advisers may apply for Adviser Options under the Adviser Option Offer.

A personalised application form will be issued to the Advisers together with a copy of this Prospectus (**Adviser Option Offer Application Form**). The number of Adviser Options to be offered to the Advisers will be outlined in the Adviser Option Offer Application Form provided by the Company. The Company will only provide the Adviser Option Offer Application Form to the Advisers.

In order to apply for the issue of Adviser Options under the Adviser Option Offer you must complete and return the personalised Adviser Option Offer Application Form to:

Company Secretary
Fitzroy Resources Ltd
Suite 1, Level 1, 35 Havelock Street,
West Perth, Western Australia 6005, Australia

by no later than 5.00pm on the Closing Date. If you do not return your Adviser Option Offer Application Form by this time and date, then the Adviser Option Offer to you will lapse.

6.16 Application monies to be held on trust

Until the Securities are issued under this Prospectus, the Application Monies for Shares under the Public Offer will be held by the Company on trust on behalf of Applicants in a separate bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus. If the Shares to be issued under this Prospectus are not admitted to quotation within three months after the date of this Prospectus, no Shares will be issued and Application Monies will be refunded in full without interest in accordance with the Corporations Act.

6.17 Allocation of Securities

The Directors will determine the recipients of the Shares under the Public Offer in consultation with the Lead Manager. The Directors (in conjunction with the Lead Manager) reserve the right to reject any application or to issue a lesser number of Shares than that applied for. If the number of Shares allocated is less than that applied for, or no issue is made, the surplus Application Monies will be promptly refunded by cheque to the Applicant (without interest).

Subject to ASX granting approval for quotation of the Shares, the issue of Shares will occur as soon as practicable after the Public Offer closes. Securities under the other Offers will be issued on or about the same date as under the Public Offer. Holding statements will be dispatched as required by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the Shares.

Applicants who sell the Shares before they receive their holding statement will do so at their own risk.

6.18 Applicants outside Australia

This Prospectus and the Offers do not constitute an offer of securities in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Securities may not be offered or sold, in any country outside Australia except to existing 4DS Securityholders and to the extent permitted below.

Hong Kong

WARNING - The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offers. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This document also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document which is or contains an invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, this document or any advertisement, invitation or document relating to the Offers, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong).

Copies of this document may be issued to a limited number of persons in Hong Kong in a manner which does not constitute any issue, circulation or distribution of this document, or any offer or an invitation in respect of these securities, to the public in Hong Kong. The document is for the exclusive use of 4DS Shareholders in connection with the Offers, and no steps have been taken to register or seek authorisation for the issue of this document in Hong Kong. Only the person to whom a copy of this document has been issued may take action in response to this document. The Offers are personal to the person to whom this document has been delivered, and an acquisition or subscription for securities under the Offers will only be accepted from such person.

This document is confidential to the person to whom it is addressed and no person to whom a copy of this document is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this document to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with the consideration of the Offers by the person to whom this document is addressed.

Singapore

This document has not been lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore ("MAS") and therefore, the statutory liability under the Securities and Futures Act (Cap. 289) ("SFA") in relation to the content of prospectuses will not apply. The MAS assumes no responsibility for the contents of this document. The MAS has not in any way considered the merits of the Securities being offered pursuant to the Offers as described in this document. You should consider carefully whether this offer is suitable for you.

This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of Fitzroy Securities may not be circulated or distributed,

nor may Fitzroy Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with the exemption set out in section 273(1)(b) of the SFA or otherwise in accordance with any other relevant exemption under the SFA.

Any offer of Fitzroy Securities is personal to you, as a current shareholder of 4DS, and is not made to you with a view to the securities being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

United States

The Prospectus has not been filed with, or reviewed by, the US Securities and Exchange Commission or any state securities authority and none of them has passed upon or endorsed the merits of the Offers or the accuracy, adequacy or completeness of the Prospectus. Any representation to the contrary is a criminal offence.

The shares to be issued pursuant to the Offers have not been, and will not be, registered under the US Securities Act 1933 or the securities laws of any US state or other jurisdiction. The Offers are not being made in any US state or other jurisdiction where it is not legally permitted to do so.

US shareholders of 4DS should note that the Offers are made for the securities of an Australian company in accordance with the laws of Australia and the listing rules of the Australian Securities Exchange. The Offers are subject to disclosure requirements of Australia that are different from those of the United States.

It may be difficult for you to enforce your rights and any claim you may have arising under US federal securities laws, since Fitzroy is located in Australia and most of its officers and directors are residents of Australia. You may not be able to sue Fitzroy or its officers or directors in Australia for violations of the US securities laws. It may be difficult to compel Fitzroy and its affiliates to subject themselves to a US court's judgment.

You should be aware that Fitzroy may purchase securities otherwise than under the Offers, such as in privately negotiated purchases.

6.19 Lead Manager

The Company has engaged Forrest Capital (AFSL: 298311) to act as lead manager to the Public Offer.

The Company will pay Forrest Capital a fee of 6% of the total amount raised under the Public Offer on completion of the Public Offer (comprising a 4% capital raising fee and a 2% management fee). The Company has also agreed to grant 30,000,000 Adviser Options to Forrest Capital (or its nominees) for corporate advisory and capital raising services provided on completion of the Public Offer. Refer to Section 13.3 for a summary of the terms of the Lead Manager Agreement.

6.20 Commissions on application forms

The Company agrees to pay a capital raising fee of 4% to the Lead Manager (exclusive of goods and services tax), this amount includes any fees paid to licensed securities dealers or Australian Financial Services Licensee in respect of valid Applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian Financial Services Licensee.

Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian Financial Services Licensee.

6.21 CHESS and Issuer Sponsorship

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). All trading on ASX in existing Shares is, and in new Shares will be, settled through CHESS. ASX Settlement Pty Ltd (**ASXS**), a wholly-owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry operates an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASXS will send a CHESS statement.

The CHESS statement will set out the number of Securities issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Securities.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Company's share registry and will contain the number of Securities issued to you under this Prospectus 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 security holding changes. Shareholders may request a statement at any other time, however a charge may be made for additional statements.

6.22 Risks

As with any investment in securities, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in Section 12 of this Prospectus. An investment in the Securities on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, applicants should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

6.23 Forecast financial information

Given the nature of the 4DS business and the fact it is proposing to move from a development stage to a growth and commercialisation stage of operations, there are significant uncertainties associated with forecasting future revenues and expenses of the Company. In light of uncertainty as to timing and outcome of the Company's growth strategies the Company's performance in any future period cannot be reliably estimated. On this basis and after considering ASIC Regulatory Guide 170, the Directors believe that reliable financial forecasts for the Company cannot be prepared and accordingly have not included financial forecasts in this Prospectus.

6.24 Privacy statement

If you complete an Application for Securities, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your Application,

service your needs as a security holder and to facilitate distribution payments and corporate communications to you as a security holder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your Securities in the context of takeovers; regulatory bodies, including the Australian Taxation Office; authorised securities brokers; print service providers; mail houses and the Share Registry.

You can access, correct and update the personal information that the Company holds about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form for Securities, the Company may not be able to accept or process your Application.

6.25 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offers, by consulting their own professional tax advisers. Neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

6.26 Enquiries

This is an important document and should be read in its entirety. Investors should consult with their professional advisers before deciding whether to apply for Securities under this Prospectus. Any investment in the Company under this Prospectus should be considered highly speculative.

Questions relating to the Offers can be directed to the Company on +61 8 9481 7111.

7. Company and 4DS Group Overview

7.1 Company overview and current assets

The Company is a public company that is listed on ASX (ASX code: FRY). Its principal activities previously focused on the exploration of several coal and base metals projects. Fitzroy has built up a portfolio of interests in mining tenements in Queensland and coal leases in the United States of America.

In light of difficult market conditions in the mining and exploration sector, the Company has been evaluating high quality and value adding investment opportunities outside the resources industry to take advantage of global market trends and maximise Shareholder value.

The key assets of the Company comprise its cash holdings (approximately \$1,123,482 as at 30 June 2015) and its coal and base metals exploration assets.

The Company's portfolio of tenements and leases includes:

| Project | Location | Tenement | Interest |
|-----------|------------|----------|----------|
| Rookwood | Queensland | EPM17604 | 49% |
| Rookwood | Queensland | EPM18845 | 49% |
| Rookwood | Queensland | EPM16749 | 49% |
| Glentanna | Queensland | EPM15401 | 100% |

| Coal Lease | Location | Land Owner | Lease Date | Interest |
|------------|----------|--------------------------------------|------------|-----------------------------|
| Emmaus | WV, USA | Kim Peraldo Gilley, et al., Trustees | 24/7/2012 | Notice of withdrawal lodged |
| Emmaus | WV, USA | Harrold Investment, LP | 23/8/2012 | Notice of withdrawal lodged |
| Emmaus | WV, USA | Red Bird Pocahontas Land, LLC | 26/9/2012 | Notice of withdrawal lodged |
| Emmaus | WV, USA | C.O. Davis, Jr., et al., | 21/11/2012 | Notice of withdrawal lodged |
| Blackstone | WV, USA | Marco Land Company, Inc | 26/9/2012 | Notice of withdrawal lodged |

As announced by the Company on 7 July 2014, the Company has sold 51% of its Rookwood base metals exploration project in Queensland to Zenith Minerals Limited (**Zenith**). Zenith has an exclusive option to acquire the remaining equity in the Rockwood Project.

As noted in the Company's Quarterly Report for the period ending 30 June 2015, the Company has given notice to Emmaus Partners LLC and Blackstone Energy Corporation that it will be withdrawing from the US coking coal sector, and has commenced the process of winding up its US operations and subsidiaries.

7.2 Company strategy

The Company is proposing to acquire 100% of the issued capital in 4DS pursuant to the Takeover Offers and Private Treaty Offers pursuant to the Bid Implementation Agreement.

Following completion of the Acquisition and reinstatement to quotation of the Company's Shares on ASX, the Company's primary focus will be to develop the business of 4DS in line with its business model and strategy as outlined further in Section 7.3(d).

The Directors have not made a decision as to how the Company's current mineral exploration assets will be treated, in the event that the Acquisition is completed (which may or may not occur). The Company may seek to sell or otherwise dispose of the Company's current mineral exploration assets, but no decision has yet been made to that effect and no prospective buyer or terms of sale or other disposal have been ascertained.

7.3 Overview of 4DS

(a) Overview of 4DS's Business

4DS's business is the development of intellectual property pertaining to non-volatile memory storage known as "ReRAM" which may, assuming successful development and commercialisation, become a replacement for more traditional "Flash" memory storage.

(b) 4DS Group Structure

4DS was incorporated as a proprietary limited company on 2 March 2007, and converted to an unlisted public company on 9 November 2012. 4DS's registered office is in Perth, Australia.

4DS has a wholly owned US subsidiary (4DS, Inc.), which operates from leased facilities in Fremont, California, in Silicon Valley. All key management personnel of 4DS are also based in Fremont.

4DS, Inc. undertakes research and development activities pursuant to an intercompany agreement with 4DS, which also provides that all intellectual property arising from such activities vests in and is owned by 4DS.

(c) 4DS Technology: Overview of MOHJO™

4DS is developing emerging non-volatile memory called "Resistive Random Access Memory" (**ReRAM**) with potential technological advantages to other known ReRAM cells in development making it a realistic candidate to replace NAND Flash (**Flash**) as the dominant standard for storage class memory (assuming successful development and commercialisation). 4DS owns 15 US patents for its technology and materials deposition process (comprising 13 granted patents and 2 pending applications), together with several related patents in other key jurisdictions (see Section 11 for more information on the 4DS patent portfolio). At the heart of 4DS's memory is the MOHJO™ hetero junction, explained in more detail below.

ReRAM developments have been well documented by many different companies and research institutions and are part of an emerging memory market segment called "emerging Non-Volatile Memory" described in Section 7.3(h) below. Most ReRAM cells consist of a switching material sandwiched between two electrodes. These cells are then arranged in a cell matrix to form a memory array. A voltage is applied to the memory cell causing the resistance to change. The resistive change is reversible by changing the applied voltage. The change in resistance establishes the "On" and "Off" states (or "1" and "0" states). This is called the "switching mechanism".

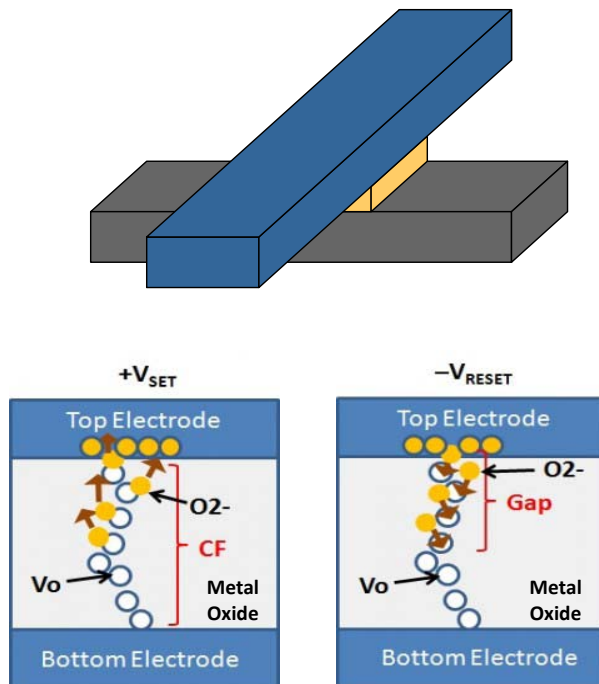


Figure 1 Basic ReRAM cell operation with filamentary switching system

Figure 1 describes a common filamentary switching system used in most ReRAM developments. Other ReRAM developments that use a filamentary switching mechanism need to overcome a number of potential shortcomings including:

- lack of control – the filament is a kind of short circuit between the electrodes that is somewhat random and difficult to control;
- the nature of forming and reforming filaments lead to difficulties with endurance; and
- as cells get smaller, the filamentary current is the same, leading to larger current densities which restricts the ability to scale (down).

4DS avoids this issue altogether because its MOHJO™ hetero junction does not rely on the formation of a filament. Instead, the overall MOHJO™ memory cell reduces and increases its resistance to form the “On” and “Off” states. This gives it a number of potential advantages and makes it a strong potential candidate to replace Flash memory in the future (assuming successful development and commercialisation).

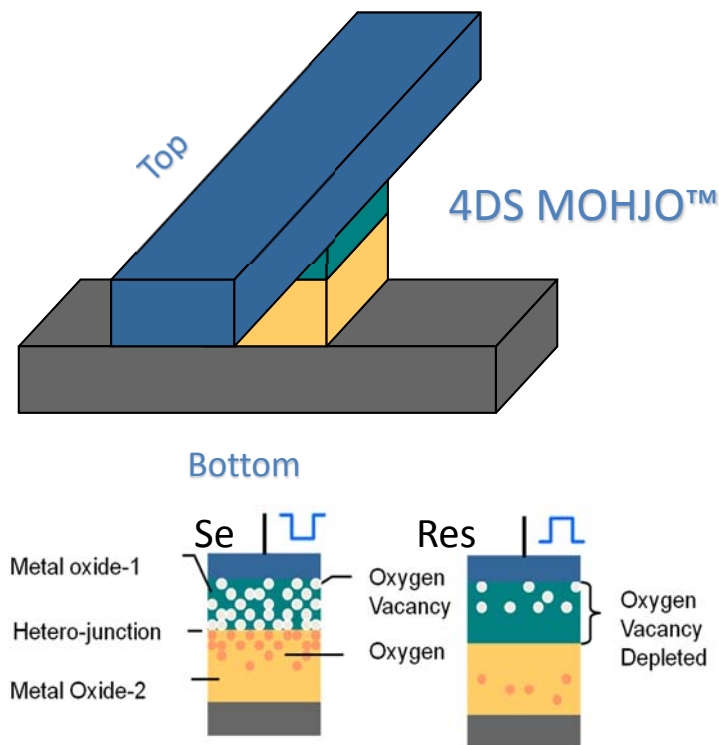


Figure 2 4DS MOHJO™ heterojunction non-filamentary switching mechanism.

Approximately US\$10 million has been invested in developing 4DS's ReRAM technology since 2007. 4DS owns 15 US patents for material composition and deposition process and mechanism of action (comprising 13 granted patents and 2 pending applications), together with several related patents in other key jurisdictions (see Section 11 for more information on the 4DS patent portfolio).

(d) **4DS's Business Model and Strategy**

Joining the short list of high-volume high-density memory makers is cost prohibitive for anyone not already volume manufacturing memory products today: the cost to setup and operate a high-volume high-density memory fabrication plant (known as a fab) is in the order of US\$10 billion. Hence, becoming a new memory maker is unrealistic.

Recently, due to the consolidation of semiconductor manufacturers, the goals of large memory makers have shifted from manufacturing the most product to owning the best intellectual property. This in turn drives acquisitions of successful start-up technology companies.

Since many breakthrough inventions happen within start-up technology companies, the challenge is how to get noticed. Memory makers want to see proof that a developer can make the best high-density memory, which is not always realistic given the resources of start-up technology companies and the stage of development of their technology.

Fortunately, leading memory users (manufacturers of devices that use memory) often have a need for special memory products tailored to their specific needs (somewhere between standard DRAM and standard Flash).

(e) **4DS Research and Development**

In order to demonstrate sufficient progress to indicate that production of commercial product is viable, 4DS must demonstrate scalability (small memory cell size with small space between memory cells) and consistency of its memory cell behaviour.

This requires a process of simultaneous and continuous improvement of (i) the memory cell architecture, (ii) the manufacturing process, and (iii) the PCMO deposition equipment, complemented with semi-automated test procedures to gather statistical data for yield analysis, fundamental cell behaviour, cycling endurance and data retention in order to monitor progress. 4DS has already demonstrated a functional cell and lot-to-lot consistency of different wafers with high yield. Yield is the percentage of memory cells in a given array that pass all tests and function properly.

Following the completion of the Takeover Offers and the Offers, the Company intends to apply significant funds to 4DS's research and development activities. Funds will be applied in the course of business supported by a business plan, a budget, within the confines of a financial authorization framework and supported by directors' resolutions if necessary or by exception.

These funds will be spent on meeting the cost of 4DS employees working on the research and development, lease costs associated with its premises and test equipment, and improvements to its deposition equipment.

4DS has a highly experienced and qualified technical team to oversee and perform its research and development activities and as noted in Section 8.2 below, it is proposed that 4DS's Managing Director will be engaged from completion of the Takeover Offers in an equivalent role with the Company, and 4DS's Chief Engineering Officer will continue in that role with 4DS, Inc. following completion of the Offers.

As set out in Section 14.2 the Milestone for conversion of the Class 1 Performance Shares is specifically focussed on endurance levels for 4DS's memory cells.

If 4DS is successful in taking the MOHJO™ ReRAM technology to this point, it will have the potential to stand out among other market players as the first viable ReRAM product for major storage applications. Having access to this technology, if successfully developed by 4DS, will potentially be enormously commercially significant for mobile device manufacturers and solid-state storage (**SSD**) device producers.

(f) **Joint Development Arrangements**

4DS is currently engaged in a joint-development with a global storage leader, HGST Netherlands B.V. (**HGST**), with the goal of optimizing its memory cell and manufacturing process. HGST helps organizations harness the power of data through a broad portfolio of proven, smarter storage solutions. Entry into the joint development arrangements provides 4DS with resources which may expedite the development, and potential commercialisation, of 4DS's technology.

The Joint Development Agreement (**JDA**) governing the co-development has been in force since June 2014 and was renewed in June 2015. It is next due for renewal on 30 June 2016. Part of 4DS's development work is currently being carried out under a scope of work which has been agreed with HGST under the JDA. See Section 7.3(e) above for further details on 4DS's development work, and see Section 13.4(a) below for a summary of the terms of the Joint Development Agreement.

Whilst in the absence of the Joint Development Agreement 4DS's focus would be on the same steps that have been identified in the scope of work, under the Joint Development Agreement,

4DS is able to benefit from the resources and technical expertise of HGST as a global storage leader.

The scope of work with HGST mainly deals with material improvements, scaling objectives, and cell evaluation objectives, which include testing of endurance and data retention among other factors. This supports the Milestone for the Performance Shares which will be received by the 4D-S vendors under the Takeover Offers and the Private Treaty Offers.

Once significant progress is made to prove scale and consistency of its memory cells, this will attract the attention of the “memory community” (both makers and users) and opportunities to license the technology could arise, including pursuant to the License Option held by HGST as detailed in Section 13.4(a).

(g) 4DS Customers and Revenue Model

As 4DS is in a state of advanced R&D, it does not have revenues for its MOHJO™ product. The company strategy is outlined in Section 7.3(d). As 4DS is currently in the development phase, no decision has been made regarding the method of commercialising its technology should development be successful. Eventual revenues may involve licensing to major memory makers and users of memory (including potential license fees under the Joint Development Agreement described in Section 13.4(a)). Licensing fees with other memory makers and memory users may involve one-off license fees, ongoing royalties or a combination of the two. There is a possibility that a major company may choose to acquire the 4DS technology, if it succeeds in its development goals.

4DS is a development company with no history of revenue generation. 4DS will over the next 12 months focus on the enhancement and testing of its technology under the Joint Development Agreement. There can be no guarantee that 4DS will be able to successfully develop and commercialise its technology. Accordingly, an investment in the Company should be considered speculative and high risk.

(h) Industry Overview

i) Introduction to the Memory Market

Memory underpins everything in the digital world. Memory is used as “core memory” in computers and devices (volatile memory) and as persistent storage in computers and devices (non-volatile memory, NVM). Increasingly, hard disk drives are being replaced by memory chips and are known as Solid State Drives (**SSDs**).

The memory market is characterized by the market expectation for continuously more memory at a lower cost. Historically, this has been achieved by scaling the memory cell size (often referred to as Moore’s Law) to make it smaller, and other scales of economy. The fundamental driver of the need for more NVM is the demand for storage.

It is estimated that 90% of data stored today was created in the last two years. To give a real world example: Amazon Web Services, a world leading cloud services provider, adds more storage capacity every day than its e-commerce parent, Amazon.com, had in total in 2004, when Amazon.com the retailer was one-tenth its current size at \$7 billion in annual revenue.

Semiconductor industry analysts have long unsuccessfully forecast the demise of conventional semiconductor memory technologies such as Flash and DRAM. The ingenuity of engineers has kept these dire predictions at bay, finding methods to continue scaling, in keeping with Moore’s Law.

However, the industry now faces a plethora of scaling limitations all converging toward the “brick wall” long predicted by the industry analysts.

The industry does not expect FLASH to scale much below 16 nanometres (nm) per memory cell and DRAM much below 22 nm and a new memory technology is needed to break through these scaling barriers.

In the next few years it is expected that Flash density increase will reach its limit based on:

- the laws of physics and fundamental geometry that limits the ability to scale Flash memory further;
- the current rate of scaling down of state of the art NAND Flash;
- every top memory market player has spent the last decade researching NVM that can transcend 10 nm, with some players diverting energy and resources into developing 3D Flash; and
- 3D NAND Flash is one solution to the Flash scaling impasse. This is expected to allow continued memory density increase and lower cost for the next several years, however an increasing focus has been on the development of emerging NVM.

Given the scaling challenges of these incumbent memory technologies, the industry is feverishly pursuing alternate memory technologies, setting the stage for the market entry of emerging memory technologies. Most emerging memory technologies afford significant performance advances over incumbent technologies. Notably, nearly all technologies offer retention time constants of hours, if not years – far exceeding DRAM. Similarly, the write times of many of these technologies are 10–100 nanoseconds – far exceeding Flash. So both DRAM and Flash have a number of potential technology successors. It is also possible that some types of emerging NVM may be able to replace both Flash and DRAM.

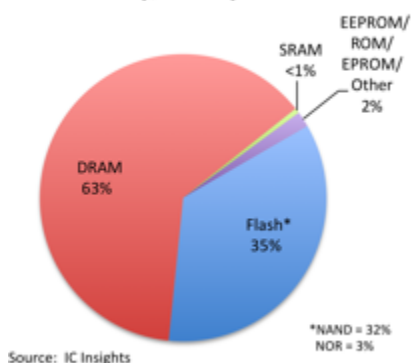
ii) Overview of the Resistive Random Access Memory (ReRAM) market

ReRAM is one of a number of new technologies that are candidates to replace Flash as the next generation of storage class NVM. The nascent ReRAM market is very small with only one player, Adesto with a shipping ReRAM chip. Therefore it is more helpful to talk about emerging NVM as a defined and growing segment of the overall memory market.

iii) Worldwide memory market

The 2015 semiconductor memory market is forecast to be approximately US\$80 billion with a CAGR (compound annual growth rate) of more than 15%. The leading manufacturers of high-volume high-density non-volatile Flash memory are: Samsung, Toshiba/Sandisk, SK Hynix, and Micron/Intel.

**2015F MOS Memory Market
(\$83.4B)**



**2015F MOS Memory Units
(38.2B)**

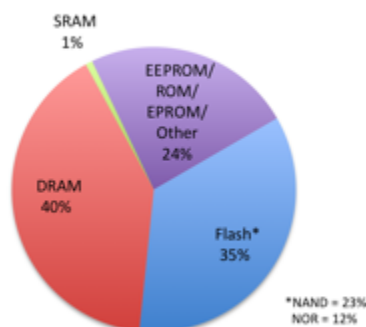


Figure 3 2015 memory market breakdown according to IC Insights

Increased demand for data storage capacity is the primary driver of increased demands for higher density memory. This has been manifest recently in the increased use of smart-phones, tablets and laptops. However, emerging market trends show a changing demographic according to research firms specialising in the semiconductor market:

- Enterprise storage (hosted in private or public clouds) will be by far the largest market by 2020. Cloud data centres, previously contained racks of hard drives, which are now being replaced by SSDs comprised of non-volatile memory.
- The second largest market segment in 2020 is expected to be memory needed for wearable technologies – due to strong demand for low energy memory.

With this in mind, the biggest opportunity for emerging NVM hopefuls, including 4DS, is to replace Flash as the dominant standard for Cloud and mobile use, with a view to target the market for wearable technology (wearables) in the future. Mobile storage is dominant today but its growth will eventually be limited to population growth (and how long users keep the same device). Wearables will increase the amount of memory demand, but this segment too, will eventually be contained to population growth. However, there does not seem to be anything limiting the growth of the storage in the cloud and significant evidence exists to date showing a staggering growth in the amount of data generated and stored worldwide.

7.4 Financial information

Information relating to the financial information of the Company and 4DS Group is set out in Section 9 of this Prospectus and in the Investigating Accountant's Report in Section 10 of this Prospectus.

8. Directors, key management and corporate governance

8.1 Director profiles

Subject to the Takeover Offers becoming Unconditional, it is intended that the Board of the Company will be comprised of Mr James Dorrian, Dr Guido Arnout, Mr David McAuliffe and Mr Howard Digby. All Existing Directors intend to resign as Directors following the Takeover Offers becoming Unconditional. Mr James Dorrian, Dr Guido Arnout, Mr David McAuliffe are all directors of 4DS and 4DS Securityholders.

Brief profiles of the Directors of the Company following the Takeover Offers becoming Unconditional are set out below.

Mr James Dorrian

Chairman

Mr Dorrian is the current Chairman of 4DS. He is a former partner at Crosspoint Venture Partners a Silicon Valley based early stage venture capital firm. He has served as both CEO and Board Member of several Silicon Valley companies and has in depth experience in M&A and IPOs. Prior to this, Mr Dorrian was the Founder and CEO of Arbor Software and has held management roles with a number of multinational IT companies. He is a founding member of the OLAP standards council, an industry consortium for On-Line Analytical Processing. Mr Dorrian received a Bachelors of Arts from Indiana University in Economics and Communications.

Dr Guido Arnout

Executive Director and Chief Executive Officer

Dr Arnout is the CEO of 4DS and has helped guide multiple Silicon Valley companies through commercialisation or sale. He was the founding President & CEO of PowerEscape, which introduced the first tools for the development of low-power software executing on multi-core devices. He was also founding President & CEO of CoWare, which pioneered system-level design tools for hardware-software co-design and the time-based licensing business model. Dr Arnout co-founded the Open SystemC Initiative (OSCI), an industry consortium to standardize a language for system level design, and as its President submitted the SystemC language to IEEE. He served as VP of Engineering and later senior VP of marketing of CrossCheck Technology. He co-founded and later became VP of Engineering of Silvar-Lisco, the first commercial EDA (electronic design automation) company. Dr Arnout received his PhD in electrical engineering from the University of Leuven in Belgium.

Mr David McAuliffe

Non-Executive Director

Mr McAuliffe is a current director of 4DS. He is an experienced board director and entrepreneur who has had over twenty years' experience, mostly in the international biotechnology field. During that time he was involved in numerous capital raisings and in-licensing of technologies. He is a founder of several companies in Australia, France and the United Kingdom, many of which have become public companies. Mr McAuliffe has an Honours degree in Law, a Bachelor of Pharmacy degree and is the President of the Dyslexia – Speld Foundation WA (Inc).

Mr Howard Digby

Non-Executive Director

Mr Digby started his career at IBM and has spent over 25 years managing technology related businesses across the Asia Pacific region, including 12 years being based in Hong Kong. Before returning to Perth, he was with The Economist Group as regional managing director. Prior to this he held senior management roles at Adobe and Gartner where his clients included major semiconductor players including Samsung, Hynix and TSMC. Mr Digby is a Non-Executive Director of Sun Biomedical (ASX: SBN) and Estrella Resources (ASX: ESR) and is currently an advisor to geospatial imagery company Spookfish (ASX: SFI). Mr Digby has a Bachelor of Engineering (Mech, Hons) from The University of Western Australia.

Brief profiles of the Existing Directors who are proposed to resign following the Takeover Offers becoming Unconditional are outlined below.

Mr Riccardo Vittino – Non-Executive Director (appointed 4 August 2010)

Mr Vittino has over 25 years' experience in the resources sector with a focus on corporate and financial management. He graduated from the University of Western Australian with a Bachelor of Commerce degree in 1985 and began his career in the mining industry in 1988 as Company Secretary for Helix Resources Ltd.

During his 18 year tenure at Helix, Mr Vittino was involved with various IPOs and Joint Ventures both local and International. He left Helix in 2006 as CEO to pursue a role in South Africa as Finance Director of Central Rand Gold Ltd. He was responsible for overseeing Central Rand Gold's listing on the Main Board of the LSE and the JSE in 2007 and subsequent progress to pre-feasibility and commencement of trial mining.

Mr Vittino returned to Perth in 2008 to focus on personal interests. He has held numerous non-executive Director roles including Diamond Ventures NL and Platinum Australia Ltd. He is a Fellow of the Australian Institute of Company Directors.

Mr Vittino is currently a director of Credo Resources Ltd and CFO of Moly Mines Limited.

Mr Tim Grice – Non-Executive Director (appointed 8 May 2015)

Mr Grice has a broad range of experience in capital markets where he has worked for 29 years. He has held a number of senior adviser positions at national and international stockbroking companies including Bell Potter, UBS and Merrill Lynch and been involved in raising capital for many emerging companies in mining and technology.

Mr Peter Webse – Non-Executive Director and Company Secretary (appointed director 8 May 2015, appointed secretary 11 May 2015)

Mr Webse has over 24 years' company secretarial experience and is the managing director of Platinum Corporate Secretariat Pty Ltd, a company specialising in providing company secretarial, corporate governance and corporate advisory services. Mr Webse is also a non-executive director of Cynata Therapeutics Limited.

8.2 Key management personnel

The following persons will comprise the key management personnel of the Company following the Acquisition.

Dr Guido Arnout

Current Managing Director of 4DS, and proposed Managing Director of the Company

Dr Guido Arnout was founding President & CEO of PowerEscape which introduced the first tools for the development of low-power software executing on multi-core devices. He was founding President & CEO of CoWare which pioneered system-level design tools for hardware-software co-design and the time-based licensing business model. He co-founded the Open SystemC Initiative (OSCI), an industry consortium to standardize a language for system level design, and as its President submitted the SystemC language to IEEE. He served as VP of Engineering and later senior VP of marketing of CrossCheck Technology. He co-founded and later became VP of Engineering of Silvar-Lisco, the first commercial EDA (electronic design automation) company. Dr Arnout received his PhD in electrical engineering from the University of Leuven in Belgium.

Michael Van Buskirk

Current Chief Engineering Officer of 4DS, and proposed Chief Engineering Officer of the Company

Michael Van Buskirk has held executive roles with a number of leading memory companies in Silicon Valley. He was the Chief Technology Officer at Adesto Technologies Corporation, where he initiated and directed its second and third generation CBRAM™ technology to make it suitable for broad market acceptance. He served as the Chief Operating Officer at Innovative Silicon, Inc., where he co-invented and developed its ultra-low voltage Z-RAM™ vertical floating body memory technology. Michael was also the Chief Technology Officer at Spansion, Inc., the flash memory joint venture between Advanced Micro Devices (AMD) and Fujitsu, where he integrated and oversaw the former Fujitsu and AMD flash memory engineering teams. Prior to the establishment of Spansion in 2003, Michael had spent 17 years with AMD where he reached the position of Vice-President of Engineering, Memory Group. Michael holds a Bachelor of Science in Electrical Engineering from Oregon State University.

Melanie Buffier

Proposed Corporate Strategy and Investor Relations Director of the Company

Melanie Buffier has 15 years' experience in investor relations, communications and financial reporting gained at some of Australia's leading public companies, most recently at Scentre Group. She has a strong background in all aspects of the role, including security holder engagement, financial reporting and capital market transactions.

Please refer to the employment agreement summaries in Section 8.7 for details of the material terms of engagement of the key management personnel.

8.3 Directors' interests

Other than as set out in this Prospectus, no Director has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or

(c) the Offers,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any Director, either to induce that Director to become, or to qualify them as a director of the Company, or otherwise, for services rendered by them in connection with the formation or promotion of the Company or the Offers.

8.4 Directors' Securities interests

Directors are not required under the Company's Constitution to hold any Shares.

The interests of the Directors in securities of the Company as at the date of this Prospectus are as follows.

| Director | Shares | | Existing Unlisted Options ¹ |
|--|-----------|-------|---|
| | Number | % | |
| Riccardo Vittino | 4,945,667 | 3.02% | 1,000,000 ¹ |
| Tim Grice | - | - | 1,000,000 ¹ |
| Peter Webse | 1,166,667 | 0.71% | 1,000,000 ¹ |
| James Dorrian | - | - | - |
| Guido Arnout | - | - | - |
| David McAuliffe | - | - | - |
| Howard Digby | 666,667 | 0.41% | - |
| 1. Unlisted options exercisable at \$0.042 each on or before 25 June 2018. | | | |

Proposed Director, Mr Howard Digby, has advised that he intends to subscribe for up to 800,000 Shares under the Public Offer. The other Existing Directors and the Proposed Directors have advised that they do not intend to subscribe for any Shares under the Public Offer.

Each of the Proposed Directors (or entities controlled by them) hold 4DS Securities (including 4DS A Class Shares to be issued to Proposed Directors, Messrs David McAuliffe and Howard Digby, upon the Takeover Bids becoming Unconditional for services provided to 4DS in connection with the Takeover Bids). The Company proposes to acquire these 4DS Securities as part of the Acquisition. Accordingly, each of the Proposed Directors will receive a proportion of the Consideration Securities under the Acquisition (being approximately 50,004,066 Shares, 6,992,267 Class 1 Performance Shares and 36,458,333 Transaction Options in total).

The anticipated interests of the Directors in the securities of the Company, following completion of the Acquisition and the Offers (assuming the subscription for Shares under the Public Offer by Mr Digby as noted above), are as follows:

| Director | Shares | | Existing Unlisted Options ² | Transaction Options ³ | Class 1 Performance Shares ⁴ |
|------------------|-----------|----------------|--|-------------------------------------|---|
| | Number | % ¹ | | | |
| Riccardo Vittino | 4,945,667 | 0.75% | 1,000,000 | - | - |
| Tim Grice | - | - | 1,000,000 | - | - |
| Peter Webse | 1,166,667 | 0.18% | 1,000,000 | - | - |

| Director | Shares | | Existing Unlisted Options ² | Transaction Options ³ | Class 1 Performance Shares ⁴ |
|---|------------|----------------|--|-------------------------------------|---|
| | Number | % ¹ | | | |
| James Dorrian | 35,045,806 | 5.32% | - | - | 6,533,962 |
| Guido Arnout | 1,617,394 | 0.25% | - | 36,458,333 | 301,548 |
| David McAuliffe | 10,840,825 | 1.65% | - | - | 156,763 |
| Howard Digby | 3,966,715 | 0.60% | - | - | - |
| 1. Assuming the Maximum Subscription is raised. 2. Unlisted options exercisable at \$0.042 each on or before 25 June 2018. 3. Unlisted options exercisable at \$0.02 each on or before 30 June 2020. 4. Refer to Section 14.2 for details of Class 1 Performance Shares. | | | | | |

8.5 Remuneration of Directors

The Constitution provides that the remuneration of non-executive Directors will not be more than the aggregate fixed sum determined by a general meeting of Shareholders, which is currently \$300,000 per annum.

The annual remuneration of the Directors for the last two financial years is as follows:

| Director | | Salary and Fees \$ | Other \$ | Total \$ |
|-----------------------------|-------------|-----------------------|---------------------|-------------|
| Mr Riccardo Vittino | FY2014/2015 | 39,000 | 24,650 ² | 63,650 |
| | FY2013/2014 | 30,000 | 1,887 | 48,687 |
| Mr Tim Grice ¹ | FY2014/2015 | 4,405 | 24,650 ² | 29,055 |
| | FY2013/2014 | - | - | - |
| Mr Peter Webse ¹ | FY2014/2015 | 11,145 ³ | 24,650 ² | 35,795 |
| | FY2013/2014 | - | - | - |

Notes:

1. Mr Grice and Mr Webse were appointed as Directors on 8 May 2015.
2. Value of 1,000,000 options received by each director, as approved by shareholders on 26 June 2015.
3. Includes fees for provision of company secretarial services.

Directors, companies associated with the Directors or their Associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of Fitzroy and other miscellaneous expenses.

The remuneration of Directors is reviewed annually by the Company.

Proposed Director, Mr Howard Digby will receive a fee of \$20,000 from the Company for consulting services provided to the Company in relation to the Takeover Bids (primarily for technical due diligence on 4DS's technology and the claims associated with the technology and its development progress, including procuring independent technical expert advice and patent attorney services).

Following completion of the Acquisition and Offers it is proposed that the Directors' fees will be \$40,000 per annum for the non-executive Chairman and \$30,000 per annum for each non-executive Director (inclusive of statutory superannuation contributions).

The remuneration of executive Directors and key management personnel will be determined by the Board. A summary of the material terms of employment of Dr Guido Arnout, the Managing Director elect, and key management personnel are outlined in Sections 8.6(a) and 8.7.

The annual remuneration (inclusive of superannuation unless indicated otherwise) payable to each of the Directors following completion of the Acquisition and the Offers is as follows:

| Director | Annual Remuneration |
|--|--|
| Guido Arnout | US\$185,000 (exclusive of superannuation) ¹ |
| James Dorrian | \$40,000 |
| David McAuliffe | \$30,000 |
| Howard Digby | \$30,000 |
| 1. Refer to Section 8.6(a) for details of Dr Arnout's Executive Services Agreement | |

8.6 Agreements with Directors or Related Parties

(a) Executive Service Agreement - Managing Director

Dr Arnout will receive an annual salary of US\$185,000 (exclusive of statutory superannuation), and be entitled to be reimbursed for all reasonable expenses incurred in the performance of his duties. He will participate in the employee incentive scheme that the Company intends to put in place following completion of the Takeover Offers. The Company will seek to include the use of Restricted Stock Units in such a scheme, given their suitability for US employees. Termination under the agreement will be by way of six months' notice by either party, and the agreement will contain customary provisions regarding confidentiality, and Company ownership of intellectual property.

(b) Relationship between Proposed Directors and 4DS

Proposed Directors, Mr James Dorrian, Dr Guido Arnout and Mr David McAuliffe are also directors of 4DS.

As noted in Section 8.4, each of the Proposed Directors (or entities controlled by them) hold 4DS Securities (including 4DS A Class Shares to be issued to Proposed Directors, Messrs David McAuliffe and Howard Digby, upon the Takeover Bids becoming Unconditional for services provided to 4DS in connection with the Takeover Bids). The Company proposes to acquire these 4DS Securities as part of the Acquisition. Accordingly, each of the Proposed Directors will receive a proportion of the Consideration Securities under the Acquisition (being approximately 50,004,073 Shares, 6,992,273 Class 1 Performance Shares and 36,458,333 Transaction Options in total).

Refer to Section 8.4 for further details.

(c) **Deeds of indemnity, insurance and access**

The Company is party to a deed of indemnity, insurance and access with each of the Existing Directors and is proposing to enter into similar deeds with each of the Proposed Directors upon their appointment. Under these deeds, the Company indemnifies each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting as a director of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director and must also allow the Directors to inspect board papers in certain circumstances.

8.7 Agreements with key management personnel

Refer to Section 8.6(a) for a summary of the key terms of Dr Arnout's Executive Services Agreement for the position of Executive Director and CEO.

(a) **Employment Agreement – Chief Engineering Officer**

Mr Michael van Buskirk's existing employment agreement with 4DS, Inc. will continue to apply following completion of the Offers. Under that agreement, Mr Van Buskirk receives an annual salary of US\$240,000, and is entitled to be reimbursed for all reasonable expenses incurred in the performance of his duties. He will participate in the employee incentive scheme that the Company intends to put in place following completion of the Offers. The Company will seek to include the use of Restricted Stock Units in such a scheme, given their suitability for US employees. Termination under the agreement will be by way of three months' notice by either party, and the agreement will contain customary provisions regarding confidentiality, and Company ownership of intellectual property.

(b) **Executive Services Agreement – Corporate Strategy and Investor Relations Director**

Ms Melanie Buffier will receive an annual salary of \$250,000 (exclusive of statutory superannuation), and be entitled to be reimbursed for all reasonable expenses incurred in the performance of her duties. Post completion of the Acquisition, Ms Buffier will be offered an appropriate equity based incentive package as determined by the Board following completion of the Acquisition. Termination under the agreement will be by way of six months' notice by either party, and the agreement will contain customary provisions regarding confidentiality, and Company ownership of intellectual property.

8.8 Corporate governance

This summary identifies the key corporate governance policies and practices adopted by the Company's Board. The Board is committed to ensuring continued investor confidence in the operations of the Company and in maintaining high standards of corporate governance in the performance of their duties.

The role of the Board

The role of the board of Directors is to provide strategic guidance to the Company (and its related bodies corporate), effective oversight of management and to provide a sound base for a culture of good corporate governance within the Company.

The Board will always retain ultimate authority over the management and staff of the Company and its related bodies corporate.

In performing its role, the Board should act, at all times:

- (a) in recognition of its overriding responsibility to act honestly, fairly and in accordance with the law in serving the interests of the Company, its shareholders, as well as its employees, customers and the community;
- (b) in a manner designed to create and continue to build sustainable value for shareholders;
- (c) in accordance with the duties and obligations imposed upon them by the Company's constitution and applicable law; and
- (d) with integrity and objectivity, consistently with the ethical, professional and other standards set out in the Company's corporate governance policies.

Responsibilities of the Board

The responsibilities of the Board include:

- (a) represent and serve the interests of Shareholders by overseeing and appraising the Company's strategies, policies and performance;
- (b) protect and optimise the Company's performance and build sustainable value for Shareholders;
- (c) set, review and ensure compliance with the Company's values and governance framework; and
- (d) ensure that Shareholders are kept informed of the Company's performance and major developments.

Composition of the Board

Under the Company's constitution, the minimum number of Directors is three and the maximum number is ten. The Board at the date of this Prospectus comprises of 3 Directors, namely Riccardo Vittino, Tim Grice and Peter Webse. Following the Takeover Offers becoming Unconditional, the Board will comprise of 4 Directors, namely James Dorrian, Guido Arnout, David McAuliffe and Howard Digby. The Directors consider the size and composition of the Board is appropriate given the current size and status of the Company.

Each Director is bound by all of the Company's charters, policies and codes of conduct. If the Board determines it is appropriate or necessary, they may establish committees to assist in carrying out various responsibilities of the Board. Such committees will be established by a formal charter.

The Board delegates the management of the Company's business and day to day operation to the Managing Director who is authorised, in turn, to delegate such powers conferred on him or her to members of the senior management group.

The Board seeks to nominate persons for appointment to the Board who have the qualifications, experience and skills to augment the capabilities of the Board.

Independence of Directors

The Board considers the issue of independence with regard to a set of questions outlined in the Board charter. The issue is considered in light of a materiality threshold relevant to the particular time of the issue.

Independent professional advice

The Directors are entitled to seek independent professional advice at the Company's expense on any matter connected with the discharge of their responsibilities. Such advice may be sought in accordance with the procedures set out in the Board charter.

Securities trading policy

The Company has adopted a formal policy for dealing in the Company's securities by Directors and employees and their related entities (in accordance with Listing Rule 12.9). The securities trading policy regarding allowable dealings is that those persons should:

- (a) not deal in the Company's securities while in possession of price sensitive, non-public information; and
- (b) only trade in the Company's securities after receiving clearance to do so from a designated clearance officer, where clearance may not be provided in defined "blackout periods".

The securities trading policy is available on the Company's website at www.fitzroyresources.com.au.

Remuneration policy

The Company has adopted a remuneration policy designed to align individual and team reward and encourage executives to perform to their full capacity.

Remuneration packages may contain any or all of the following:

- (a) annual salary base with provision to recognise the value of the individuals' personal performance and their ability and experience;
- (b) rewards, bonuses, commissions, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution;
- (c) Share participation – the Company proposes to implement an equity incentive plan; and
- (d) other benefits, such as holiday leave, sickness benefits, superannuation payments and long service benefits.

The Board will determine the appropriate level and structure of remuneration of the executive team and such consideration will occur each year on the recommendation of the Managing Director.

Remuneration of executives will be reviewed annually by the Board. Determination of Non-Executive Director's fees is with regard to the long term performance of the Company.

Continuous disclosure policy

The Company, as a listed public company, is required to disclose price sensitive information to the market as it becomes known to comply with the continuous disclosure requirements of the Corporations Act and the Listing Rules.

The continuous disclosure policy of the Company ensures that all Shareholders and investors have equal access to the Company's information, to the extent practicable. Price sensitive information will be disclosed by way of an announcement to ASX and placed on the Company's website.

Shareholder communication

The Board strives to ensure that Shareholders are provided with full and timely information to assess the performance of the Company and its Directors and to make well-informed investment decisions.

Information is communicated to Shareholders:

- (a) through the release of information to the market via ASX;
- (b) through the distribution of the annual report and notice of annual general meeting;
- (c) through letters and other forms of communications directly to Shareholders; and
- (d) by posting relevant information on the Company's website.

Ethical standards and business conduct

The Board recognises the need for Directors and employees to observe appropriate standards of behaviour and business ethics when engaging in corporate activity. Through its code of conduct, the Board intends to maintain a reputation for integrity. The Company's business ethics are founded on openness, honesty, fairness, integrity, mutual respect, ethical conduct and compliance with laws.

The standards set out in the code of conduct are required to be adhered to by officers and employees of the Company. The code of conduct and further details of these standards can be found on the Company's website.

ASX Corporate Governance Principles and Recommendations

Where possible and having regard to the size and nature of the Company's operations, the Board has adopted the Corporate Governance Principles and Recommendations (3rd Edition) issued by the ASX Corporate Governance Council. As a listed entity the Company has been required to report any departures from the principles and recommendations in its annual report. The Company's departures from the principles and recommendations, as at the date of re-admission to the Official List, are set out in the table below.

| Recommendation | Nature of departure | Explanation for departure |
|----------------|--|--|
| 1.5 | Measurable objectives for achieving gender diversity have not been established or disclosed. | <p>The Company has not formally established measurable objectives for achieving gender diversity given the current stage of its operations and number of employees.</p> <p>The Company has however adopted a Diversity Policy which outlines the Company's objectives in the provision of equal opportunities in respect of employment and employment conditions. The Diversity Policy is available on the Company's website. The Company will review the requirement to set and report on measurable objectives for achieving gender diversity as the Company's operations and employee numbers grow.</p> |
| 2.1 | The Board should | The Company has not constituted a Nomination |

| Recommendation | Nature of departure | Explanation for departure |
|----------------|--|--|
| | have a Nomination Committee. | Committee given the size of the Board and the nature and scale of the Company's operations. The full Board carries out the role of a Nomination Committee in accordance with the Nomination Committee Charter. |
| 2.4 | Following re-admission to the Official List the majority of the Board will not be independent. | <p>Following re-admission to quotation the majority of the Board will not be independent Directors. As one of the Proposed Directors will be the Managing Director and one of the other Proposed Directors will be a substantial shareholder, they do not pass the criteria of independence outlined in the recommendations. The proposed Board comprises three non-executive Directors and one executive Director.</p> <p>The proposed Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each Director has the relevant experience and specific expertise relevant to the Company's proposed business activities and level of operations.</p> <p>The Board considers that its proposed structure is appropriate in the context of the Company's change of activities. The Company considers that the proposed non-independent Directors possess the skills and experience suitable for building the Company. Furthermore, the Board considers that in the current phase of its operations, Shareholders are better served by directors who have a vested interest in the Company. The Board intends to reconsider its composition as the Company's new operations evolve, and may appoint additional independent directors as it deems appropriate.</p> |
| 2.5 | The Chair of the Board should be an independent director. | The Chairman of the Board, following re-admission to quotation, will not be an independent Director by virtue of the fact that he will be a substantial shareholder, holding approximately 5.32%. The Board does not believe this will interfere with his capacity to bring independent judgement on issues before the Board and to act in the best interest of the Company and its security holders generally. |
| 4.1 | The Board should have an Audit Committee. | The Board does not have a separately constituted Audit Committee given the size of the Board and the nature and scale of the Company's operations. The Board as a whole |

| Recommendation | Nature of departure | Explanation for departure |
|----------------|--|--|
| | | fulfils the functions normally delegated to the Audit Committee as detailed in the Audit Committee Charter. |
| 7.1 | The Board should have a committee to oversee risk. | The Board has not constituted a Risk Committee given the size of the Board and the nature and scale of its activities. The Board as a whole is responsible for the oversight of the Company's risk management and internal compliance and control framework. Following re-admission to quotation, responsibility for control of risk management will be delegated to the appropriate level of management within the Company, with the CEO having ultimate responsibility to the Board for the risk management and internal compliance and control framework. |
| 8.1 | The Board should have a Remuneration Committee. | The Board does not have a separately constituted Remuneration Committee given the size of the Board and the nature and scale of the Company's operations. The Board as a whole fulfils the functions normally delegated to the Remuneration Committee as detailed in the Remuneration Committee Charter. |

9. Financial Information

9.1 The Company

This Section contains a summary of the audited historical statement of financial position and statement of profit and loss of the Company for the financial years ended 30 June 2013, 30 June 2014, and 30 June 2015 that the Directors consider relevant to investors. The financial information presented is in an abbreviated form and does not contain all of the disclosures that are usually contained in statutory accounts prepared in accordance with the Corporations Act.

The historical consolidated statements of financial position of the Company are set out below and have been extracted from the audited consolidated statements of financial position as at the end of the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015, being the last three audited consolidated statements of financial position prior to the date of this Prospectus.

| | Consolidated FY 2015 | Consolidated FY2014 | Consolidated FY2013 |
|--|-------------------------|------------------------|------------------------|
| | \$ | \$ | \$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 1,123,482 | 232,213 | 1,924,913 |
| Trade and other receivables | 22,124 | 11,418 | 7,379 |
| Other current assets | 20,000 | - | 2,553 |
| TOTAL CURRENT ASSETS | 1,165,606 | 243,631 | 1,934,845 |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | 10,873 | 15,531 | 22,186 |
| Exploration and evaluation expenditure | 420,000 | 3,589,049 | 1,744,182 |
| TOTAL NON-CURRENT ASSETS | 430,873 | 3,604,580 | 1,766,368 |
| TOTAL ASSETS | 1,596,479 | 3,848,211 | 3,701,213 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 90,378 | 90,362 | 56,517 |
| Provisions | - | 10,192 | - |
| Other current liabilities | 26,381 | 26,381 | - |
| TOTAL CURRENT LIABILITIES | 116,759 | 126,935 | 56,517 |
| TOTAL LIABILITIES | 116,759 | 126,935 | |
| NET ASSETS | 1,479,720 | 3,721,276 | 3,644,696 |
| SHAREHOLDERS' EQUITY | | | |
| Issued capital | 10,660,732 | 9,261,186 | 6,729,437 |
| Reserves | 1,090,134 | 332,754 | 403,800 |
| Accumulated losses | (10,271,146) | (5,872,664) | (3,488,541) |
| TOTAL SHAREHOLDERS' EQUITY | 1,479,720 | 3,721,276 | 3,644,696 |

The historical consolidated statements of financial performance of Fitzroy are set out below and have been extracted from the audited consolidated statements of financial performance for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015, being the last three audited consolidated statements of financial performance prior to the date of this Prospectus.

| | Consolidated FY 2015 | Consolidated FY2014 | Consolidated FY2013 |
|--|-------------------------|------------------------|------------------------|
| | \$ | \$ | \$ |
| Revenue | 10,087 | 58,387 | 72,600 |
| Directors fees | (86,643) | (112,517) | (196,389) |
| Administration expenses | (464,456) | (392,938) | (230,179) |
| Exploration expenses | (187,813) | (616,904) | (48,625) |
| Impairment of capitalised exploration | (2,919,049) | (1,313,496) | (148,017) |
| Share based payment | (745,950) | - | - |
| Depreciation and amortisation expense | (4,658) | (6,655) | (9,484) |
| Loss before income tax | (4,398,482) | (2,384,123) | (560,094) |
| Income tax expense | - | - | - |
| Loss for the year | (4,398,482) | (2,384,123) | (560,094) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation (net of tax) | 11,430 | (78,482) | - |
| Total comprehensive loss for the year | (4,387,052) | (2,462,605) | (560,094) |
| Basic and diluted loss per share (cents per Share) | (6.71) | (3.07) | (1.25) |

PKF Mack has prepared an Investigating Accountant's Report which incorporates the reviewed financial information for the Company for the year ended 30 June 2015. Please refer to Section 10 of the Prospectus for further information.

The audited financial statements (inclusive of significant accounting policies) of the Company for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015 are available on the Company's website at www.fitzroyresources.com.au or free of charge by request to the Company on +61 8 9481 7111.

9.2 4DS Group

This Section contains a summary of the audited historical statement of profit and loss and statement of financial position of 4DS Group for the three financial years ended 30 June 2013, 30 June 2014 and 30 June 2015 that the Directors consider relevant to investors. The financial information presented is in an abbreviated form and does not contain all of the disclosures that are usually contained in statutory accounts prepared in accordance with the Corporations Act.

The historical consolidated statements of financial position of 4DS are set out below and have been extracted from the audited consolidated statements of financial position as at the end of

the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015, being the last three audited consolidated statements of financial position prior to the date of this Prospectus.

| | 2015 | 2014 | 2013 |
|--------------------------------------|--------------------|----------------|------------------|
| | \$ | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 9,106 | 110,100 | 153,800 |
| Trade and other receivables | 42,357 | 7,044 | 217,965 |
| TOTAL CURRENT ASSETS | 51,463 | 117,144 | 371,765 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 18,326 | 10,030 | 2,585 |
| TOTAL NON-CURRENT ASSETS | 18,326 | 10,030 | 2,585 |
| TOTAL ASSETS | 69,789 | 127,174 | 374,350 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 126,356 | 132,669 | 65,884 |
| Borrowings | 771,115 | - | 684,111 |
| TOTAL CURRENT LIABILITIES | 897,471 | 132,669 | 749,995 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 235,500 | - | - |
| TOTAL NON-CURRENT LIABILITIES | 235,500 | - | - |
| TOTAL LIABILITIES | 1,132,971 | 132,669 | 749,995 |
| NET (DEFICIENCY)/ASSETS | (1,063,182) | (5,495) | (375,645) |
| EQUITY | | | |
| Issued capital | 10,574,049 | 10,574,049 | 9,302,979 |
| Reserves | 1,363,414 | 1,116,249 | 18,099 |
| Accumulated losses | (13,000,645) | (11,695,793) | (9,696,723) |
| TOTAL EQUITY | (1,063,182) | (5,495) | (375,645) |

The historical consolidated statements of comprehensive income of 4DS are set out below and have been extracted from the audited consolidated statements of comprehensive income for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015, being the last three audited consolidated statements of financial performance prior to the date of this Prospectus.

| | 2015 | 2014 | 2013 |
|--|-------------|-------------|-------------|
| | \$ | \$ | \$ |
| Revenue | 13 | 69 | 257 |
| Foreign exchange loss | (94,906) | (14,809) | (10,934) |
| Employee benefits expense | (254,573) | (193,167) | (371,146) |
| Research expense | (22,498) | (104,526) | (154,377) |
| Share-based payment expense | (233,840) | (1,024,791) | - |
| Other expenses | (699,048) | (661,846) | (841,463) |
| Loss before income tax expense | (1,304,852) | (1,999,070) | (1,377,663) |
| Income tax expense | - | - | - |
| Loss for the year | (1,304,852) | (1,999,070) | (1,377,663) |
| Other comprehensive income | - | - | - |
| Total comprehensive loss attributable to members of the entity | (1,304,852) | (1,999,070) | (1,377,663) |

The audited financial statements (inclusive of significant accounting policies) of the 4DS Group for the three financial years ended 30 June 2013, 30 June 2014 and 30 June 2015 are available (free of charge) by request to the Company on +61 8 9481 7111.

Investors should note that 4DS Group's business is currently loss making. The 4DS Group's business should accordingly should be considered high risk and speculative.

9.3 Pro-forma statement of financial position

A consolidated pro-forma historical statement of financial position as at 30 June 2015 for the Company is contained in the Investigating Accountant's Report.

The pro-forma statement of financial position has been prepared based on the audited financial statements as at 30 June 2015, adjusting for the transactions and events relating to the Acquisition and the issue of Securities under this Prospectus outlined in Note 2 to the Investigating Accountant's Report.

The pro-forma statement of financial position has been derived from the Company's audited financial statements as at 30 June 2015, after adjusting for the pro forma adjustments described in Note 2 to the Investigating Accountant's Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Note 2 to the Investigating Accountant's Report, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the company's actual or prospective financial position.

Potential investors should read the Investigating Accountant's Report in full before making any investment decision.

10. Investigating Accountant's Report

16 October 2015

The Directors
Fitzroy Resources Limited
PO Box 839
WEST PERTH BC WA 6872

Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT – FITZROY RESOURCES LIMITED

INTRODUCTION

We have been engaged by the Directors of Fitzroy Resources Limited and its controlled entities ('Fitzroy' or 'the Company') to prepare this Investigating Accountant's Report ('Report') for inclusion in a prospectus to be issued by the Company on or around 16 October 2015. The prospectus will offer 90 million ordinary shares at an issue price of \$0.025 each to raise \$2,250,000 (before costs) (Public Offer). Oversubscriptions of up to a further 20,000,000 ordinary shares at an issue price of \$0.025 each to raise up to a further \$500,000 (before costs) may be accepted under the Public Offer.

The prospectus is being issued to raise capital to assist the Company with its acquisition of 4D-S Limited, an unlisted public company and to generate working capital. The acquisition of 4D-S Limited by the company will involve the issue of ordinary shares, performance shares and options for consideration as detailed in Note 2 and the proforma to this Report.

This Report has been prepared to provide information on the historical results of the Company for the year ended 30 June 2015 and on proforma financial information as at 30 June 2015.

BASIS OF PREPARATION

This Report does not address the rights attaching to the ordinary shares to be issued in accordance with the prospectus, the risks associated with the investment, nor form the basis of an expert's opinion with respect to the value of the Company.

In addition this Report does not provide an expert's opinion on the consideration (in the form of ordinary shares, performance shares and options) to be issued as consideration for the acquisition of 4D-S Limited.

PKF Mack has not been requested to consider the risks of becoming a shareholder and does not purport to do so.

PKF Mack takes no responsibility for these matters or any matter or omission in the prospectus other than responsibility for this Report.

SCOPE OF REPORT

PKF Mack has been engaged by the Directors of the Company to report whether anything has come to our attention which would cause us to believe that;

- The pro forma consolidated statement of financial position of the Company as at 30 June 2015, prepared on the basis of the pro forma adjustments detailed in Note 2 to this Report is not fairly presented in accordance with the recognition and measurement requirements (but not disclosure requirements) of Australian Accounting Standards and the accounting policies adopted by the Company.

Tel: 61 8 9426 8999 | Fax: 61 8 9426 8900 | www.pkfmack.com.au

PKF Mack | ABN 64 591 268 274

4th Floor, 35 Havelock Street | West Perth | Western Australia 6005 | Australia

PO Box 609 | West Perth | Western Australia 6872 | Australia

FITZROY RESOURCES LIMITED

INVESTIGATING ACCOUNTANT'S REPORT

The pro forma historical information has been derived from the Statement of Financial Position of the Company as at 30 June 2015 after adjusting for the effects of the pro forma adjustments detailed in Note 2 to this Report.

The historical financial information has been extracted from the financial report of the Company for the year ended 30 June 2015, which was audited by PKF Mack in accordance with Australian Auditing Standards. PKF Mack issued an unmodified audit opinion however an emphasis of matter in relation to going concern was included in the audit report.

The historical financial information and the pro forma historical financial information is presented in the prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event and transactions to which the pro forma adjustments relate, as described in Note 2 to this Report, as if those events and transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the Company's actual or prospective financial position.

DIRECTORS' RESPONSIBILITY

The Directors are responsible for:

- The preparation and presentation of the historical financial information and the pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information; and
- The information contained within the Prospectus.

SCOPE OF REVIEW

We have conducted our review engagement in accordance with Australian Auditing Standard on Assurance Engagement (ASAE) 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily to the Directors and management who are persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information is not presented fairly, in all material respects, in accordance with the stated basis of preparation as described in Note 2 to this Report and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements.

SUBSEQUENT EVENTS

To the best of PKF Mack's knowledge and belief, there have been no material items, transactions or events subsequent to 30 June 2015 not otherwise disclosed in this Report that have come to our attention during the course of our review which would cause the information included in this report to be misleading or deceptive.

RESTRICTIONS ON USE

Without modifying our conclusion, we draw attention to the purpose of the financial information which is for inclusion in the prospectus. As a result the Report may not be suitable for another purpose.

**FITZROY RESOURCES LIMITED
INVESTIGATING ACCOUNTANT'S REPORT**

CONSENT

PKF Mack has consented to the inclusion of this limited assurance report in the Prospectus in the form and content in which it is included.

DISCLOSURE OF INTEREST

PKF Mack does not have any interest in the outcome of this Offer, other than the preparation of this report for which normal professional fees will be received. PKF Mack were not involved in the preparation of any part of the prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the prospectus.

Yours faithfully

A handwritten signature in black ink, appearing to read 'S Fermanis', with a long horizontal line extending from the bottom of the signature.

SIMON FERMANIS
PARTNER

FITZROY RESOURCES LIMITED

INVESTIGATING ACCOUNTANT'S REPORT

This section contains consolidated historical financial information and consolidated pro forma historical financial information for the Company as at 30 June 2015. The historical financial information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards and the accounting policies adopted by Fitzroy Resources Limited as detailed in Note 1. The consolidated pro forma historical financial information has been derived from the historical financial information and assumes the completion of the pro forma adjustments as set out in Note 2 as if those adjustments had occurred as at 30 June 2015.

The consolidated financial information contained in this section of the Prospectus is presented in an abbreviated form and does not contain all the disclosures that are provided in a financial report prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards and Interpretations.

The consolidated historical financial information comprises:

- The audited consolidated statement of profit or loss and other comprehensive income; and
- The audited consolidated statement of financial position as at 30 June 2015.

The consolidated pro forma historical financial information comprises:

- The reviewed consolidated pro forma statement of financial position as at 30 June 2015 for the year then ended, prepared on the basis that the pro forma adjustments detailed in Note 2 had occurred as at 30 June 2015; and
- The notes to the consolidated pro forma historical financial information.

FITZROY RESOURCES LIMITED
INVESTIGATING ACCOUNTANT'S REPORT

**CONSOLIDATED HISTORICAL STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015**

| | Notes | Historical Consolidated \$ |
|--|-------|----------------------------------|
| Revenue | | |
| Interest revenue | | 5,663 |
| Other | | 4,424 |
| Expenses | | |
| Acquisition costs | | - |
| Director fees | | (86,643) |
| Administration expenses | | (464,456) |
| Exploration expenses | | (187,813) |
| Impairment of capitalised exploration | | (2,919,049) |
| Share-based payment | | (745,950) |
| Depreciation and amortisation expense | | (4,658) |
| Loss before income tax | | <u>(4,398,482)</u> |
| Income tax expense | | - |
| Loss for the year | | <u>(4,398,482)</u> |
| Other comprehensive income | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | |
| Foreign currency translation (net of tax) | | <u>11,430</u> |
| Total comprehensive loss for the year | | <u><u>(4,387,052)</u></u> |

FITZROY RESOURCES LIMITED
INVESTIGATING ACCOUNTANT'S REPORT

CONSOLIDATED HISTORICAL & PRO-FORMA STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

| | Notes | Consolidated Historical 30 June 2015 \$ | (Minimum) Reviewed Pro forma Consolidated 30 June 2015 \$ | (Maximum) Reviewed Pro forma Consolidated 30 June 2015 \$ |
|--|-------|--|--|--|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 3 | 1,123,482 | 2,797,273 | 3,266,773 |
| Trade and other receivables | | 22,124 | 64,481 | 64,481 |
| Other current assets | | 20,000 | 20,000 | 20,000 |
| Total current assets | | 1,165,606 | 2,881,754 | 3,351,254 |
| Non-Current Assets | | | | |
| Other financial assets | 4 | - | - | - |
| Plant and equipment | | 10,872 | 29,199 | 29,199 |
| Exploration and evaluation expenditure | | 420,000 | 420,000 | 420,000 |
| Total non-current assets | | 430,872 | 449,199 | 449,199 |
| Total Assets | | 1,596,478 | 3,330,953 | 3,800,453 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Trade and other payables | | 90,378 | 216,734 | 216,734 |
| Borrowings | 5 | 26,381 | 26,381 | 26,381 |
| Total current liabilities | | 116,759 | 243,115 | 243,115 |
| Total Liabilities | | 116,759 | 243,115 | 243,115 |
| Net Assets | | 1,479,719 | 3,087,838 | 3,557,338 |
| EQUITY | | | | |
| Capital & Reserves | | | | |
| Issued capital | 6 | 10,660,732 | 20,866,691 | 21,336,691 |
| Reserves | 8 | 1,090,134 | 3,456,434 | 3,456,434 |
| Accumulated losses | 7 | (10,271,147) | (21,235,287) | (21,235,787) |
| Total Equity | | 1,479,719 | 3,087,838 | 3,557,338 |

This statement should be read with the accompanying notes.

FITZROY RESOURCES LIMITED

INVESTIGATING ACCOUNTANT'S REPORT

Notes to and Forming Part of the Financial Statements

Note 1. Summary of significant accounting policies

The significant accounting policies that have been adopted in the preparation of the financial information are:

(a) Basis of Preparation

The historical consolidated financial information has been prepared in accordance with the recognition and measurement, but not all the disclosure, requirements specified by all Australian Accounting Standards and Interpretations and the Corporations Act 2001.

The financial information has also been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value, as explained in the accounting policies below.

The financial information is presented in Australian dollars, unless otherwise noted.

(b) Accounting Estimates and Judgements

In the application of the accounting policies the directors are required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the directors in the application of the accounting policies that have a significant effect on the financial information are disclosed, where applicable, in the relevant notes to the financial information.

(c) Principles of Consolidation

Subsidiaries

The consolidated historical financial information incorporate the assets and liabilities of all subsidiaries of Fitzroy Resources Limited as at 30 June 2015 and the results of all subsidiaries for the period then ended.

Subsidiaries are all those entities (including special purpose entities) over which the Group has control. The Company controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Intercompany transactions and balances, and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

FITZROY RESOURCES LIMITED

INVESTIGATING ACCOUNTANT'S REPORT

Note 1. Summary of significant accounting policies (cont'd)

(d) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily converted to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(e) Trade and Other Receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

(f) Exploration and Evaluation Expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are expensed.

Exploration and evaluation assets are only recognised if the rights of interest are current and either:

- The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- Activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

An impairment exists when the carrying amount of capitalised exploration and evaluation expenditure relating to an area of interest exceeds its recoverable amount. The asset is then written down to its recoverable amount. Any impairment losses are expensed.

(g) Plant and Equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are expensed during the financial period in which they are incurred.

Plant and equipment are depreciated on a diminishing basis at rates based upon their expected useful lives as follows:

| | |
|---------------------|-----|
| Plant and equipment | 30% |
|---------------------|-----|

The assets' residual values and useful lives are reviewed, and adjusted if appropriate at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

FITZROY RESOURCES LIMITED

INVESTIGATING ACCOUNTANT'S REPORT

Note 1. Summary of significant accounting policies (cont'd)

(g) Plant and Equipment (cont'd)

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised as income or an expense.

(h) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

(i) Income Tax

The income tax expense or revenue for the period is the tax payable or recoverable on the current period's taxable income or tax loss based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial information, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(j) Acquisition of Subsidiaries and Businesses

Acquisitions of subsidiaries and business are accounted for using the acquisition method. The consideration for each acquisition is measure at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

FITZROY RESOURCES LIMITED

INVESTIGATING ACCOUNTANT'S REPORT

Note 1. Summary of significant accounting policies (cont'd)

(j) Acquisition of Subsidiaries and Businesses (cont'd)

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair value are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, Company previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Company attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- Liabilities or equity instruments related to the replacement by the Company of an acquiree's share-based payment awards are measured in accordance with AASB 2 Share-based Payment; and
- Assets (or disposable groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Company obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

The acquisition of 4D-S Limited ('4D-S') has been reflected in the pro forma Statement of Financial Position as at 30 June 2015. In accounting for the acquisition, the Consolidated Entity has taken guidance from the principles of AASB 3 Business Combinations ("AASB 3") and determined that 4D-S would be deemed to be the acquiror for accounting purposes. Accordingly, the transaction is accounted for as a reverse asset acquisition. As a result, the pro forma consolidated Statement of Financial Position as at 30 June 2015 has been prepared as a continuation of the 4D-S financial statements, with 4D-S (as the accounting acquiror) accounting for the acquisition as from 30 June 2015 (for the purposes of the pro forma consolidated Statement of Financial Position). As the activities of the legal acquirer (Fitzroy) would not constitute a business based on the requirements of AASB 3, any excess of the deemed consideration over the fair value of the acquisitions, as calculated in accordance with the reverse acquisition accounting principles, cannot be taken to goodwill and has been expensed.

FITZROY RESOURCES LIMITED

INVESTIGATING ACCOUNTANT'S REPORT

Note 1. Summary of significant accounting policies (cont'd)

(k) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Investments & Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measure at amortised cost using the effective interest rate method.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair Value

Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised as an expense.

(m) Payables

Liabilities for trade creditors and other amounts are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Consolidated Entity. The amounts are unsecured and are usually paid within 30 days.

FITZROY RESOURCES LIMITED

INVESTIGATING ACCOUNTANT'S REPORT

Note 1. Summary of significant accounting policies (cont'd)

(n) Convertible Notes

When convertible notes are issued, an evaluation of the terms is made to determine whether the instruments contain both a financial liability and equity component. A convertible note will be classified as an equity instrument where it contains no contractual obligation to deliver cash or another asset to another entity, in the form of principal or interest. If the note may be settled by issuing equity instruments, it is an equity instrument where it is non-derivative and includes no contractual obligation for the issuer to deliver variable number of its own equity instruments.

Where the notes are classified as equity, the amount of proceeds received on issue is credited to an equity reserve and not subsequently measured. On conversion the amount in the reserve is transferred to contributed equity.

(o) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(p) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within twelve months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. Employee benefits payable later than one year are measured at the present value of the estimated future cash flows to be made for those benefits. Contributions to defined contribution super plans are expensed when the employees have rendered the services entitling them to the contributions.

(q) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

FITZROY RESOURCES LIMITED

INVESTIGATING ACCOUNTANT'S REPORT

Note 1. Summary of significant accounting policies (cont'd)

(r) Share-Based Payments

The Company operates an equity-settled share-based payment employee scheme and has issued options to Directors. The fair value of the equity to which employees (including Directors) become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(s) Foreign Currency Translation

The financial statements are presented in Australian dollars, which is Fitzroy's functional and presentation currency.

i. Foreign Currency Transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

ii Foreign Operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables in the Financial Information are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Financial Information.

Note 2. Summary of Pro Forma Adjustments

The pro-forma financial information has been included for illustrative purposes to reflect the position of Fitzroy Resources Limited and controlled entities on the assumption that the following transactions had occurred as at 30 June 2015:

- (a) The issue of 385,603,642 fully paid ordinary shares and the issue of 67,604,019 performance shares at a deemed price of \$0.05 each (the last closing price on the ASX prior to the transaction being announced) to the holders of securities and convertible notes in 4D-S pursuant to the Bid Implementation Agreement dated 13 August 2015, for the acquisition of 4D-S. The acquisition of 4D-S has been accounted for as a reverse acquisition as detailed in note 1 (j).

FITZROY RESOURCES LIMITED

INVESTIGATING ACCOUNTANT'S REPORT

Note 2. Summary of Pro Forma Adjustments (cont'd)

- (b) As a result of the assumed acquisition of 4D-S as detailed in (a) above, the reviewed statement of financial position of 4D-S at 30 June 2015 has been included in the pro-forma financial information. The statement of financial position is summarised in note 14.
- (c) The issue of 36,458,333 unlisted options exercisable at \$0.02 each on or before 30 June 2020 to certain option holders in 4D-S pursuant to the Bid Implementation Agreement dated 13 August 2015. These options are independently valued at \$1,323,219.
- (d) The issue of a minimum 90,000,000 fully paid ordinary shares at \$0.025 each with allowance for oversubscriptions of 20,000,000 fully paid ordinary shares at \$0.025 pursuant to this Prospectus, raising a total of \$2,250,000 (minimum) or \$2,750,000 (maximum) respectively.
- (e) The payment of a lead manager, a management fee of 6% of the total funds raised in (d) above to the corporate advisor totalling \$135,000 (based on obtaining a minimum subscription) or totalling \$165,000 (based on obtaining maximum subscription).
- (f) The issue of 30,000,000 unlisted options exercisable at \$0.05 each on or before 30 June 2020 to the corporate advisor pursuant to the placement mandate dated 12 August 2015. These options are independently valued at \$769,800.
- (g) Payment of costs associated with the 4D-S acquisition and costs of the offer of \$450,315 (minimum subscription) and \$450,815 (maximum subscription) excluding management fee.
- (h) The issue of convertible notes post 30 June 2015 by 4D-S to raise \$492,291.

| | Historical Consolidated 30 June 2015 \$ | (Minimum) Reviewed Pro Forma Consolidated 30 June 2015 \$ | (Maximum) Reviewed Pro Forma Consolidated 30 June 2015 \$ |
|---|--|--|--|
| Note 3. Cash & Cash equivalents | | | |
| Balance at 30 June 2015 | 1,123,482 | 1,123,482 | 1,123,482 |
| <i>Pro Forma Adjustments:</i> | | | |
| – 4D-S cash and cash equivalents at 30 June 2015 | - | 9,106 | 9,106 |
| – Funds raised from Prospectus | - | 2,250,000 | 2,750,000 |
| Sub total | - | 3,382,588 | 3,882,588 |
| – Payment of costs associated with 4D-S acquisition and offer | - | (585,315) | (615,815) |
| Closing balance | 1,123,482 | 2,797,273 | 3,266,773 |

The effect of maximum and minimum subscriptions has been accounted for. In the event that oversubscriptions do not occur the Company's total raising would fall between the minimum subscription of \$2,250,000 and the maximum oversubscription up to \$2,750,000, the pro-forma cash balance and issued capital would be decreased to the extent of the shortfall on the oversubscription (adjusted for any decrease in lead manager and management fees arising from the oversubscription to a minimum amount of \$135,000).

FITZROY RESOURCES LIMITED
INVESTIGATING ACCOUNTANT'S REPORT

| | Historical Consolidated 30 June 2015 \$ | (Minimum) Reviewed Pro Forma Consolidated 30 June 2015 \$ | (Maximum) Reviewed Pro Forma Consolidated 30 June 2015 \$ |
|---|--|--|--|
| Note 4. Financial Assets | | | |
| Balance at 30 June 2015 | - | - | - |
| <i>Pro Forma Adjustments:</i> | | | |
| – Issue of fully paid ordinary shares and performance shares by Fitzroy to the holders of securities in 4D-S upon acquisition | - | - | 21,160,847 |
| – Issue of unlisted options to certain 4D-S option holders upon acquisition | - | - | 1,323,219 |
| – Eliminate Fitzroy investment on consolidation | - | - | (22,484,066) |
| Closing balance | - | - | - |

Note 5. Borrowings

| | | | |
|---|--------|---|-------------|
| Balance at 30 June 2015 | 26,381 | - | 26,381 |
| <i>Pro Forma Adjustments:</i> | | | |
| – Issue of convertible notes post 30 June 2015 by 4D-S | - | - | 492,921 |
| – 4D-S borrowings at 30 June 2015 | - | - | 1,006,615 |
| – Settlement of convertible notes held by 4D-S through fully paid ordinary and performance shares | - | - | (1,499,536) |
| Closing balance | 26,381 | - | 26,381 |

Note 6. Issued Capital

| | | | |
|---|------------|--------------|--------------|
| Balance at 30 June 2015 | 10,660,732 | 10,660,732 | 10,660,732 |
| <i>Pro Forma Adjustments:</i> | | | |
| – Elimination of Fitzroy capital on consolidation | - | (10,660,732) | (10,660,732) |
| – 4D-S issued capital as at 30 June 2015 | - | 10,574,049 | 10,574,049 |
| – Consideration for the acquisition | - | 8,177,642 | 8,177,642 |
| – Shares issued pursuant to capital raising | - | 2,250,000 | 2,750,000 |
| – Share issue costs | - | (135,000) | (165,000) |
| Closing balance | 10,660,732 | 20,866,691 | 21,336,691 |

Fitzroy issued 385,603,642 fully paid ordinary shares, 67,604,019 performance shares and 36,458,333 unlisted options exercisable at \$0.02 each on or before 30 June 2020 for the 100% acquisition of 4D-S.

In accordance with reverse asset acquisition accounting principles the consideration is deemed to have been incurred by 4D-S in the form of equity instruments issued to Fitzroy shareholders. The acquisition date fair value of this consideration has been determined with reference to the fair value of the issued shares of Fitzroy immediately prior to the acquisition and has been determined to be \$8,177,644.

FITZROY RESOURCES LIMITED
INVESTIGATING ACCOUNTANT'S REPORT

Note 6. Issued Capital (cont'd)

The consideration fair value has been determined using the values at the Bid Implementation Agreement date of 13 August 2015. At the actual acquisition date the fair value will be required to be determined again, therefore the fair value and consideration could be materially different which will impact the excess consideration on acquisition.

Fully Paid Ordinary Shares

| | Historical Consolidated 30 June 2015 # | (Minimum) Reviewed Pro Forma Consolidated 30 June 2015 # | (Maximum) Reviewed Pro Forma Consolidated 30 June 2015 # |
|---|---|---|---|
| Balance at 30 June 2015 | 163,552,872 | 163,552,872 | 163,552,872 |
| – Consideration shares issued | - | 385,603,642 | 385,603,642 |
| – Shares issued pursuant to capital raising | - | 90,000,000 | 110,000,000 |
| Closing balance | 163,552,872 | 639,156,514 | 659,156,514 |

Performance Shares

| | | | |
|-------------------------------|---|---|------------|
| – Balance at 30 June 2015 | - | - | - |
| – Consideration shares issued | - | - | 67,604,019 |
| Closing balance | - | - | 67,604,019 |

| | Historical Consolidated 30 June 2015 \$ | (Minimum) Reviewed Pro Forma Consolidated 30 June 2015 \$ | (Maximum) Reviewed Pro Forma Consolidated 30 June 2015 \$ |
|--|--|--|--|
|--|--|--|--|

Note 7. Accumulated Losses

| | | | |
|------------------------------------|--------------|--------------|--------------|
| Accumulated losses at 30 June 2015 | (10,271,146) | (10,271,146) | (10,271,146) |
|------------------------------------|--------------|--------------|--------------|

Pro Forma Adjustments:

| | | | |
|--|--------------|--------------|--------------|
| – Post 30 June 2015 4D-S expenses funded by proceeds from post 30 June 2015 convertible notes issued | | (492,921) | (492,921) |
| – Elimination of Fitzroy accumulated losses on consolidation | - | 10,271,146 | 10,271,146 |
| – Recognition of 4D-S accumulated losses at 30 June 2015 | - | (13,000,644) | (13,000,644) |
| – Equity based payment expense on options issued to corporate advisor | - | (769,800) | (769,800) |
| – Expenses associated with the acquisition of 4D-S | - | (450,315) | (450,815) |
| – Excess deemed consideration on acquisition | - | (6,521,607) | (6,521,607) |
| Closing balance | (10,271,146) | (21,235,287) | (21,235,787) |

FITZROY RESOURCES LIMITED
INVESTIGATING ACCOUNTANT'S REPORT

| | Historical Consolidated 30 June 2015 \$ | (Minimum) Reviewed Pro Forma Consolidated 30 June 2015 \$ | (Maximum) Reviewed Pro Forma Consolidated 30 June 2015 \$ |
|--|--|--|--|
| Note 8. Reserves | | | |
| Foreign Currency Translation reserve at 30 June 2015 | (67,052) | (67,052) | (67,052) |
| Option reserve at 30 June 2015 | 1,157,186 | 1,157,186 | 1,157,186 |
| <i>Pro Forma Adjustments:</i> | | | |
| – Elimination of Fitzroy reserves at 30 June 2015 | - | (1,090,134) | (1,090,134) |
| – Recognition of 4D-S options reserves at 30 June 2015 | - | 1,258,631 | 1,258,631 |
| – Recognition of 4D-S foreign currency translation reserve | - | 104,783 | 104,783 |
| – Fair value of options issued on acquisition of 4D-S | - | 1,323,219 | 1,323,219 |
| – Fair value of options issued to corporate advisor | - | 769,800 | 769,800 |
| Closing balance | 1,090,134 | 3,456,434 | 3,456,434 |

Note 9. Option Reserve

| | Fitzroy Resources Limited 30 June 2015 # | Fair Value \$ | Pro Forma 30 June 2015 \$ |
|---|---|------------------|------------------------------------|
| Option reserve | | | |
| Fitzroy opening balance | 29,666,668 | | 1,157,186 |
| <i>Pro Forma Adjustments:</i> | | | |
| – Elimination of Fitzroy option reserve at 30 June 2015 | - | - | (1,157,186) |
| – Recognition of 4D-S share-based payment reserve | | | 1,258,631 |
| – Options to be issued to corporate advisor (Note 9A) | 30,000,000 | 0.025666 | 769,800 |
| – Options to be issued on acquisition of 4D-S (Note 9B) | 36,458,333 | 0.036294 | 1,323,219 |
| Closing balance | 96,125,001 | | 3,351,650 |

Note 9A - Valuation of Corporate Advisor Options

The options issued to corporate advisor were deemed to be valued at \$0.025666 per option using the Black Scholes option model based on the following inputs:

| | |
|-------------------------|----------------------------|
| Underlying share price | 5 cents per share |
| Option exercise price | 5 cents per share |
| Option expiry date | 5 years from date of issue |
| Share price volatility | 60% |
| Risk free interest rate | 2.18%. |

FITZROY RESOURCES LIMITED

INVESTIGATING ACCOUNTANT'S REPORT

Note 9B - Valuation of 4D-S Acquisition Options

The options issued upon the 4D-S acquisition were deemed to be valued at \$0.036294 per option using the Black Scholes option model based on the following inputs:

| | |
|-------------------------|----------------------------|
| Underlying share price | 5 cents per share |
| Option exercise price | 2 cents per share |
| Option expiry date | 5 years from date of issue |
| Share price volatility | 60% |
| Risk free interest rate | 2.18%. |

Note 10. Related Parties

Refer to Section 8.6 of the Prospectus for details of related party agreements.

Note 11. Commitments

Exploration Tenements

In order to maintain current rights of tenure to exploration tenements the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These obligations can be reduced by selective relinquishment of exploration tenure or renegotiation. Due to the nature of the Company operations in exploring and evaluating areas of interest, exploration expenditure commitments beyond twelve months cannot be reliably determined. It is anticipated that expenditure commitments in subsequent years will be similar to that for the forthcoming twelve months. These obligation are not provided for in the financial report.

| | Historical Consolidated 2015 \$ |
|---|--|
| Minimum expenditure on exploration tenements - Australia | |
| Payable: | |
| — not later than 1 year | 53,750 |
| — later than 1 year but not later than 5 years | 53,750 |
| | <u>107,500</u> |

Minimum Royalties

Under the "Assignment and Assumption Agreement" between Premier Coking Coal, LLC ("Premier") and Emmaus Partners, LLC ("Emmaus") dated 13 March 2014, and under the "Assignment and Assumption Agreement" between Premier and Blackstone Corporation, LLC ("Blackstone") dated 3 March 2014, Premier is obliged to pay minimum royalty payments to the mineral owner

Minimum royalty on Emmaus and Blackstone Properties

| | |
|--|----------------|
| Payable: | |
| — not later than 1 year | 25,000 |
| — later than 1 year but not later than 5 years | 100,000 |
| | <u>125,000</u> |

FITZROY RESOURCES LIMITED

INVESTIGATING ACCOUNTANT'S REPORT

Note 11. Commitments (cont'd)

Mineral Taxes

Under the "Assignment and Assumption Agreement" between Premier Coking Coal, LLC ("Premier") and Emmaus Partners, LLC ("Emmaus") dated 13 March 2014, and under the "Assignment and Assumption Agreement" between Premier and Blackstone Corporation, LLC ("Blackstone") dated 3 March 2014, Premier is obliged to mineral taxes on behalf of the mineral owner

Mineral taxes on Emmaus and Blackstone Properties

Payable:

| | |
|--|--------------------|
| — not later than 1 year | 9,721 |
| — later than 1 year but not later than 5 years | 38,884 |
| | <hr/> 48,605 <hr/> |

On 29 July 2015 the Company announced that it had given notice to both Emmaus Partners LLC and Blackstone Energy Corporation, that it would be withdrawing from the US coking coal sector, due to falling seaborne coking coal prices. As a result of withdrawing from the US coking coal sector, the company is now commencing the process of winding up the US operations and subsidiaries.

Note 12. Contingent Liabilities

Under the "Assignment and Assumption Agreement" between Premier Coking Coal, LLC ("Premier") and Emmaus Partners, LLC ("Emmaus") dated 13 March 2014, Premier is obliged to pay Emmaus the following amounts in connection with issuance of the Mining Permits and Plant Permits:

- US\$125,000 in cash upon the issue of the first set of mining permits to Premier or its designee;
- US\$125,000 in cash upon the issue of the second set of mining permits to Premier or its designee; and
- US\$250,000 in cash upon the issue of plant permits to Premier or its designee.

Furthermore, a production payment must be made of US\$2.00 per tonne for each clean tonne of coal mined, removed and sold at an average gross selling price plus 8% of the portion of the average gross selling price that exceeds US\$1.10 per tonne. In addition, when the plant becomes operational, Premier must pay Emmaus a processing fee of US\$0.50 per tonne for each clean tonne of coal that is mined and removed by Premier.

Premier is also required to pay, beginning 15 months after settlement date (and for each month thereafter) an amount equal to the difference, if any, between the tonnage payments due for the immediately preceding calendar month and US\$25,000. No payment shall be due if the tonnage payment due for any calendar month is equal to or exceeds US\$25,000 and is only payable if the remaining Insitu coal is both mineable and marketable.

Finally, Emmaus has paid minimum or advanced royalties to the lessor under the leases prior to the effective date of the option agreement, and of such minimum or advanced royalties are fully recoupable, the Premier shall be entitled to recoup such royalties, provided Premier pays Emmaus the amount of any such recoupment, up to a maximum of US\$25,000.

The Company is in discussion with a third party in relation to a claim on a small portion of the Emmaus property lease above the Gilbert Seam. The Company considers the possible claim to be immaterial to its planned activities on the Emmaus property.

On 29 July 2015 the Company announced that it had given notice to both Emmaus Partners LLC and Blackstone Energy Corporation, that it would be withdrawing from the US coking coal sector, due to falling seaborne coking coal prices. As a result of withdrawing from the US coking coal sector, the company is now commencing the process of winding up the US operations and subsidiaries.

FITZROY RESOURCES LIMITED

INVESTIGATING ACCOUNTANT'S REPORT

Note 13. Subsequent Events

At the date of this report there have been no material events subsequent to balance date that we are aware of, other than the following:

Convertible Notes

4D-S issued additional convertible notes post 30 June 2015 but prior to acquisition by the Company, to the value of \$492,921, to provide 4D-S with sufficient funding through to the completion of the reverse takeover.

US Coal Assets

On 29 July 2015 that Company had given notice to both Emmaus Partners LLC and Blackstone Energy Corporation, that it would be withdrawing from the US coking coal sector, due to falling seaborne coking coal prices. As a result of withdrawing from the US coking coal sector, the company is now commencing the process of winding up the US operations and subsidiaries.

Acquisition

On 14 August 2015 the Company announced that it had signed a Bid Implementation Agreement (BIA) to merge with 4D-S Limited, an unlisted public company. 4D-S wholly owned subsidiary, 4DS Inc, based in Fremont, California, which is developing a next generation non-volatile memory, ReRAM (or RRAM) for mobile and cloud storage applications.

FITZROY RESOURCES LIMITED
INVESTIGATING ACCOUNTANT'S REPORT

Note 14. 4D-S Limited Financial Information

Statement of Financial Position as at 30 June 2015

| | Reviewed 30 June 2015 |
|--------------------------------------|----------------------------------|
| Assets | |
| Current Assets | |
| Cash and cash equivalents | 9,106 |
| Trade and other receivables | 42,357 |
| Total Current Assets | 51,463 |
| Non-current Assets | |
| Property, plant and equipment | 18,326 |
| Total Non-current Assets | 18,326 |
| Total Assets | 69,789 |
| Current Liabilities | |
| Trade and other payables | 126,356 |
| Borrowings | 771,115 |
| Total Current Liabilities | 897,471 |
| Non Current Liabilities | |
| Borrowings | 235,500 |
| Total Non Current Liabilities | 235,500 |
| Total Liabilities | 1,132,971 |
| Net Assets | (1,063,182) |
| Equity | |
| Contributed equity | 10,574,048 |
| Reserves | 1,363,415 |
| Accumulated losses | (13,000,645) |
| Total Equity | (1,063,182) |

11. Patent Report

15 October 2015

The Directors
Fitzroy Resources Ltd
Suite 1, Level 1
35 Havelock Street
West Perth WA

By email only
peter.webse@pcscorporate.com.au

**Intellectual Property Report for Fitzroy Resources Ltd
4D-S Limited – Patents
Our Ref: 168854**

Dear Directors

We are instructed by Fitzroy Resources Ltd (to be renamed 4DS Memory Limited) (**Fitzroy**), to provide this report ("Report") on the patent portfolio of 4D-S Limited (formerly named 4D-S Pty Ltd) (**4DS**).

The Report is for inclusion in a prospectus to be issued by Fitzroy for an offer of up to 110,000,000 Fitzroy shares to raise up to \$2,750,000 (**Prospectus**), in connection with the acquisition of 4DS by Fitzroy (**Acquisition**). We understand that the Prospectus will be lodged with the Australian Securities & Investments Commission by Fitzroy Resources Ltd, on or about the date of this Report.

This Report sets out the particulars of intellectual property residing in patents, in the name of 4DS. This Report is based on data provided online by the relevant Patent Offices, including the US Patents and Trademarks Office (**USPTO**) and the European Patent Office (**EPO**).

The Report is correct to the best of our knowledge as at the date of the Report, subject to the limits and qualifications set out further below.

Background

FB Rice

FB Rice is a firm of patent and trade mark attorneys specialising in the law and practices relating to intellectual property and, more particularly, patents, trademarks, industrial designs and plant breeders rights. All partners of FB Rice are Fellows of the Institute of Patent and Trade Mark Attorneys of Australia. In addition, all partners of FB Rice are registered New Zealand patent attorneys. The patent attorneys of FB Rice are specialists in the technology areas of electrical and mechanical engineering, electronics, chemistry, biotechnology, medical devices, computers, information technology and communication technology. Each of the professional staff members in the patent department of FB Rice hold tertiary qualifications in the technology area in which that

person practises. Many professional staff members of FB Rice in the patent department also hold postgraduate qualifications.

Patents

Patents are an important component of an intellectual property portfolio. To obtain protection in any jurisdiction, it is necessary to file an application for registration of the relevant right in that jurisdiction. Patents are a form of intellectual property that cover inventions and provide a monopoly in exchange for an inventor's full disclosure of his or her invention to the public. Patents are granted for inventions that are new or improved useful products or methods. A patent has a finite term and provides the owner with a period in which others may be excluded from commercially exploiting an invention that is covered by the claims of the granted patent. However, the granting of patent rights does not confer a right on the patentee to exploit an invention and this is subject to the existence of any intervening third party rights, such as an earlier patent in the same field which is in force.

The granting of a patent does not mean the patent is valid. A granted patent can be revoked through re-examination proceedings before the Patent Office in those jurisdictions that provide for re-examination, or through revocation proceedings before the Courts. Grounds for invalidity include the invention not being proper subject matter, not novel, not inventive (obvious), and the patent specification being deficient.

Maintenance of a patent is subject to payment of renewals, which if not paid within the allowed time, will result in the patent ceasing.

Patent Families

4DS is officially recorded in the records of the respective Patent Offices, as the owner of the granted patents (**4DS Patents**) and patent applications (**4DS Patent Applications**) as set out in the table below.

In order to locate related applications worldwide, we queried a database of the EPO. We performed a family search for each of the 13 US patents and note that only US 6,962,648 and US 8,698,120 were filed in other jurisdictions. We queried the databases of the corresponding patent offices for the status of these non-US applications.

The 4DS Patents have undergone examination by the Patent Offices relevant to the jurisdictions, and are granted in each jurisdiction noted in the table below. The 4DS Patents will remain in force subject to payment of renewals as they fall due, and subject to no other adverse action.

The 4DS Patents and the 4DS Patent Applications can be grouped into eight patent families. Members of a patent family typically relate to similar inventions in one specific area of technology, which means that the likely number of significantly different inventions captured by the 4DS Patents and the 4DS Patent Applications is eight.

We set out below a list of the eight patent families as of 17 September 2015:

| | Title | US Official Number | Status | Maximum Term | Next Renewal Date | Patent Family Members Listed on EPO Database |
|---|--|--|---|---|---|---|
| 1 | Back-biased face target sputtering | 6,962,648 | granted | 15 September 2023 | 8 November 2016 | EP 1670968 (Europe –application withdrawn); JP 2008542525 (Japan – application lapsed); |
| 2 | Systems and methods for plasma etching | 7,425,504 | granted | 15 October 2024 | 16 September 2016 | |
| 3 | Systems and methods for fabricating self-aligned memory cell | 8,367,513 8,395,199 8,466,032 8,884,401 13/759,077 | granted granted granted granted pending | 14 July 2026 31 July 2026 14 July 2026 14 July 2026 Will be determined at grant | 6 February 2016 13 March 2016 19 June 2017 13 November 2018 Not due until after grant | |
| 4 | Voltage excited piezoelectric resistance memory cell system | 7,985,960 | granted | 2 October 2029 | 26 July 2019 | |
| 5 | Systems and methods for magnetron deposition | 8,308,915 | granted | 17 March 2028 | 14 November 2016 | |
| 6 | Heterojunction oxide non-volatile memory device | 8,378,345 8,698,120 14/186,273 | granted granted allowed | 14 February 2032 14 February 2032 Will be determined at grant | 21 February 2017 16 April 2018 Not due until after grant | CN 102365746 (China - Max Term: 16 August 2030, Next Renewal Date: 16 September 2015); EP 2465140 (Europe - Max Term: 16 August 2030, Next Renewal Date: 31 August 2015); JP 2012525016 (Japan - application lapsed) KR 10-1392662-0000 (Korea - Max Term: 16 August 2030, Next Renewal Date: 29 April 2017) |
| 7 | Dual hexagonal shaped plasma source | 8,454,810 8,911,602 | granted granted | 16 February 2028 14 July 2026 | 5 June 2017 17 December 2018 | |
| 8 | Method and system for utilizing perovskite material for charge storage and as a dielectric | 8,709,891 | granted | 4 April 2032 | 30 April 2018 | |

United States Specific Requirements

In the United States, each person associated with filing and prosecution of a patent application owes a duty of disclosure, candour and good faith toward the USPTO. Under this duty, any prior art known to those persons that could be material to the question of patentability of the claimed invention must be disclosed to the USPTO. This duty continues up to the date of grant of the United States patent.

The disclosure of relevant prior art takes place by filing an Information Disclosure Statement (**IDS**) with the USPTO. Failure to disclose relevant prior art can lead to any United States patent that issues being unenforceable.

Other than as described in the following paragraph, 4DS appears to have met the required duty of disclosure, and there are no issues apparent from publicly available records in this regard that might affect 4DS's ability to enforce its United States patents.

The USPTO records show no IDS was filed for US 8,709,891. However, we are instructed that 4DS has confirmed to Fitzroy that no IDS was filed in relation to patent US 8,709,891 because 4DS was not aware of any information relevant to the novelty or inventiveness of the invention the subject of that patent which should have been disclosed in an IDS.

Validity of 4DS Patents

We are not aware of any specific prior art related issues that would be expected to affect the validity of the 4DS Patents or the 4DS Patent Applications. However, we have not performed a prior art search and have not conducted an analysis of any prior art documents.

Ownership and Assignments

Under the applicable US law patent applications are filed in the name of the inventors and the ownership lies with the inventors. Typically, the inventors assign the invention to the assignee at filing or shortly after filing. As a result, assignments play a significant role in the ownership of US patents.

We confirm that for each of the 4DS Patents and 4DS Patent Applications filed in the United States we identified an assignment from the applicable inventor or inventors to 4DS. However, we have not performed a detailed review of the assignment documents themselves.

The other relevant jurisdictions do not require an assignment document to be filed. As a result, assignment documents are not on the public record.

General Statements about the Status of Patents and Patent Applications

We believe the information provided here to be accurate but caution that the accuracy of such information is, of necessity, subject to the accuracy of the databases accessed.

Patent Validity and Infringement of Third Party Rights

Enforcement of patent rights varies from country-to-country. The remedies for unauthorised use (patent infringement) available to the patent owner often include an injunction, which effectively stops further infringement of the patent, damages or account of profits, and costs. In some countries the patent owner can also file criminal complaints against the infringer.

This Report is not a 'Freedom to Operate' opinion and FB Rice makes no assertion that the patents and patent applications are valid or enforceable or that Fitzroy Resources Ltd has the freedom in any country to exploit the technology referred to in the relevant patent specifications without infringing intellectual property rights of third parties.

Further, it is important to note that there are legal mechanisms by which third parties can bring evidence that they have sole or joint entitlement to an invention and any patent application or patent obtained for that invention.

FB Rice cannot guarantee that the patents, even if valid, will adequately cover any commercial products commercialised by Fitzroy Resources Ltd, its licensees or sub-licensees, or that the inventions achieve the stated results or advantages.

Independence

This is an independent report. When considering this Report, it should be noted that:

- a) FB Rice has reviewed the data on record for the 4DS Patents and 4DS Patent Applications and provided this Report accordingly. This service was charged on FB Rice's standard terms and conditions of engagement, being hourly rates for time spent. FB Rice will receive a total of approximately \$13,800 (exclusive of GST) for the services relating to the preparation of this Report and for services in relation to Fitzroy's due diligence on the 4DS Patents and the 4DS Patent Applications in connection with the Acquisition.
- b) Neither FB Rice, nor any of its principals or employees that were involved in the review of the 4DS Patents and the 4DS Patent Applications have any entitlement to any shares in Fitzroy or 4DS, or has any interest in the promotion of Fitzroy or 4DS, and has no financial interest in the outcome of the offer under the Prospectus or the Acquisition.

FB RICE

The Directors
Fitzroy Resources Ltd
15 October 2015

- c) FB Rice have prepared this Report. As noted above, FB Rice will be paid a total of approximately \$13,800 (exclusive of GST) for the services relating to the preparation of this Report and for services in relation to Fitzroy's due diligence on the 4DS Patents and the 4DS Patent Applications in connection with the Acquisition. Payment of this amount is not contingent on the outcome of the offer under the Prospectus or the Acquisition. FB Rice confirms that the Report has been prepared by Manuel Schmidt, Associate, who is not associated with Fitzroy or 4DS and has no financial interest in the outcome of the offer under the Prospectus or the Acquisition.

Yours sincerely
FB Rice



Connie Merlino
Partner
cmerlino@fbrice.com.au

12. Risk factors

An investment in the Securities offered under this Prospectus should be considered speculative because of the nature of the Company's business. This Section identifies the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed.

Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade. Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for Securities.

12.1 Risks specific to the 4DS Acquisition

(a) Conditional Acquisition and Offers

As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements. The Shares will be suspended from the date of the General Meeting. It is anticipated that the Shares will remain suspended until completion of the Acquisition and the Offers, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its Shares will consequently remain suspended from quotation.

In the event that the Public Offer Conditions set out in Section 6.6 are not satisfied or the Company does not receive conditional approval for re-quotation on ASX, the Company will not proceed with the Public Offer and will repay all Application Monies received. In the event that the Public Offer does not proceed the 4DS A Class Shareholder Offer and the 4DS Optionholder Offer will not proceed.

(b) Existing Technology Risks

Current semiconductor memory technologies of DRAM, NAND Flash, and NOR Flash face technological barriers to continue to meet long-term customer needs. These barriers include potential limitations on the ability to shrink products in order to reduce costs, meet higher density requirements, and improve power consumption and reliability. Notwithstanding these challenges, existing semiconductor memory technologies may be able to overcome these barriers and remain the dominant technology.

(c) Development risk

The success of 4DS relies almost entirely on the successful development of 4DS's ReRAM technology, which is in an advanced stage of development. Should the testing and verification of 4DS's technology not be completed to the satisfaction of the procedures specified by the Company, then 4DS will have to expend additional time and resources to rectify any outstanding issues which will delay the development of the next stage of development or at the very worst, if unassailable barriers are encountered, abandon the project entirely.

(d) **Commercialisation risk**

Risks will also be involved in the ability to translate the developed technology in to a solution that provides a meaningful improvement in all of the relevant metrics for memory storage in a cost effective manner to support the price needed to make an impact in the marketplace. The main factors that may introduce risk include but are not limited to:

- the ability to further improve the functionality of its core resistive memory material;
- the ability to scale the memory cells further;
- the ability to maintain lot-to-lot consistency at high endurance and high yield; and
- the ability to manage sneak path issues and other related access and selection mechanisms when completing a full memory configuration.

There can be no assurance that 4DS will:

- be successful in developing a competitive new semiconductor memory technology;
- be able to cost-effectively manufacture new products;
- be able to successfully market its technology; and
- generate license fees or other forms of income from its technology that will allow 4DS or the Company to recover the costs of development efforts.

(e) **Market adoption**

4DS's ReRAM technology is a new technology, which is designed to replace existing technologies that have a large amount of market acceptance. Following completion of the Acquisition and the Capital Raising, the Company and 4DS will continue to focus efforts on development and commercialisation of 4DS's technology. 4DS does not currently have any contracts in place to become revenue generating, there are no guarantees of success in commercialising the 4DS technology. Following development of its technology, the success of the commercialisation of 4DS will in part relate to the acceptance of its technology for routine use within the semiconductor memory industry. Take up of the technology will involve education of market participants and marketing programmes to raise the profile of 4DS and its technology.

(f) **Competition and new technologies**

The industry in which 4DS operates is competitive and includes companies with significantly greater financial, technical, human, research and development, and marketing resources than currently available to 4DS. Numerous entities around the world may resist 4DS's efforts to commercialise or market products that may compete with their own offerings. 4DS's competitors may develop new memory technologies: in advance of 4DS; that are more effective than those developed by 4DS; or have greater market acceptance. As a consequence, 4DS's technology may become obsolete or uncompetitive, resulting in adverse effects on revenue, margins and profitability.

(g) Joint Development Agreement – termination

4DS has entered into a joint development agreement with HGST, providing 4DS with resources which may expedite the development, and potential commercialisation, of 4DS's technology. This JDA is subject to various risks, including:

- HGST deciding unilaterally to terminate the JDA without cause (which it has the right to do on the giving of 30 days' written notice to 4DS); and
- 4DS's interests diverging from HGST's such that the parties may not be able to agree on ongoing development activities, or on the amount, timing, or nature of further investments in the joint development of the technology.

If 4DS loses access to HGST's resources, there can be no guarantee that 4DS will be able to find a replacement strategic partner with similar resources. Accordingly, a loss of access to HGST's resources could result in significant delays to or suspension of 4DS's development strategy and could have a material adverse effect on 4DS's activities and on the Company generally.

(h) Intellectual Property

There can be no assurance that 4DS's patent portfolio will afford 4DS or the Company commercially significant protection of 4DS's technology, or that competitors will not develop competing technologies that circumvents such intellectual property. Although the Company will implement all reasonable endeavours to protect 4DS's intellectual property, there can be no assurance that these measures will be sufficient.

(i) Infringement of third party intellectual property rights

If a third party accuses 4DS of infringing its intellectual property rights or if a third party commences litigation against 4DS for the infringement of patent or other intellectual property rights, 4DS may incur significant costs in defending such action, whether or not it ultimately prevails. Typically, patent litigation is expensive. Costs that 4DS incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time.

In addition, parties making claims against 4DS may be able to obtain injunctive or other equitable relief that could prevent 4DS from further developing discoveries or commercialising its technology. In the event of a successful claim of infringement against 4DS, it may be required to pay damages and obtain one or more licenses from the prevailing third party. If it is not able to obtain these licenses at a reasonable cost, if at all, it could encounter delays in technology development and loss of substantial resources while it attempts to develop alternatives. Defence of any lawsuit or failure to obtain any of these licenses could prevent 4DS from commercialising its technology and could cause it to incur substantial expenditure.

(j) Reliance on Key Personnel

The responsibility of overseeing the day-to-day operations and the strategic management of 4DS and the Company depends substantially on senior management and key personnel, including 4DS's current management. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these parties cease their employment. Further, there is no guarantee that 4DS will be able to attract and retain suitable qualified personnel, and a failure to do so could materially adversely affect the business, operating results and financial prospects of 4DS and the Company.

(k) **Limited trading history**

4DS is essentially a start-up company with limited trading history. 4DS has to date principally developed its technology as well as seeking patent protection. However, 4DS is still developing and testing its technology and has yet to commence the commercialisation phase of the business cycle and as such carries the normal risks of a start-up business. Given the limited trading history of 4DS, no assurance can be given that 4DS will achieve commercial viability through the implementation of its development plan.

(l) **Sufficiency of funding**

4DS's growth through technology development and commercialisation activities will require substantial expenditure and may not result in profitability being achieved. There can be no guarantees that 4DS's cash reserves together with the funds raised by the Capital Raising will be sufficient to successfully achieve all the objectives of 4DS's overall development strategy.

If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Capital Raising and existing working capital, there can be no assurance that 4DS 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 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 and 4DS's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend 4DS's development strategy and could have a material adverse effect on 4DS's activities and on the Company generally.

(m) **Foreign exchange risks**

4DS's main operations are carried on in the United States. Further, 4DS is potentially a global business and will likely have commercial opportunities outside of Australia in general to generate revenue. Any revenue in foreign currencies converted to AUD for reporting purposes will be affected by currency fluctuations, which may adversely impact on the Company's financial performance and position.

12.2 General Risks

(a) **Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or assets. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (i) introduction of tax reform or other new legislation;
- (ii) interest rates and inflation rates;

- (iii) changes in investor sentiment toward particular market sectors;
- (iv) the demand for, and supply of, capital; and
- (v) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology 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) **Economic and government risks**

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the technology industry including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the technology sector;
- (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(d) **Insurance**

The Company will, where possible and economically practicable, endeavour to mitigate some risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover.

While the Company will undertake all reasonable due diligence in assessing the creditworthiness of its insurance providers, there will remain the risk that an insurer defaults in payment of a legitimate claim by the Company under an insurance policy.

(e) **Regulatory Risk**

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's or 4DS's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company and its Shares. In addition there is a commercial risk that legal action may be taken against the Company or 4DS in relation to commercial matters.

(f) **Litigation**

The Company is exposed to the risk of actual or threatened litigation or legal disputes in the form of customer claims, intellectual property claims, personal injury claims, employee claims and other litigation and disputes. If any claim was successfully pursued it may adversely impact the financial performance, financial position, cash flow and share price of the Company.

(g) **Growth**

There is a risk that the Company may be unable to manage its future growth successfully. The ability to hire and retain skilled personnel and third party personnel may also be a significant obstacle to growth.

(h) **Investment Highly 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 Company's securities. Therefore, the Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the Shares.

13. Material contracts

13.1 Introduction

Set out below are summaries of the key provisions of contracts to which the Company is a party which are, or may be, material in terms of the Offers or the operations of the Company or otherwise are or may be relevant to an investor who is contemplating the Offers. To understand fully all rights and obligations pertaining to the material contracts, it would be necessary to read them in full.

13.2 Bid Implementation Agreement

The Company and 4DS have entered into a bid implementation agreement dated 13 August 2015 setting out a proposal by which the Company would acquire all of the outstanding fully paid ordinary shares and preference shares in 4DS by way of off-market takeover offers, and acquire all the 4DS Non-voting Securities by the Private Treaty Offers (**Bid Implementation Agreement or BIA**).

The key terms of the Bid Implementation Agreement are:

- (a) The Company agrees to make the Takeover Offers, subject to the Bid Conditions. The agreed consideration is 110.4400015 Shares and 20.5905086 Class 1 Performance Shares for each 4DS Ordinary Share and each 4DS Preference Share (with fractional entitlements to be rounded down to the nearest whole number).
- (b) The directors of 4DS have advised 4DS that they will:
 - i) unanimously recommend that 4DS Shareholders accept the Takeover Offers in the absence of a Superior Proposal; and
 - ii) accept or procure the acceptance of the Takeover Offers in respect of any 4DS Shares, and Private Treaty Offers in respect of any 4DS Non-voting Securities, they or their associates own or control.
- (c) 4DS must use its best endeavours to procure that there is no 4DS Material Adverse Change or Prescribed Occurrence within its control from the execution date of the BIA until the last day of the Takeover Offer Period.
- (d) The Company agrees to make Private Treaty Offers to each 4DS Non-voting Securityholder.
- (e) In the absence of a Superior Proposal for 4DS, 4DS will procure that its board of directors will participate in efforts reasonably required by the Company to promote the merits of the Takeover Offers including meeting with key shareholders, analysts, management, customers and press but only to the extent that those directors consider that they may do so without breaching any of their statutory or fiduciary duties.
- (f) Each party agrees to use all reasonable endeavours to satisfy the Bid Conditions as soon as practicable after the date of the BIA provided that 4DS is not required to comply with this obligation if it would require 4DS to take any action which in the reasonable opinion of the 4DS Board would constitute a breach of the duties of the 4DS directors.

- (g) The BIA provides for 4DS to, during the period from the execution date of the BIA until the last day of the Takeover Offer Period:
 - i) provide all information relating to 4DS that the Company determines in good faith to be relevant or material and provide electronic copies of its share register as requested by the Company; and
 - ii) conduct, and procure that its subsidiaries conduct, their respective businesses in the ordinary course of business and not take any action which causes a breach of any of the agreed bid terms.
- (h) As soon as is reasonably practicable after the Company has received acceptances for 90% of 4DS Ordinary Shares on issue, and for 90% of 4DS Preference Shares on issue, the Company will take all actions necessary for Mr James Dorrian, Dr Guido Arnout, Mr David McAuliffe and Mr Howard Digby to be appointed to the Board with effect from the date of the Takeover Offers becoming Unconditional.
- (i) The Company has agreed that it will only waive the Essential Bid Conditions with the prior written consent of 4DS (such consent not to be unreasonably withheld or delayed).
- (j) The BIA contains representations and warranties that are customary for an agreement of this nature.
- (k) The BIA may be terminated in the following circumstances:
 - i) By either the Company or 4DS if:
 - (A) the 4DS Board changes its recommendation in relation to either of the Takeover Offers as a result of the 4DS Board determining that it has received a Superior Proposal;
 - (B) the other party is in material breach of the BIA and to the extent that the breach can be rectified, the breach has not been rectified within 5 Business Days of receiving notice;
 - (C) a representation or warranty given by the other party is or becomes untrue in any material respect and the breach of the representation or warranty if of such a kind that, had it been disclosed to the first party before entry into the BIA, could reasonably have been expected to have resulted in the first party either not entering into the BIA or entering into it on materially different terms;
 - (D) any Court or regulatory authority has issued an order, decree or ruling or taken any other action that permanently restrains or prohibits either of the Takeover Offers; or
 - (E) the Company withdraws either Takeover Offer or either Takeover Offer lapses for any reason, including non-satisfaction of a Bid Condition; and
 - ii) By 4DS if before the end of the Takeover Offer Period a Fitzroy Material Adverse Change occurs.

- (l) If the BIA is terminated, the parties will have no further obligations to each other under the BIA (except in relation to specified general provisions) and neither party will have any liability or obligation to the other party for any damages or loss of any kind.

13.3 Lead Manager Mandate

The Company has appointed Forrest Capital (AFSL: 298311) to act as lead manager of the Public Offer. In consideration of its services, Forrest Capital will receive a fee of 6% of the total amount raised under the Public Offer on completion of the Public Offer (comprising a 4% capital raising fee and a 2% management fee). In addition, Forrest Capital will be entitled to be reimbursed for reasonable out of pocket expenses incurred in connection with the assignment.

The Company has also agreed to grant 30,000,000 Adviser Options to Forrest Capital (or its nominees) for corporate advisory and capital raising services provided on completion of the Public Offer.

The agreement contains covenants, warranties, representations and indemnities that are customary for an agreement of this nature.

13.4 4DS Group Agreements

Set out below are summaries of the material provisions of agreements to which 4DS Group companies are a party and which may be material in terms of the Offers or the operations of the 4DS Group, or otherwise are or may be relevant to an investor who is contemplating the Offers.

(a) Joint Development Agreement

As noted in Section 7.3(f), 4DS has entered into the Joint Development Agreement (**JDA**) with HGST. The material terms of the Joint Development Agreement are:

- i) The parties will work together on an agreed scope of work in a collaboration effort to build, test and evaluate 4DS technology. The parties have completed the first scope of work, and are currently carrying on work under a second agreed scope of work. See Section 7.3(e) for further details on development work being undertaken with HGST under the scope of work which has been agreed with HGST under the JDA. There are no specific expenditure commitments under the JDA. Each party is responsible for its own expenses incurred in connection with the JDA.
- ii) The term of the Joint Development Agreement expires on 30 June 2016, unless extended by agreement between the parties. Either party may terminate the Joint Development Agreement without cause on 30 days' written notice to the other party.
- iii) In relation to intellectual property ownership:
 - (A) each party retains ownership of its background intellectual property (see Section 11 for details of 4DS's patent portfolio); and
 - (B) the parties jointly own all intellectual property jointly created under the JDA, and each party has a license to use such intellectual property on a royalty free basis.
- iv) 4DS grants an option (**License Option**) to HGST to take a non-exclusive license for HGST to use 4DS's technology for up to 20 years from exercise of the License Option. Whilst the quantum of the license fees is confidential, the fees payable are lower than

the fees 4DS expects to be able to generate from licensing the technology to other parties if the technology can be successfully commercialised.

- v) 4DS is required to notify HGST of any acquisition proposal or financing proposal in relation to 4DS.

(b) **4DS Intercompany Agreement**

4DS has entered into an intercompany agreement with its wholly owned subsidiary 4DS, Inc. 4DS, Inc. undertakes research and development activities pursuant to the intercompany agreement with 4DS, which also provides that all intellectual property arising from such activities vests in and is owned by 4DS.

13.5 Agreements with Directors, Related Parties and key management personnel

A summary of the agreements with Directors, key management personnel and related parties of the Company is set out in Sections 8.6 and 8.7.

14. Additional information

14.1 Rights attaching to Shares

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares under the Constitution. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders:

(a) General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by an attorney; representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are 2 or more joint holders of a share and more than one of them is present at a meeting and tenders a vote in respect of the share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.

(c) Issues of further Shares

The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

(d) Variation of Rights

Unless otherwise provided by the Constitution or by the terms of issue of a class of shares, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(e) Transfer of Shares

Subject to the Constitution, the Corporations Act and Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by any other method of transferring or dealing with Shares introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX that is permitted by the Corporations Act.

The Directors may decline to register a transfer of Shares (other than a proper transfer in accordance with the ASX Settlement Operating Rules) where permitted to do so under the Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 business days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for the refusal. The Directors must decline to register a transfer of Shares when required by law, by the Listing Rules or by the ASX Settlement Operating Rules.

(f) Partly paid Shares

The Directors may, subject to compliance with the Constitution, the Corporations Act and Listing Rules, issue partly paid shares upon which there are outstanding amounts payable. These shares will have limited rights to vote and to receive dividends.

(g) Dividends

The Directors may from time to time determine dividends to be distributed to members according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares, the Company may pay a dividend on one class of shares to the exclusion of another class.

Each share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the share (excluding any amount paid in advance of calls) bears to the total issue price of the share.

(h) Winding up

Subject to the rights of holders of shares with special rights in a winding-up, if the Company is wound up, members will be entitled to participate in any surplus assets of the Company in proportion to the percentage of the capital paid-up or credited as paid up on the shares when the winding up begins.

(i) Dividend reinvestment and Share plans

Subject to the requirements in the Corporations Act and the Listing Rules, the Directors may implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company) and any other share plans (under which any member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of fully paid shares).

(j) Directors

The Constitution states that the minimum number of Directors is three and the maximum number is ten.

(k) **Powers of the Board**

Except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution, the Directors have the power to manage the business of the Company and may exercise every right, power or capacity of the Company.

(l) **Share buy backs**

Subject to the provisions of the Corporations Act and the Listing Rules, the Company may buy back shares in itself on the terms and at times determined by the Directors.

(m) **Unmarketable parcels**

The Company's constitution permits the Board to sell the Shares held by a Shareholder if they comprise less than a marketable parcel within the meaning of ASX Business Rules. The procedure may only be invoked once in any 12 month period and requires the Company to give the Shareholder notice of the intended sale.

If a Shareholder does not want his Shares sold, he may notify the Company accordingly.

(n) **Capitalisation of profits**

The Company may capitalise profits. Subject to the Constitution and the terms of the issue of shares, members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.

(o) **Capital reduction**

Subject to the Corporations Act and Listing Rules, the Company may reduce its share capital.

(p) **Preference Shares**

The Company may issue preference shares, including preference shares that are liable to be redeemed. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company's members.

14.2 Terms and conditions of Class 1 Performance Shares

The Class 1 Performance Shares are shares that will each convert into Shares on a one for one basis upon satisfaction of a performance milestone, being Fitzroy announcing that the Expert (as defined below) has delivered a report to Fitzroy confirming that 4DS has achieved "endurance consistency" (the **Milestone**) (refer to paragraph (b) below for the full definition of the Milestone). Endurance consistency will be achieved on the first successful duplication of POR cells in two wafers on one or more lots (that are different lots from the lot that defines the POR), as measured by either:

- linear scale endurance yields for 400 cycles where the state current is read after each cycle; or
- logarithmic scale endurance yields for 10,000 cycles where the state current is read 4 times per decade,

that are higher than or equal to 90% for each of the 2 wafers when including all POR cells with sizes up to 3 times the smallest cell size in at least 2 die per wafer.

The Class 1 Performance Shares expire on 31 December 2018. To the extent that the Milestone has not been achieved on or before the expiry date, then the Class 1 Performance Shares will automatically consolidate to a nominal number and convert on a one for one basis to a nominal number of Shares. The full terms and conditions of the Class 1 Performance Shares are set out below.

On the basis that the Milestone is drafted with reference to technical criteria which may be outside the scope of expertise of most investors and analysts, ASX requires Fitzroy to provide the following “plain English” summary of the terms and conditions of the Milestone, so that ordinary investors and analysts can more readily understand the circumstances in which the Milestone will be taken to have been met:

- All silicon products used in mobile devices (smartphones, tablets, laptops) and data centres (cold storage and the cloud) are very complex high-volume semiconductor products that need a very high degree of manufacturing consistency and operating consistency to be profitable for the chip maker and affordable for the chip buyer.
- Today’s high-density memory chips contain billions of memory cells together with the control circuits to select certain cells, read their state (“0” or “1”), or write a different state. The smaller the cells, the more data that can be packed into a single chip. Many memory chips are manufactured together on a wafer through a complex sequence of depositing super thin materials and etching away certain sections of these depositions. When all process steps are completed, the wafer is cut into lots of individual memory chips which are then tested, packaged and sold.
- 4DS's initial focus was to establish a baseline process that could manufacture individual memory cells of various sizes that perform the desired function consistently cell-to-cell on the same wafer and on wafers in the same lot (manufactured together). The first goal was to demonstrate that 4DS had a repeatable process that could manufacture cells on wafers in a new lot that behave very similar to cells on wafers manufactured in an earlier lot (ie, lot-to-lot consistency).
- Having achieved, lot-to-lot consistency, 4DS's focus is to gradually improve the process in incremental steps to improve the fundamental behaviour of the cell (reading, writing, storing) while maintaining lot-to-lot consistency. The Milestone is specifically focused on 4DS ReRAM cells reaching a certain endurance level: how many times the state of the cell can be changed reliably from a “0” to a “1”.
- 4DS has entered into the Joint Development Agreement with HGST Netherlands B.V., to investigate the scaling of 4DS ReRAM cells to small cell geometries for memory applications.
- Following the achievement of the Milestone, 4DS will be well positioned to develop arrays of cells, and test chips.
- The Milestone is further detailed in the necessary technical terms in the full terms and conditions of the Class 1 Performance Shares are set out below to ensure that the Milestone can be verified and audited using clear metrics by an independent expert.

As required by ASX, Fitzroy will publish the above plain English summary of the Milestone in each annual report until the Class 1 Performance Shares have converted into Shares or expired in accordance with their terms.

The full terms and conditions of Class 1 Performance Shares are set out below.

Conversion and expiry of Performance Shares

- (a) For the purposes of the Milestone:
- i) **cell** means a 4DS ReRAM cell;
 - ii) **current window** means the difference between the lowest "Set" state current and the highest "Reset" state current measured during an endurance test at the read voltage of -1.5V;
 - iii) **cycle** means applying the appropriate voltages across a cell to either: (a) change its state from the "Set" state to the "Reset" state and back to the "Set" state, or (b) change its state from the "Reset" state to the "Set" state and back to the "Reset" state;
 - iv) **decade** means a series of cycles where the ratio between the sequence of the last cycle in the series and the first cycle in the series is 10 (in this context, 4 current measurements per decade for example means measuring currents after cycles 1, 2, 4, 7 in the first decade from 1 to 10 and after cycles 100, 200, 400, 700 in the third decade from 100 to 1,000);
 - v) **die** means a section of cells within a wafer;
 - vi) **endurance test** in relation to a cell means alternating the "Set" and "Reset" voltage across the cell and either: (a) reading the state currents at the read voltage of -1.5V after each "Set" or "Reset", or (b) reading the state currents a limited number of times during each decade on a close to logarithmic scale. For a cell to **qualify an endurance test**, the highest "Reset" state current at the read voltage of -1.5V read during the endurance test must be no higher than 10nA and the current window must be at least 10nA;
 - vii) **linear scale endurance yield** in relation to a wafer means the percentage of cells tested on the wafer that qualify the endurance test for the first 400 cycles;
 - viii) **logarithmic scale endurance yield** in relation to a wafer means the percentage of cells tested on a wafer that qualify the endurance test for each cycle where the state is read (4 times per decade or 17 times for 10,000 cycles);
 - ix) **lot** means a set of test wafers;
 - x) **POR** means the "process of record", i.e., the best known process for manufacturing a wafer at the relevant time;
 - xi) **POR cell** means a cell which is manufactured in the then current "cell structure of record" and POR;
 - xii) **state** means the current level measured at the read voltage of -1.5V which determines whether the cell is in the "Set" state (the high current state representing a logical "1") or the "Reset" state (the low current state representing a logical "0");
 - xiii) **state current** means the current measured at the read voltage of -1.5V; and
 - xiv) **wafer** means a very thin slice of a semiconductor crystal used as the substrate for solid-state circuitry.

- (b) **(Conversion on achievement of Milestone)** Upon Fitzroy announcing that the Expert has delivered a report to Fitzroy confirming that 4DS has achieved endurance consistency (the **Milestone**), each Class 1 Performance Share will convert into a Share on a one for one basis. **Endurance consistency** will be achieved on the first successful duplication of POR cells in two wafers on one or more lots (that are different lots from the lot that defines the POR), as measured by either:
- (i) linear scale endurance yields for 400 cycles where the state current is read after each cycle; or
 - (ii) logarithmic scale endurance yields for 10,000 cycles where the state current is read 4 times per decade,
- that are higher than or equal to 90% for each of the 2 wafers when including all POR cells with sizes up to 3 times the smallest cell size in at least 2 die per wafer.
- (c) **(Class 1 Performance Share Expiry Date)** The Milestone must be achieved on or before 5.00pm (WST) on 31 December 2018 (the Expiry Date).
- (d) **(No conversion)** To the extent that the Class 1 Performance Shares have not converted into Shares on or before the Expiry Date, then all such unconverted Class 1 Performance Shares held by each Holder will automatically consolidate into one Class 1 Performance Share and will then convert into one Share.
- (e) **(Conversion procedure)** The Share or Shares issued on conversion of a Class 1 Performance Share will be issued to the Holder and Fitzroy will issue the Holder with a new holding statement for the Share or Shares as soon as practicable following the conversion of each Performance Share.
- (f) **(Ranking of shares)** Each Share into which the Class 1 Performance Share will convert will upon issue:
- (i) rank equally in all respects (including, without limitation, rights relating to dividends) with other issued Shares;
 - (ii) be issued credited as fully paid;
 - (iii) be duly authorised and issued by all necessary corporate action; and
 - (iv) be issued free from all liens, charges and encumbrances whether known about or not including statutory and other pre-emptive rights and any transfer restrictions.

Rights attaching to Class 1 Performance Shares

- (g) **(Share capital)** Each Class 1 Performance Share is a share in the capital of Fitzroy.
- (h) **(General meetings)** Each Class 1 Performance Share confers on a Holder the right to receive notices of general meetings and financial reports and accounts of Fitzroy that are circulated to shareholders. A Holder has the right to attend general meetings of shareholders of Fitzroy.
- (i) **(No voting rights)** A Class 1 Performance Share does not entitle a Holder to vote on any resolutions proposed at a general meeting of shareholders of Fitzroy.
- (j) **(No dividend rights)** A Class 1 Performance Share does not entitle a Holder to any dividends.
- (k) **(Rights on winding up)** Each Class 1 Performance Share entitles a Holder to participate in the surplus profits or assets of Fitzroy upon winding up of Fitzroy, but only to the extent of \$0.0001

per Class 1 Performance Share.

- (l) **(Not transferable)** A Class 1 Performance Share is not transferable.
- (m) **(Reorganisation of capital)** If Fitzroy undertakes a bonus issue or there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of Fitzroy, the number of Shares to which the Class 1 Performance Share of a Holder can convert will be increased or decreased (as applicable) to the number of Shares which the Holder would hold if the Class 1 Performance Share had been converted to Shares before the record date for the bonus issue or reorganisation.
- (n) **(Quotation of shares on conversion)** An application will be made by Fitzroy to ASX for official quotation of the Shares issued upon the conversion of each Class 1 Performance Share within the time period required by the Listing Rules.
- (o) **(Participation in entitlements and bonus issues)** A Class 1 Performance Share does not entitle a Holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.
- (p) **(No other rights)** A Class 1 Performance Share does not give a Holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

14.3 Terms and conditions of Transaction Options

The rights and liabilities attaching to the Transaction Options can be summarised as follows:

- (a) Each Transaction Option **(Option)** entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) The Options have an exercise price of \$0.02 **(Exercise Price)** and an expiry date of 30 June 2020 **(Expiry Date)**.
- (c) The Options are exercisable at any time on or prior to 5.00pm (Perth time) on the Expiry Date.
- (d) The Options may be exercised by notice in writing to the Company **(Notice of Exercise)** and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
- (e) Shares issued on exercise of the Options will rank equally with the then shares of the Company.
- (f) Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
- (g) After an Option is validly exercised, the Company must, within, 15 Business Days of the notice of exercise and receipt of cleared funds equal to the sum payable on the exercise of the Option:
 - i) issue the Share; and
 - ii) do all such acts, matters and things to obtain the grant of official quotation of the Share on ASX no later than 5 Business Days after issuing the Shares.
- (h) There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will give holders of the Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

- (i) If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
 - ii) no change will be made to the Exercise Price.
- (j) If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N+1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one Share.

- (k) If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.
- (l) The Company will not apply to ASX for quotation of the Options.
- (m) The Options are transferable.
- (n) Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

14.4 Terms and conditions of Adviser Options

The rights and liabilities attaching to the Adviser Options can be summarised as follows:

- (a) Each Adviser Option (**Option**) entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) The Options have an exercise price of \$0.05 (**Exercise Price**) and an expiry date of 30 June 2020 (**Expiry Date**).
- (c) The Options are exercisable at any time on or prior to 5.00pm (Perth time) on the Expiry Date.

- (d) The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
- (e) Shares issued on exercise of the Options will rank equally with the then shares of the Company.
- (f) Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
- (g) After an Option is validly exercised, the Company must, within, 15 Business Days of the notice of exercise and receipt of cleared funds equal to the sum payable on the exercise of the Option:
 - i) issue the Share; and
 - ii) do all such acts, matters and things to obtain the grant of official quotation of the Share on ASX no later than 5 Business Days after issuing the Shares.
- (h) There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will give holders of the Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.
- (i) If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
 - ii) no change will be made to the Exercise Price.
- (j) If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N+1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one Share.

- (k) If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.
- (l) The Company will not apply to ASX for quotation of the Options.
- (m) The Options are transferable.
- (n) Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

14.5 Substantial Shareholders

At the date of this Prospectus, the following Shareholders have a voting power of 5% or more of the Shares on issue.

| Shareholder | Number of Shares Held | % interest as at date of Prospectus |
|--|-----------------------|-------------------------------------|
| Hoperidge Enterprises Pty Ltd <The Jones Family Trust> | 16,666,667 | 10.2% |
| JK Nominees Pty Ltd <The JK Fund A/C> | 16,666,666 | 10.2% |
| Tisia Nominees Pty Ltd <Henderson Family A/C> | 16,380,326 | 10.0% |
| Oaktone Nominees Pty Ltd <Grist Investment A/C> | 16,666,666 | 10.2% |

On completion of the Offers (assuming no new investors become substantial holders) and assuming only the Minimum Subscription is raised, the only substantial Shareholders will be as set out below:

| Shareholder | Number of Shares Held | % interest as at Completion of Offers ² |
|---------------|-----------------------|--|
| James Dorrian | 35,045,807 | 5.48% |

The Company will announce to ASX details of its top-20 Shareholders (following completion of the Offers) prior to the Shares commencing trading on ASX.

14.6 Fees and benefits

Other than as set out below or elsewhere in this Prospectus, no promoter of the Company or person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offers under this Prospectus; or
- (c) the Offers under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of the Company or the Offers of Securities under this Prospectus.

Automatic Registry Services has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

Forrest Capital has acted as lead manager of the Public Offer. In respect of this work, Forrest Capital will be paid approximately \$165,000 (excluding GST) (assuming the Maximum Subscription is raised) as detailed in Section 13.3. During the 24 months preceding lodgement of this Prospectus with ASIC, Forrest Capital has received fees totalling \$66,000 from the Company.

PFK Mack has acted as investigating accountant and has prepared the Investigating Accountant's Report which has been included in Section 10. The Company estimates it will pay PFK Mack a total of \$14,500 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, PFK Mack has received fees totalling \$85,100 from the Company.

GTP Legal has acted as the solicitors to the Company in relation to the Offers and has been involved in due diligence enquiries on legal matters. The Company estimates it will pay GTP Legal approximately \$40,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, GTP Legal has received approximately \$274,480 in fees from the Company (which includes legal fees for due diligence enquiries in relation to the Acquisition and legal services in connection with the Acquisition and the Takeover Offers generally).

FB Rice has prepared the Patent Report which has been included in Section 11. The Company estimates it will pay FB Rice a total of \$13,800 for these services (which includes fees already paid to FB Rice for services provided to the Company in connection with the Company's due diligence for the Acquisition). During the 24 months preceding lodgement of this Prospectus with ASIC, FB Rice has not received any other fees from the Company.

14.7 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this section;
- (b) has not authorised or caused the issue of this Prospectus or the making of the Offers; and
- (c) makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, any part of this Prospectus other than a reference to its name and a statement and/or any report (if any) included in this Prospectus with the consent of that party as specified in this section.

Forrest Capital has given its written consent to being named as lead manager to the Public Offer in this Prospectus. Forrest Capital has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

PKF Mack has given its written consent to being named as the auditor to the Company in this Prospectus. PKF Mack has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

PKF Mack has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 10 in the form and context in which the report is included. PKF Mack has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

GTP Legal has given its written consent to being named as the lawyer to the Company in this Prospectus. GTP Legal has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

FB Rice has given its written consent to being named as the author of the Patent Report and to the inclusion of the Patent Report in Section 11 in the form and context in which the report is included. FB Rice has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Automic Registry Services has given its written consent to being named as the Company's share registry in this Prospectus. Automic Registry Services has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

14.8 Litigation

To the knowledge of the Existing Directors and the Proposed Directors, as at the date of this Prospectus, neither the Company nor the 4DS Group is involved in any material legal proceedings and the Existing Directors and the Proposed Directors are not aware of any material legal proceedings pending or threatened against the Company or the 4DS Group.

14.9 ASX Waivers

The Company has obtained a waiver from ASX to permit it to:

- (a) issue Shares under the Public Offer to Proposed Director, Mr Howard Digby; and
- (b) grant Adviser Options to former Director Mr Tom Henderson,

later than one month following the General Meeting but no later than three months following the General Meeting.

The Acquisition will require the Company to meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the official list of ASX. These requirements include that:

- (a) the main class of a company's securities for which a company seeks quotation must have an issue price of at least 20 cents in cash (pursuant to Listing Rule 2.1 Condition 2); and
- (b) the exercise price for any options on issue must be at least 20 cents in cash (pursuant to Listing Rule 1.1 Condition 11).

The terms of the proposed capital raising will not meet the requirements set out in Listing Rule 2.1 Condition 2 as the Public Offer is proposed to be completed at an issue price of 2.5 cents per Share, being an issue price of less than 20 cents.

Following completion of the Offers, the Company will have:

- (a) Transaction Options on issue with an exercise price of 2 cents; and
- (b) Adviser Options on issue with an exercise price of 5 cents,

being less than the 20 cent exercise price required by Listing Rule 1.1 Condition 11.

The Company has obtained a waiver of ASX Listing Rule 2.1 Condition 2, together with a waiver of ASX Listing Rule 1.1 Condition 11, to allow the Company to:

- (a) issue the Shares under the Public Offer at 2.5 cents per Share;
- (b) have the Transaction Options on issue with an exercise price of 2 cents; and
- (c) have the Adviser Options on issue with an exercise price of 5 cents.

14.10 Taxation

The acquisition and disposal of Securities in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

14.11 Expenses of the Offers

The estimated expenses of the Offers are as follows:

| Item of expenditure | Minimum Subscription | Maximum Subscription |
|---|----------------------|----------------------|
| ASX & ASIC fees | \$73,375 | \$73,875 |
| Legal fees | \$40,000 | \$40,000 |
| Investigating Accountant's Report | \$14,500 | \$14,500 |
| Patent Report | \$13,800 | \$13,800 |
| Lead Manager Fee ¹ | \$135,000 | \$165,000 |
| Share registry, printing and other | \$10,906 | \$10,906 |
| Transaction costs associates with the Acquisition | \$297,734 | \$297,734 |
| Total | \$585,315 | \$615,815 |

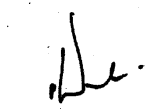
Notes:

1. Refer to Section 13.3 for further details in respect to the fees payable to the Lead Manager.

15. Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Existing Directors and the Proposed Directors.

In accordance with Section 720 of the Corporations Act, each Existing Director and Proposed Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.



Peter Webse
Director

For and on behalf of Fitzroy Resources Ltd

16 October 2015

16. Glossary

Where the following terms are used in this Prospectus they have the following meanings:

\$A or \$ means an Australian dollar.

4DS means 4D-S Limited (ACN 124 234 395).

4DS A Class Share means an A Class share in the capital of 4DS.

4DS A Class Shareholder means a person who will be issued 4DS A Class Shares on the Takeover Bids becoming Unconditional.

4DS A Class Shareholder Offer has the meaning given in Section 6.3.

4DS A Class Shareholder Offer Application Form means the application form as provided with a copy of this Prospectus relating to the 4DS A Class Shareholder Offer.

4DS Board means the board of directors of 4DS.

4DS Group means 4DS and its related bodies corporate.

4DS, Inc means 4DS, Inc, a Delaware registered company and a wholly owned subsidiary of 4DS.

4DS Material Adverse Change has the meaning given in the Bidder's Statement.

4DS Non-voting Security means a 4DS Option or 4DS A Class Share.

4DS Non-voting Securityholder means a 4DS Optionholder or 4DS A Class Shareholder.

4DS Option means an option to acquire a 4DS Ordinary Share or a 4DS Preference Share (as the case may be).

4DS Optionholder means a holder of 4DS Options.

4DS Optionholder Offer has the meaning given in Section 6.4.

4DS Optionholder Offer Application Form means the application form as provided with a copy of this Prospectus relating to the 4DS Optionholder Offer.

4DS Ordinary Share means a fully paid ordinary share in the capital of 4DS.

4DS Ordinary Shareholder means a holder of 4DS Ordinary Shares.

4DS Preference Share means a preference share in the capital of 4DS.

4DS Preference Shareholder means a holder of 4DS Preference Shares.

4DS Securities means 4DS Ordinary Shares, 4DS Preference Shares, 4DS Options or 4DS A Class Shares.

4DS Securityholder means a 4DS Ordinary Shareholder, 4DS Preference Shareholder, 4DS Optionholder or 4DS A Class Shareholder.

4DS Share means a 4DS Ordinary Share or a 4DS Preference Share (or both of them), as the context requires.

4DS Shareholder means a 4DS Ordinary Shareholder or a 4DS Preference Shareholder (or both of them), as the context requires.

Acquisition means the acquisition by the Company of all of the issued capital of 4DS, pursuant to the Takeover Offers and Private Treaty Offers to be made to 4DS Securityholders under the BIA.

Adviser Option means an Option on the terms and conditions specified in Section 14.4.

Adviser Option Offer has the meaning given in Section 6.5.

Adviser Option Offer Application Form means the application form as provided with a copy of this Prospectus relating to the Adviser Option Offer.

Advisers means Forrest Capital or its nominees.

Announcement Date means 13 August 2015, being the date execution of the Bid Implementation Agreement and the proposed acquisition of 4DS by Fitzroy was announced on ASX.

Applicant means a person who submits an Application Form.

Application means a valid application for Securities pursuant to an Application Form.

Application Form means an application form as provided with a copy of this Prospectus relating to the Offers.

Application Monies means application monies for Shares received and banked by the Company.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange operated by ASX Limited (as the context requires).

Bid Conditions means the Conditions as that term is defined in the Bidder's Statement.

Bid Implementation Agreement or **BIA** has the meaning give in Section 13.2.

Bidder's Statement means the bidder's statement issued by Fitzroy in connection with the Takeover Offers and lodged with ASIC on 7 October 2015.

Board means the board of Directors as constituted from time to time.

Business Day means a week day when trading banks are ordinarily open for business in Perth, Western Australia.

Class 1 Performance Share means a share in the capital of Fitzroy issued on the terms and conditions set out in Section 14.2.

Closing Date means the closing date of the Offers as set out in the indicative timetable in Section 3.

Company or **Fitzroy** means Fitzroy Resources Ltd (ACN 145 590 110) (to be renamed 4DS Memory Limited).

Company Group means the Company and its 'related bodies corporate' (as that term is defined in the Corporations Act).

Consideration Securities means the Securities being offered to the 4DS Securityholders pursuant to the Takeover Offers and the Private Treaty Offers.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of the Company at the date of this Prospectus and the Proposed Directors.

Essential Bid Conditions means the Essential Conditions as that term is defined in the Bidder's Statement.

Essential Resolutions means resolutions 4 to 14 from Fitzroy's notice of meeting dispatched to Fitzroy Shareholders for consideration at the General Meeting, being resolutions for approval of the following matters:

- (a) Change to nature and scale of activities;

- (b) Authority to issue Performance Shares;
- (c) Authority to issue Securities to 4DS Optionholders;
- (d) Authority to issue Shares to 4DS A Class Shareholders;
- (e) Authority to issue Capital Raising Shares
- (f) Authority to grant Adviser Options;
- (g) Authority to grant Adviser Options to Mr Tom Henderson;
- (h) Appointment of Dr Guido Arnout as a director;
- (i) Appointment of Mr James Dorrian as a director;
- (j) Appointment of Mr David McAuliffe as a director; and
- (k) Appointment of Mr Howard Digby as a director.

Existing Directors means the persons identified as existing directors in the Corporate Directory.

Expert means a suitably qualified independent expert, selected and appointed by the Board of Fitzroy for the purposes of confirming that 4DS has achieved "endurance consistency" for the purposes of the Milestone.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

Fitzroy Material Adverse Change has the meaning given in the Bidder's Statement.

Forrest Capital means Forrest Capital Pty Ltd (AFSL: 298311).

FY means full year.

General Meeting means the annual general meeting of Shareholders to be held on 23 October 2015.

Investigating Accountant's Report means the investigating accountant's report in Section 10.

HY means half year.

Lead Manager means Forrest Capital.

Listing Rules means the official listing rules of ASX.

Milestone has the meaning given in Section 14.2(b).

Maximum Subscription means 110,000,000 Shares at \$0.025 each to raise \$2,750,000.

Minimum Subscription means 90,000,000 Shares at \$0.025 each to raise \$2,250,000.

Offers means the Public Offer, the 4DS A Class Shareholder Offer and the 4DS Optionholder Offer.

Official List means the official list of ASX.

Official Quotation means official quotation of the Company's Shares by ASX in accordance with the Listing Rules.

Option means an option to subscribe for a Share.

Prescribed Occurrence has the meaning given in the Bidder's Statement.

Prescribed Occurrence Condition means the condition under the Takeover Offers that between the Announcement Date and the date three Business Days after the end of the Takeover Offer Period (each inclusive), no Prescribed Occurrence (as defined in the Bidder's Statement) occurs.

Private A Class Share Offer means an offer to each 4DS A Class Shareholder by private agreement to acquire all of their 4DS A Class Shares in return for the issue of 95.01187648 Shares per 4DS A Class Share.

Private Option Offer means an offer to each 4DS Optionholder by private agreement to acquire all of their 4DS Options in return for the consideration specified in the following table:

| Class of 4DS Option | Consideration to be offered under Private Option Offer |
|---|--|
| options to acquire a 4DS Ordinary Share (each exercisable at US\$36.00 on or before 31 March 2017) | (a) 0.9040560 Shares; and (b) 0.1685528 Class 1 Performance Shares, per 4DS Option |
| options to acquire a 4DS Preference Share (each exercisable at US\$10.00 on or before 31 March 2017) | (a) 8.7827354 Shares; and (b) 1.6374591 Class 1 Performance Shares, per 4DS Option |
| options to acquire a 4DS Ordinary Share (each exercisable at US\$1.00 on or before 31 December 2017) | 36,458,333 Transaction Options |
| options to acquire a 4DS Ordinary Share (each exercisable at US\$5.00 on or before 31 December 2017) | (a) 31.4014999 Shares; and (b) 5.8545169 Class 1 Performance Shares, per 4DS Option |
| options to acquire a 4DS Preference Share (each exercisable at US\$5.00 on or before 31 December 2017) | (a) 31.4014999 Shares; and (b) 5.8545169 Class 1 Performance Shares, per 4DS Option |
| options to acquire a 4DS Preference Share (each exercisable at US\$10.00 on or before 31 December 2017) | (a) 17.2679740 Shares; and (b) 3.2194528 Class 1 Performance Shares, per 4DS Option |
| options to acquire a 4DS Ordinary Share (each exercisable at US\$10.00 on or before 30 April 2018) | (a) 21.1047213 Shares; and (b) 3.9347785 Class 1 Performance Shares, per 4DS Option |
| options to acquire a 4DS Preference Share (each exercisable at US\$10.00 on or before 30 June 2018) | (a) 23.0683812 Shares; and (b) 4.3008846 Class 1 Performance Shares, per 4DS Option |
| options to acquire a 4DS Ordinary Share (each exercisable at US\$10.00 on or before 31 October 2018) | (a) 26.8275206 Shares; and (b) 5.0017411 Class 1 Performance Shares, per 4DS Option |

Private Treaty Offer means a Private A Class Share Offer or a Private Option Offer (or both of them), as the context requires.

Proposed Directors means the persons identified as proposed directors in the Corporate Directory, the details of whom are set out in Section 8.1.

Prospectus means this prospectus.

Public Offer has the meaning given in Section 6.2.

Public Offer Application Form means the application form as provided with a copy of this Prospectus relating to the Public Offer.

Public Offer Conditions means the conditions of the Public Offer outlined in Section 6.6.

Securities means Shares, Options, Class 1 Performance Shares and Existing Performance Shares or any combination of these as the context provides.

Share or **Ordinary Share** means a fully paid ordinary share in the capital of the Company.

Share Registry means Security Transfer Registrars Pty Ltd.

Shareholder means a holder of Shares.

Superior Proposal has the meaning given in the Bidder's Statement.

Takeover Offer Period means the period during which the Takeover Offers are open for acceptance.

Takeover Offers means the off-market takeover offers made by Fitzroy to acquire all of the 4DS Ordinary Shares and all of the 4DS Preference Shares pursuant to the Bidder's Statement.

Transaction Option means an Option on the terms and conditions specified in Section 14.3.

Unconditional means Fitzroy issuing a notice in accordance with section 630(3) of the Corporations Act, declaring that the Takeover Offers are free or freed (as the case may be) from all defeating conditions otherwise applicable to the Takeover Offers other than the Prescribed Occurrence Condition, subject to compliance with section 650F(1)(a) of the Corporations Act.

US\$ means a United States of America dollar.

VWAP means volume weighted average price.

WST means Western Standard Time, Perth, Western Australia.