

FITZROY RESOURCES LTD

ABN 43 145 590 110

Fast Facts - August 2013

Share Code	ASX: FRY
Shares on Issue	47 Million
Options	11 Million
Market Cap @\$0.03	\$1.4M
Cash at Bank	\$1.93M

Directors and Officers

Tom Henderson, **Chairman**
 Will Dix, **Director**
 Ric Vittino, **Director**
 Ben Lane, **Interim CEO**

Projects

Rookwood:

- 70km NW of Rockhampton
- 20km S of Marlborough
- Total area approx. 760km²
- 1.75Mt @ 1.7% Cu, 2.1% Zn, 8.5 g/t Ag Inferred Resource

Glentanna:

- 140km SW of Brisbane
- Total area approx. 75km²
- Greenfields Exploration
- Drilling identified low level Cu/Zn mineralisation



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14 August 2013

US Coking Coal Property Option Agreement

- **Fitzroy enters option to acquire hard coking coal assets in USA**
- **Second phase due diligence to commence during August with drill program**
- **New in-country team established to manage the project and assess further opportunities**

Fitzroy Resources Ltd ("Fitzroy" or "FRY") is pleased to announce it has entered into an option agreement pursuant to which Fitzroy has been granted an option to acquire 100% of Premier Coking Coal Limited and its subsidiary, Premier Coking Coal LLC ("Premier" or "PCC"), a US based coal exploration and development company ("Option").

Premier is a privately owned, US registered company that holds an option to acquire the Emmaus project ("Emmaus") on the border of McDowell and Wyoming counties in West Virginia.

The Emmaus property covers approximately 4700 acres of known hard coking coal territory in the Appalachian Basin. Fitzroy proposes to conduct a short drill program to twin a limited number of historical holes as part of the necessary confirmatory work on the numerous historic drilling results on the property.

Emmaus was last mined in the late 1990s by Virginia Crews. The Emmaus' seams produce mid-volatile, hard coking coal and are regarded as very high quality based on demand for similar coking coal in the district. The primary coal seams of interest on the Emmaus project are the Gilbert, Red Ash and laeger. All of these seams are accessible from surface (hillsides) and are being mined by other operators within two miles of the Emmaus property. The area is well serviced by existing rail and port infrastructure.

Under the terms of the agreement, Fitzroy will pay option payments of US\$150,000. Fitzroy will spend up to \$400,000 on expenditures related to confirmatory work and reporting to demonstrate the commercial merit of exercising the option.

Transaction Rationale

Fitzroy has strategically chosen to pursue coking coal assets and have evaluated opportunities in the US coal industry during 2013. Sourcing of quality coking coal to support the continued growth of the Chinese steel industry will be more difficult.

Globally, the cost of installing new metallurgical coal capacity has increased dramatically, particularly in Australia. In contrast, West

Virginia has numerous rail sidings providing access to the major ports of Norfolk and Baltimore. Opportunities to access or purchase redundant plant capacity exist in close proximity to the Emmaus project. The barriers to entry in the Appalachian Basin can be extremely low by global standards if the project is well located. The application process for new mines within this jurisdiction is mature and the local work force is highly skilled.

As a new entrant, Fitzroy and Premier have chosen the first project carefully. Emmaus is “above drainage”, meaning that all the coal is above known coal seam gas. This lowers the technical challenge of gas pre-draining and can lower operating costs. The coal seams are flat and are accessed from the hillside without expensive, upfront development costs.

Fitzroy and Premier have teamed with local, experienced coal practitioners with knowledge of the area and Fitzroy’s strategy is to be well positioned to commence rapid development and take advantage when the coking coal price begins to rise again.

The US thermal coal industry in recent years has been adversely affected by the new shale gas revolution which has flooded the US power generation sector with cheap gas supply via new gas fields and more reliable supply. The share of coal in electricity generation averaged 50% from 1990 to 2010 and reduced to as little as 32% in April 2012. The proportion of coal use has proven to be remarkably sensitive to fluctuations in the price of natural gas.

As a result, the overall US coal industry has had to adapt and become more competitive and this is to the long term advantage of coking coal producers. Many thermal coal mines have shut or are operating at a loss. Costs have decreased as contractors, employees and suppliers in the industry have been forced into more competitive terms. Over time this will position US based, coking coal producers in a stronger position to compete on the global market. In the mean time, many of the larger US based companies are operating at a loss and servicing large debts incurred due to transactions made during the past few years creating opportunities for new entrants.

Fitzroy will now commence its next phase of due diligence which includes title review and a data verification process on the Emmaus Project. Extensive historic data does exist and with this agreement signed, Fitzroy will engage with a US based independent expert and JORC Compliant Competent Person to assist with the next steps of verification and reporting.

Our new team on the ground will also be actively evaluating new opportunities and our strategy is to develop a profitable export coking coal business within North America.

Project Location

The Emmaus property covers 4,700 acres across the border of McDowell and Wyoming counties in West Virginia, USA. The project is in the centre of the Appalachian Basin, once the heart of the US coal industry and still a major coal producing district.

West Virginia is by far the largest source of US export coal, producing over 30% of all coal exports. In 2011, West Virginia was the second largest coal producer in the United States, producing 12% of all US production. Of this, 27% was exported, the vast majority being metallurgical coal.

FIGURE 1 - MAJOR COAL REGIONS OF THE USA

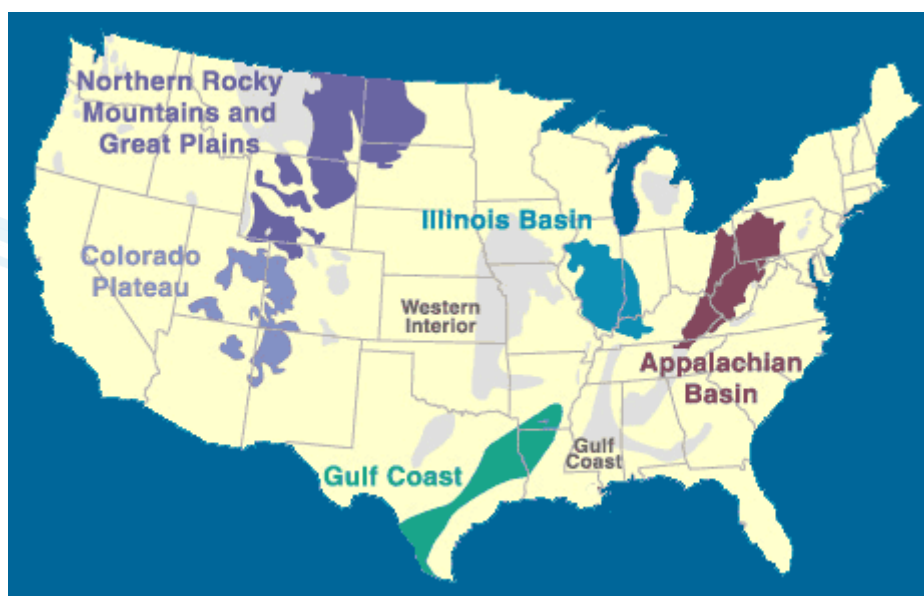
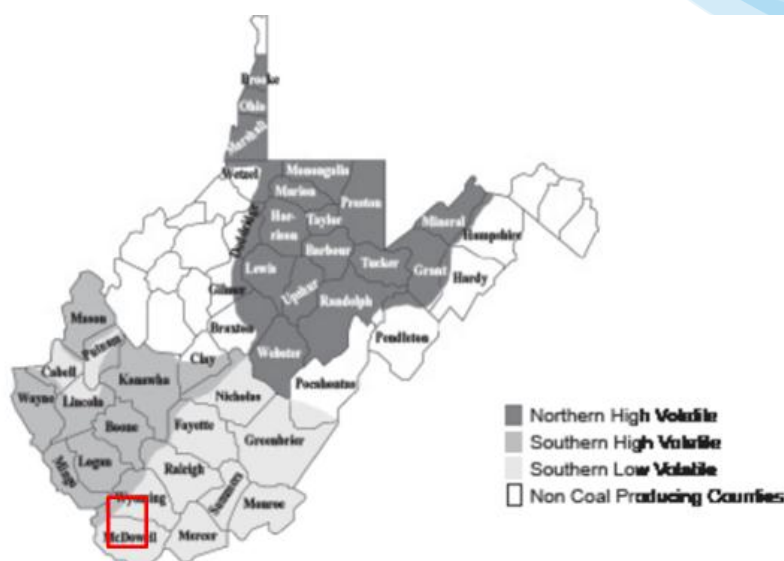


FIGURE 2 - WEST VIRGINIAN COAL DISTRIBUTION



West Virginia characterised by hilly, rugged and well vegetated terrain. The Emmaus site is accessible by roads and hills and tracks in many locations provide access to outcropping seams.

FIGURE 3 - VIEW OF EMMAUS PROPERTY AND OLD TAILINGS DAM



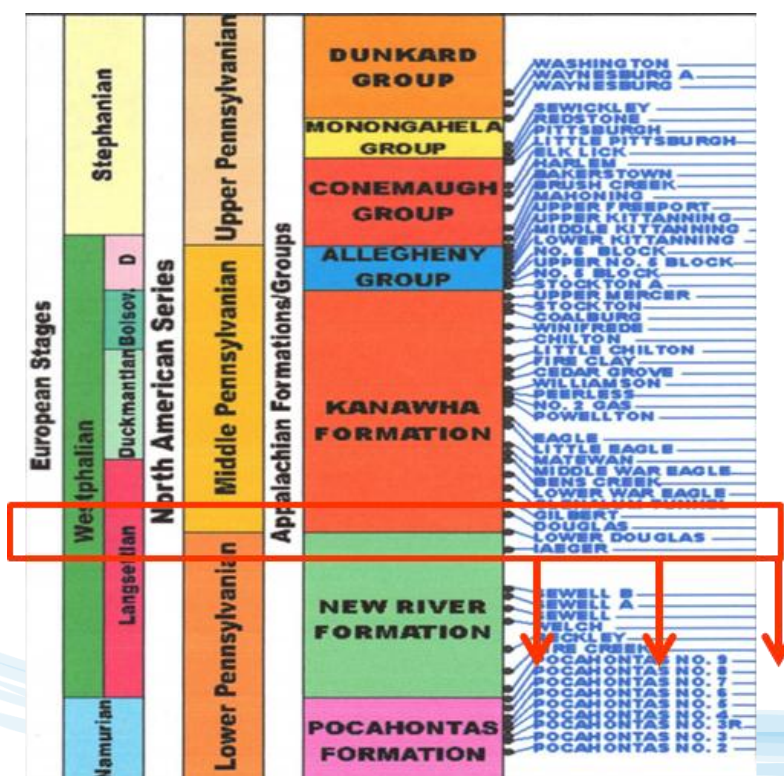
Geology and Exploration

As is common in this district, thin seam mining methods have historically and are currently utilised by neighbouring companies. The coal has minimal dip and no major structures are known.

Figure 4 illustrates the coal sequence in the Appalachian Basin. Emmaus operations have historically targeted the Gilbert and Red Ash seams which are both “above drainage”. (Note: Red Ash is also known as the Douglas seam and this terminology is used in Figure 4).

Fitzroy considers that Emmaus holds the potential for a future “below drainage” coal resource but future drilling in the area will be limited initially.

FIGURE 4 - STRATIGRAPHIC COLUMN OF APPALACHIAN BASIN COAL HIGHLIGHTING THE TARGET ABOVE DRAINAGE SEAMS (IN RED BOX) AND POTENTIAL UPSIDE BELOW



Historically, over 40 drill holes have been completed within the project that Premier has records of. Going forward, Fitzroy intends to verify this historical data through a thorough review of sample collection, preparation, QAQC analysis and a number of twin holes plan to be drilled. This data will be compiled and reported in accordance with JORC 2012 guidelines. Drilling will also test the potential for other, deeper seams.

Infrastructure

The district is well serviced by infrastructure required for mine development. Numerous small mines operate in the area and processing options are typically available. Towns, utilities and a well-trained population are available.

This project is located within a mature coal mining district and has many rail sidings and redundant plant capacity can often be accessed on commercial terms. Export coal is typically loaded through Norfolk or Baltimore coal terminals.

FIGURE 5 - RAIL AND THE TOWN OF IAEGER SHOWN ADJACENT TO THE APPROXIMATE SOUTHERN PROPERTY BOUNDARY



Transaction Details

The decision to exercise the option may be made any time before 16th December 2013 with completion to occur by 13 March 2014. At 16 December 2013 a further payment of US\$250,000 to Premier will be made if Fitzroy elects to continue with the acquisition. Such payment will be used by Premier to meet its obligations under the Emmaus option agreement. Completion of the acquisition is subject to satisfactory due diligence and the transaction obtaining all necessary regulatory and shareholder approvals.

Upon completion of the option, Fitzroy will issue 55 million FRY shares and 55 million FRY performance shares to the owners of PCC. The FRY performance shares will be issued subject to Shareholder and ASX approval and will convert to FRY shares on a one for one basis on satisfaction of the following milestones:

- The FRY share price is over \$0.20 for a continuous period of 30 business days; and
- Either:
 - Fitzroy identifying a total resource in all JORC categories of at least 50 million tons of coal within the Area of Mutual Interest with at least 50% of the resource being in the Measured and Indicated category, or;
 - Fitzroy making a decision to mine at any project within the Area of Mutual Interest.

The Area of Mutual Interest is defined as the area within 30 miles of Emmaus.

On or following completion Fitzroy will also pay to the current owners (not related to the owners of PCC) for the final acquisition of the Emmaus project the following instalments:

- \$450,000 on the date that Premier completes the acquisition of the Emmaus project following exercise of the Emmaus option (contemplated to occur simultaneously with the Fitzroy option); and
- \$750,000 on 16th of June, 2014

Fitzroy will seek shareholder approval under Listing Rules 7.1 and 10.1 for the issue of the FRY shares and FRY performance shares to the vendors of Premier and under Listing Rule 11.1.2 to complete the acquisition of Premier. Forrest Capital (of which Tom Henderson is a principal) has a minority interest in Premier and accordingly approval is being sought under Listing Rule 10.1.

As part of the terms of the Option Agreement any new potential acquisitions within 30 miles of the Emmaus project are for the benefit of Fitzroy and will be acquired from third parties (unrelated to the vendors of Premier) at cost with no additional benefit to the vendors of Premier.

Under the Option Agreement, the vendors of Premier have the right to appoint two directors to the Board of Fitzroy on completion of the transaction. The parties will mutually agree a Chief Executive Officer.

The Option Agreement contains warranties that are customary for a transaction of this nature.

Interim CEO

We are pleased to announce the appointment of Benjamin Lane as the interim CEO of Fitzroy. He will be responsible for managing the data confirmation process at Emmaus and monitoring and managing the progress at the existing Rookwood and Develin Creek assets. Mr Lane will be paid a salary of \$200,000 per annum plus superannuation based on a monthly contract arrangement which Fitzroy will seek to formalise once a decision has been made to proceed with the Premier acquisition.

Ben is a mining engineer with 17 years experience in operations, planning and commercial roles which has included positions encompassing iron ore, coal, copper and zinc at both greenfield and brownfield mine sites. Ben has worked in a number of international roles based in China, Indonesia and Hong Kong. He spent 10 years as a mining engineer at Rio Tinto Iron Ore and Rio Tinto Coal and most recently was Director, Corporate Finance at Argonaut Limited. Ben is also is a member of the Australasian Institute of Mining and Metallurgy (AusIMM).

ABOUT FITZROY:

Fitzroy Resources Ltd is an Australian based mineral exploration company, with two significantly underexplored Queensland base metals projects.

Fitzroy's main focus is to rapidly evaluate the Rookwood project, containing the promising Develin Creek inferred Resource of 1.75Mt @1.7% Cu, 2.1% Zn, 8.5ppm Ag and 0.24ppm Au. Typical VHMS prospects such as Rookwood, often contain multiple ore systems, with Develin Creek the first system discovered to date in this terrain. Rookwood contains significant potential for the discovery of substantial copper/gold deposits beyond the existing resource.

COMPETENT PERSONS STATEMENT:

The information in this document that relates to Mineral Resources at Rookwood and Glentanna has been compiled by Ms Fleur Muller. Ms Muller, who is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Geostat Services Pty Ltd and produced the Mineral Resource Estimate based on data and geological information supplied by Icon. Ms Muller has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity that she is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code. Ms Muller consents to the inclusion in this document of the matters based on her information in the form and context in which it appears.