

3 February 2017

Dear Shareholders

Accept Recommendation Reiterated

The Royalco directors reiterate their recommendation for Royalco shareholders to accept the Fitzroy River Corporation Limited cash takeover offer of 20 cents per Royalco share.

The Offer is due to close at 7pm on Monday 13 February 2017. Whilst this date may be extended, you should not assume that it will be extended.

You can sell your shares on market, or you can direct your broker to accept the Offer for your CHES holding, or you can complete and sign the Acceptance Form previously provided to you and return it in the reply paid envelope provided to you so that it is received before the closing date (and allowing for postal service delivery).

Any Royalco shareholder who has mislaid their Acceptance Form can contact Justin Clyne, the Fitzroy Company Secretary on 02 9993 4407 or via email to jclyne@clynecorporate.com.au to request a replacement Acceptance Form.

The Fitzroy Offer price of 20 cents per share is final and will not be increased. It is unconditional, and if you accept the Offer before 7pm on 13 February 2017 you will receive payment within 7 days of receipt of a valid Acceptance Form. The Offer is recommended unanimously by the Royalco board in the absence of a superior proposal, and no such superior proposal has been announced or in the opinion of the Royalco directors is expected.

There is one other key factor. Fitzroy presently has a 43.83% relevant interest in Royalco shares and has stated that it may well seek to delist Royalco from ASX following the close of the Offer. Having regard to the Royalco shareholding structure, Fitzroy is expected to be able to procure the delisting of Royalco from ASX in due course.

Shareholders who do not accept the Offer or do not sell their shares during the currency of the Offer run the real risks that the share price may fall and that there will be limited opportunity to sell their shares after then. Your directors consider the more prudent approach for shareholders is to accept the Offer or sell their shares on market during its currency.

If you need any more information I recommend that you seek independent advice or call Royalco on 03 9602 3626.

Yours sincerely



Peter Topham
Executive Chairman and Managing Director