

ASX ANNOUNCEMENT

Agreement for sale of shareholding in EGL UK

Sydney, Monday 12 August 2013

Fitzroy River Corporation Limited (“FZR” or the “Company”) announces that it has entered into an agreement to sell all of its 75,656,848 shares (“Shares”) held in European Gas Ltd (“EGL UK”) at a price of \$0.12 per Share, valuing the Shares at \$9.08 million (“Agreement”).

The Agreement is with 2 Purchasers: Chaldon Asia Limited (as to 40,656,848 of the Shares) and Maritime Manufacturers Associates Ltd (as to 35,000,000 of the Shares). Those purchaser companies are Bahamian based and are understood to represent (respectively) the interests of 2 French national individuals. One of the purchaser companies is understood to have an existing investment in EGL UK. The sale is conditional on, among other things, the Purchasers now making a deposit of \$200,000 against their obligation to complete the sale (“Deposit”).

The sale of the Shares will require approval by FZR shareholders voting on an ordinary resolution at a general meeting of members. The directors of FZR will convene a general meeting of FZR shareholders expected to be held in mid-September 2013 and the notice of general meeting is expected to be issued next week. The directors of FZR are unanimously recommending that shareholders vote in favour of the sale in the absence of a superior proposal or a material change in circumstances.

EGL UK is an unlisted private company incorporated in England and Wales and is a former subsidiary of the Company that was demerged from the Company by way of a share buy-back in July 2012. The Company remains (to its knowledge) the largest shareholder in EGL UK with just over 25% of its issued shares, but has no significant control or influence over EGL UK.

The Company has agreed a one month exclusivity period with the Purchasers, during which it must not directly or indirectly engage in discussions or solicit, initiate or invite any inquiries, proposals or discussions, in relation to, or which may be expected to lead to, a ‘Competing Proposal’ (as defined). This provision is subject to a ‘fiduciary carve-out’ for the Company’s directors.

A mutual break fee arrangement has also been agreed, whereby if the Company's shareholders vote against the sale, the Company will be required to pay the Purchasers a \$200,000 break fee. Similarly, if the Purchasers fail to complete the sale, the Company will be entitled to a \$200,000 break fee, which can be satisfied by forfeiture of the Deposit.

The expected timetable for the sale of the Shares under the Agreement is as follows:

Deposit to be received by FZR	13 August 2013
Notice of meeting mailed	week beginning 19 August 2013
General meeting held	week beginning 16 September 2013
Completion Date under the Agreement	week beginning 16 September 2013

The sale proceeds of approximately \$9.08 million (before costs) will significantly increase the Company's cash reserves. As at 30 June 2013 the Company has carried forward capital losses of over \$20 million and these should be available to offset the capital gain to be made on this sale in the 2014 tax year, based on a continuity of ownership test having been met.

The entry into the Agreement is also expected to result in a write down of the fair value of the EGL UK Shares in the Company's financial statements for the financial year just ended, from \$14.53 million (as stated in the half-yearly report) to \$9.08 million. Further details will be included in the notice of meeting and also in the Company's audited financial statements for the period ended 30 June 2013.

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