

FITZROY RESOURCES LIMITED

ACN 145 590 110

NON-RENOUNCEABLE RIGHTS ISSUE OFFER DOCUMENT

A non-renounceable pro rata fully underwritten offer of New Shares at an issue price of \$0.035 each on the basis of 2 New Shares for every 5 Shares held on the Record Date.

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

**THE OFFER IS CURRENTLY SCHEDULED TO CLOSE AT 5.00PM WST ON 21 JANUARY
2014**

VALID APPLICATION FORMS MUST BE RECEIVED BEFORE THAT TIME.

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

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

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

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

IMPORTANT INFORMATION

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

Eligibility

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

Privacy

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

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

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

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

Overseas Shareholders

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

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

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

1. Details of Offer

1.1 Offer

Fitzroy is making a non-renounceable pro-rata offer of Shares to Shareholders whose registered address is in Australia and New Zealand (**Eligible Shareholders**) on the basis of 2 Shares for every 5 Shares, each at an issue price of \$0.035, held at the Record Date (**Offer**). Where the determination of the entitlement of any Eligible Shareholder results in a fraction of a Share, such fraction will be rounded down to the nearest whole Share. The Offer is fully underwritten by Argonaut Capital Limited and Forrest Capital Pty Ltd (**Underwriters**).

As at the Record Date Fitzroy will have on issue approximately 73,500,005 Shares. The Company expects that up to approximately 29,400,000 New Shares will be issued under the Offer.

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

Your entitlement is shown on the personalised Entitlement and Acceptance Form accompanying this Rights Issue Offer Document. You may accept the Offer only by applying for Shares on the Entitlement and Acceptance Form.

Acceptances must not exceed your entitlement as shown on the Entitlement and Acceptance Form, although you may accept for all or only part of your entitlement. If your acceptance exceeds your entitlement, acceptance will be deemed to be for your maximum entitlement and any surplus application monies will be returned to you.

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

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

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

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

1.2 Timetable

Lodgment of Appendix 3B and s708AA notice	23 December 2013
Notice to Shareholders	24 December 2013
Existing Shares quoted on an "ex" basis	27 December 2013
Record Date	3 January 2014
Rights Issue Offer Document and Entitlement and Acceptance Form sent to Eligible Shareholders	7 January 2014
Closing Date	21 January 2014
Shares quoted on a deferred settlement basis	22 January 2014
Company to notify ASX of under subscriptions (if any)	24 January 2014
Anticipated date for the issue of the Shares	30 January 2014
Deferred settlement trading ends	30 January 2014
Normal trading (on a T+3 basis) commences	31 January 2014

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

1.3 Use of Funds

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

	\$'000
Pre Offer cash available	522
Funds raised from the Offer and Placement	1,279
Total funds available	1,801
Project evaluation and exploration	570
Project Acquisition Costs	542
Repayment of liability	200
Expenses of the Offer	85
General working capital	404
Total funds applied	1,801

1.4 No Rights trading

The pro-rata offer of Shares is non-renounceable, which means that Eligible Shareholders may not sell or transfer all or any part of their entitlement to subscribe for Shares under the Offer.

1.5 ASX quotation

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

1.6 Risk Factors

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

1.7 Underwriting

The Offer is fully underwritten by Argonaut Capital Limited and Forrest Capital Pty Ltd (**Underwriters**) on the terms of the Underwriting Agreement. Details regarding the Underwriting Agreement and the potential effect on the control of the Company are set out in Section 4.

1.8 Effect of the Offer on control of the Company

The potential effect the offer will have on each Shareholder's percentage interest in the total issued capital is as follows:

- (a) If all Eligible Shareholders take up their entitlement, each Eligible Shareholder's percentage in the total issued Shares of the Company will remain the same and will not be diluted; and
- (b) If some but not all Eligible Shareholders take up their entitlement, and the Shortfall is taken up under the Underwriting Agreement, the percentage interest in the total issued Shares of each Eligible Shareholder who does not take up their entitlement will be diluted and the percentage interest of the total issued Shares of each Eligible Shareholder who does take up their entitlement will remain the same, The precise level of change in the percentage interests will depend on the take up entitlements.

It is not expected that the Offer will have any material impact on the control of the Company. The capital structure on completion of the Offer will be as follows:

Shares currently on issue	73,500,005
Shares offered under the Placement	7,142,857
Shares offered under the Offer	29,400,000
Total Shares on issue on completion of the Offer	110,042,862 ¹

1. Fitzroy has also agreed to issue a further 10,000,000 to the vendors of the Emmaus and Blackstone projects.

1.9 Taxation implications

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

1.10 Overseas Shareholders

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

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

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

1.11 CHES and issuer sponsorship

The Company participates in the Clearing House Electronic Subregister System, known as CHES. All trading on ASX in Shares will be settled through

CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Rules.

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

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

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

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

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

1.12 Enquiries

Enquiries concerning the Entitlement and Acceptance Form can be made by contacting the Company's Registry, Link Market Services Limited (**Link**), by telephone on 1300 554 474. The addresses for Link are:

Mailing Address

Fitzroy Resources Ltd C/-
Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235

Delivery Address

Fitzroy Resources Ltd C/-
Link Market Services Limited
1A Homebush Bay Drive
RHODES NSW 2138

General enquires in relation to Fitzroy can be made to the company secretary at Level 1, 35 Havelock Street West Perth, Western Australia, Australia, 6005 or by telephone on (08) 9320 7500 or by facsimile on (08) 9320 7501. Information may also be obtained by visiting the Company's website at www.fitzroyresources.com.au

2. Action Required

2.1 Acceptance of Shares under this Rights Issue Offer Document

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

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

If you wish to pay via BPAY you must follow the instructions in the Entitlement and Acceptance Form. Eligible Shareholders who elect to pay via BPAY will not need to return their completed Entitlement and Acceptance Form. Please read the instructions carefully.

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

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

If you wish to pay by cheque please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of Shares you wish to accept and the amount payable (calculated at \$0.035 per Share accepted). Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed 'Not Negotiable' and made payable to 'Fitzroy Limited - Rights Issue A/C' and lodged at any time after the issue of this Rights Issue Offer Document and on or before the Closing Date at Fitzroy's share registry (by delivery or by post) at the addresses in Section 1.12 above.

If you wish to pay via BPAY you must follow the instructions in the Entitlement and Acceptance Form. Eligible Shareholders who elect to pay via BPAY will not need to return their completed Entitlement and Acceptance Form. Please read the instructions carefully.

2.3 If you do not wish to take up your entitlement

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

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

3. Risk Factors

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

In addition there are a number of risks associated with the potential Premier Acquisition that may have an impact on the financial returns received by Shareholders. These risks are important for Shareholders to understand.

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

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

3.1 General Risks of investing in the Company

(a) Future Capital Needs and Additional Funding

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

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

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

(b) Economic Risk

Changes in the general economic climate in which the Company will operate may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption and the rate of growth of gross domestic product in Australia and the United States and other jurisdictions in which the Company may acquire mineral assets

(c) Changes in Government Policies and Legislation

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

3.2 Risks specific to Premier

(a) Coal Thickness

Coal thickness can vary locally and if mining to a minimum thickness, this can result in additional dilution, adversely affecting transportation and processing costs. 50 historic holes have been identified at the property and Premier is in the process of drilling further confirmatory and infill holes to gain greater knowledge of the coal seams but local conditions can change within short distances. When mining, if the thickness of the coal is thinner than anticipated, the financial viability of the Emmaus Project and Blackstone Project may be adversely affected.

(b) Roof and floor conditions

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

(c) Permits at the Emmaus Project and Blackstone Project

In order to commence mining, both the Emmaus Project and Blackstone Project leases will require a permit to mine underground referred to as a Deep Mine Permit. Premier US has signed an option to acquire an existing deep mine permit on the northern boundary of the Blackstone Project lease to access the Red Ash coal at Blackstone Project. Failure to complete this transaction or to obtain a permit of this type in a timely fashion may cause lengthy delays to mine commencement.

There are two further permits owned by a third party on the Emmaus Project lease that would allow processing, rail loading and refuse disposal if acquired or over-bonded by Premier US. Over-bonding is a process available only to a lease holder that allows that party to take over the use of an existing permit on

that lease under certain conditions. Failure to obtain the permits from the third party could result in a longer process to obtain permission to construct a processing facility, refuse area or rail load out at Emmaus Project.

(d) Access to infrastructure

It is envisioned that it may be possible for mining to commence, utilizing third party processing, refuse disposal and rail loading through either a tolling or plant gate sale arrangement. While there are a number of third party plants within the region that may be feasible options, reaching a commercial agreement may prove to be problematic due to unforeseen circumstances.

Further, each plant's configuration and the distance to haul may hinder the consideration of certain plants as being viable options to process coal of the Emmaus Project and Blackstone Project qualities.

(e) Dependence on key personnel

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

(f) Licences, Leases and Permits

Premier's mining and exploration activities are dependent upon the grant and subsequent the maintenance of relevant licences, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of the consents, obtaining renewals, or getting licences granted, typically depends on the Company's success in obtaining required approvals for its proposed activities and that its licences, leases, permits or consents will be kept in good order and renewed as and when required.

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

(g) Payment Obligations

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

3.3 Risks Specific to Queensland Tenements

(a) Land access

The Rookwood and Glentanna tenements (**Tenements**) are located on freehold land. Prior to carrying out any exploration activities the Company is required to provide notice to the landholders of its intention to carry out the activities and agree compensation. Any delay in gaining access to the Tenements may result in the exploration activities being delayed.

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

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

(b) Thickness of Tertiary Cover

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

(c) Strategic Cropping Land

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

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

(d) Tenement title

Interests in tenements in Queensland are governed by legislation and are evidenced by the granting of licences. Each licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the Tenements if licence conditions are not met or if insufficient

funds are available to meet expenditure commitments as and when they arise. This is particularly the case in respect of the Tenements which have in the past been underexpended. Such past underexpenditure will not be seen favourably by DEEDI when assessing future underexpenditure.

All of the Tenements in which the Company has, or may acquire an interest in, will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each Tenement is usually at the discretion of the relevant government authority. If a Tenement is not renewed or granted, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral commodity on that Tenement.

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

3.4 Mineral Industry Risks

(a) Resource and Reserve Estimates

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

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

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

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

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

(b) Exploration and Development Risks

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

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

(c) Operational Risks

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

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

(d) Commodity Price Volatility and Foreign Exchange Risk

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

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

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's

exploration, development and production activities, as well as on its ability to fund those activities.

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

(e) Environmental Risks

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

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

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

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

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

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

(f) Metallurgy

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

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

(g) Native title

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

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

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

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

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

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

3.5 General Risks

(a) Security investments

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

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

(b) Share market conditions

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

(c) Global credit and investment markets

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

3.6 Investment Speculative

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

4. Underwriting

4.1 Underwriting agreement

The Company and the Underwriter entered into an underwriting agreement (**Underwriting Agreement**) pursuant to which the Underwriter agreed to fully underwrite the Offer.

Within 3 days after the issue of the underwritten Shares, the Company must pay to the Underwriter an underwriting fee of 6% of the aggregate offer price of the underwritten Shares, estimated to be \$61,740.

Additionally, the Company will pay all professional and third party fees incurred by the Underwriter in respect of the Offer.

The Underwriting Agreement contains termination clauses that relieve the Underwriter of its obligations if certain events occur. These include:

- (a) **Rights Issue Offer Document:** any of the following occurs in relation to this Rights Issue Offer Document:
 - (i) it is not lodged with the ASX by 24 December 2013 (or such later date agreed in writing by the Underwriter);
 - (ii) the Underwriter reasonably forms the view that there is a material omission, it contains a material statement which is misleading or deceptive, or a material statement has become misleading or deceptive;
 - (iii) the Underwriter reasonably forms the view that any projection or forecast in this Rights Issue Offer Document becomes, to a material extent, incapable of being met or unlikely to be met in the projected time;
 - (iv) ASIC gives notice of intention to hold a hearing under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the Corporations Act; or
 - (v) any person other than the Underwriter who consented to being named in this Rights Issue Offer Document withdraws that consent;
- (b) **supplementary offer document:** the Underwriter reasonably forms the view that a supplementary or replacement document (as appropriate) must be lodged with ASIC under section 719 or section 724 of the Corporations Act and the Company does not lodge a supplementary or replacement document (as the case may be) in the

form and content and within the time reasonably required by the Underwriter;

- (c) **ASX listing:** ASX does not give approval for the underwritten Shares to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;
- (d) **index changes:** the S&P / ASX All Ordinaries Index (ASX Code: XAO) or S&P / ASX Small Resources Index (ASX Code: XSR) falls more than 10% from the date of the Underwriting Agreement and remains at that level for at least a period of 3 consecutive Business Days;
- (e) **indictable offence:** a director of the Company or any Related Corporation is charged with an indictable offence;
- (f) **return of capital or financial assistance:** the Company or a Related Corporation takes any steps to undertake a proposal contemplated under section 257A or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;
- (g) **banking facilities:** the Company's bankers terminating or issuing any demand or penalty notice or amending any material terms of any existing facility or claiming repayment or accelerated repayment of any facility or requiring additional security for any existing facility;
- (h) **change in laws:** any of the following occurs:
 - (i) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia; or
 - (ii) the public announcement of prospective legislation or policy by the Federal Government, or the Government of any State or Territory; or
 - (iii) the adoption by the ASIC, its delegates, ASX, the Reserve Bank of Australia or any other regulatory authority of any regulations or policy,

which does or is likely to have a material adverse effect;

- (i) **failure to comply:** the Company or any Related Corporation fails to comply with any of the following:
 - (i) a provision of its constitution;
 - (ii) any statute;
 - (iii) a requirement, order or request, made by or on behalf of the ASIC or any governmental agency; or

(iv) any material agreement entered into by it,

and such failure to comply does or is likely to have a material adverse effect;

- (j) **alteration of capital structure or constitution:** except as described in this Rights Issue Offer Document, the Company alters its capital structure or its constitution without the prior written consent of the Underwriter;
- (k) **hostilities:** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, Japan, Russia, the United Kingdom, the United States of America, or the Peoples Republic of China, other than hostilities involving Afghanistan or Iraq, any country bordering Afghanistan or Iraq or any Arab country (being a country the majority of whose inhabitants are of Arab ethnicity);
- (l) **extended force majeure:** a force majeure, which prevents or delays an obligation under the Underwriting Agreement, lasting in excess of 2 weeks occurs;
- (m) **default:** the Company is in default of any of the material terms and conditions of the Underwriting Agreement or breaches any warranty or covenant given or made by it under the Underwriting Agreement;
- (n) **adverse change:** any event occurs which does or is likely to have a material adverse effect;
- (o) **investigation:** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a Related Corporation;
- (p) **due diligence:** there is a material omission from the results of the due diligence investigation performed in respect of the Offer or the results of the investigation or the verification material are false or misleading;
- (q) **prescribed occurrence:** a Prescribed Occurrence (as defined in the Underwriting Agreement) occurs, other than as disclosed in this Rights Issue Offer Document (not including any supplementary offer document except with the consent of the Underwriter);
- (r) **suspension of debt payments:** the Company suspends payment of its debts generally;
- (s) **event of insolvency:** an event of insolvency occurs in respect of a Related Corporation; or

- (t) **judgment against a Related Corporation:** a judgment in an amount exceeding \$50,000 is obtained against the Company or a Related Corporation and is not set aside or satisfied within 7 days.

For the purposes of the above paragraphs, "material adverse effect" means an actual material adverse effect on the assets, financial condition, financial position or financial prospects of the Company and Related Corporations taken as a whole or an event which could, in the reasonable opinion of the Underwriter, give rise to a liability of the Underwriter under the Corporations Act in respect of the Offer.

In the event that the Shortfall results in a priority sub-underwriter's shareholding in the Company equating to less than 7,142,857 Shares, the Underwriter will, on behalf of the Company, offer to undertake a top up placement (**Top-Up Placement**) to arrange the placement of additional Shares to such priority sub-underwriter(s) so that each priority sub-underwriter (at its sole election) can subscribe for the full 7,142,857 Shares. Due to ASX approvals (if the Company does not have sufficient placement capacity under Listing Rule 7.1) the Top-Up Placement issue price will be the higher of \$0.035 or 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the Top-Up Placement is made.

As a term of the underwriting, the Company has agreed to indemnify the Underwriter, its related bodies corporate and their respective directors, officers, employees, agents, representatives and advisers from and against any and all claims, actions, damages, losses, liabilities, costs or expenses, including costs for legal advice on a solicitor/client basis, (**Losses**) which any indemnified party incurs or suffers in respect of or in any way relating to the Offer, this Rights Issue Offer Document or the Underwriting Agreement, including any Losses in connection with any investigation, inquiry or hearing by ASIC, ASX, a government or any government agency.

The Underwriting Agreement also contains covenants, warranties, representations and other terms usual for an agreement of this nature.

4.2 Directors' interests in Company securities and sub-underwriting obligations

The Directors or their nominees currently hold Shares and options.

Mr Tom Henderson and Mr Riccardo Vittino or their nominees have each agreed to sub-underwrite part of the Offer. Their sub-underwriting commitments are on the same terms as sub-underwriting commitments from others, and are unconditional and irrevocable. However, if the Offer does not proceed, or the Underwriter terminates its obligations under the Underwriting Agreement, the sub-underwriting arrangements terminate immediately. The sub-underwriters will be paid a 3% sub-underwriting fee.

If there are any Shortfall Shares the Underwriter will determine the obligations of each of the sub-underwriters in accordance with the sub-underwriting

agreements. The number of Shortfall Shares sub-underwritten by Mr Henderson and Mr Vittino is set out in the table below.

The Directors' and their nominee's current shareholdings and interests in Shares and options and their sub-underwriting obligations are as follows:

	Mr Tom Henderson	Mr William Dix	Mr Riccardo Vittino	Mr Russell Lynton Brown
Current Number of Shares	4,000,000	800,005	600,000	700,000
Current percentage holding	5.44%	1.09%	0.82%	0.95%
Current number of Options	1,500,000	1,500,000	500,000	0
Entitlement to Shares under the Offer ¹	1,600,000	320,002	240,000	280,000
Maximum number of Shares under the Sub-underwriting commitment	5,714,286	0	1,428,571	0
Maximum number of Shares following the Offer ²	9,714,286	1,120,007	2,028,571	980,000
Maximum percentage of Shares following the Offer ²	9.440%	1.09%	1.97%	0.95%

¹ Assuming Directors do not exercise their options.

²Assuming the Directors and their nominees take up their full entitlements under the Offer and Mr Henderson and Mr Vittino are allocated the maximum number of Shares under their sub-underwriting commitments.

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

5. Glossary of terms

\$ means Australian dollars.

Applicant means a person who submits an Application Form.

ASIC means Australian Securities and Investments Commission.

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

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

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

CHESS means ASX Clearing House Electronic Subregister System.

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

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

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

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

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

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

Listing Rules means the Listing Rules of ASX.

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

Offer is as defined in Section 1.1. **Error! Reference source not found.**

Official List means the official list of ASX.

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

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

Premier means Premier Coking Coal Limited.

Premier Acquisition means the proposed acquisition of Premier pursuant to an option agreement as announced to ASX on 14 August 2013 and 12 November 2013, and the subject of Shareholder approval at a general meeting to be held on 16 December 2013.

Premier US means Premier Coking Coal, LLC.

Record Date means 5:00pm (WST) on the date identified as such in the indicative timetable, or such other date as announced to ASX by the Company.

Registry or Link means the Company's share registry, Link Market Services Ltd.

Related Corporation means a "related body corporate" of the Company as that expression is defined in the Corporations Act and includes (where applicable) the Company itself and a body corporate which is at any time after the date of the Underwriting Agreement a "related body corporate" but ceases to be a "related body corporate" because of an amendment, consolidation or replacement of the Corporations Act.

Rights Issue Offer Document means this document.

Section means a section of this Rights Issue Offer Document.

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

Shareholder means a holder of Shares.

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

Underwriters means Argonaut Capital Limited and Forrest Capital Pty Ltd.

Underwriting Agreement is as defined in Section 4.1.

WST means Australian Western Standard Time.