

31 January 2018

Changing Oil Price Creates Positive Outlook for Royalty Portfolio

Portfolio Review and Activity

The recent world oil price of over US\$70/bbl (Brent) is very positive for HPR royalties. The oil price recovery to a three year high has had an immediate effect on the revenue from our royalties on USA oil producing assets, which is reflected in this past quarter results and will increase revenues in the current month and bodes well for the future.

Santos (ASX.STO) has announced the plans to drill a very large sub-salt structure in the Amadeus Basin “Dukas” early in 2019, and HPR has a royalty on this area. Santos has also announced increased drilling activity at the Tintaburra oil field in ATP 299. Recent low oil prices meant there was no payment on the HPR NPI, but this may change with resulting production rate effects and a higher oil price environment.

The strong Australian East Coast gas market is positive for our multiple royalties on Australian gas assets.

The Peat gas field in Queensland continues steady production, and revenues are increasing with higher gas prices. This was not reflected in the past quarter results as payment was deferred, but should be in the next quarterly report.

Importantly, the Operator (APLNG) is planning a large 3D seismic survey to explore deeper gas potential in the block, and given the existing infrastructure, a deep discovery could be quickly put on production.

Seven Group Holdings (ASX.SVW) has announced intentions to restore production at Longtom gas condensate field offshore Victoria, and a desire to drill one or two wells when a rig is available. The restoration of production would see royalty payments resuming on oil and condensate.

Cash receipts of royalties received have maintained an overall positive upward trend with half year proceeds being \$75,123. The previous half year to 31 December 2016 returned \$10,401.

The Company continued to monitor its operational, administration and corporate costs noting that this has had a significant impact on decreasing the cash burn rate year on year and for the quarter.

The portfolio approach to royalties continues with 23 royalties, many of which are in areas with identified resources and near term development potential. The company continues to seek and screen acquisition opportunities.



Valuation of the QLD gas royalty portfolio:

- Following recent strong east coast gas market demand and price activity Core Energy were commissioned to prepare a report and valuation update on the QLD assets given the significant publicity and pricing strength in the domestic market;
- Core Energy has completed their report and provided guidance that a domestic gas scenario, based on estimated forward prices, could provide significant value if that development occurs, and would be expected to increase the risked valuation.

Evaluation of the High Peak investment in Royenco Resources Limited (ASX.RCO):

- RCO provided guidance that they would not be declaring a dividend. This is an unsatisfactory outcome for HPR's capital base and HPR will continue to seek a more efficient resolution.
- HPR notes the RCO Board announced the intention to auction the Weeks Royalty and the Company is considering its position.

ON-MARKET SHARE BUYBACK

High Peak undertook a share buyback in the December quarter which resulted in 1,200,674 shares bought back.

Volume of share buyback has been limited as buy back price is limited to 105% of 5 day VWAP and only a few shares are periodically available to purchase at this price level.

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ABOUT HIGH PEAK ROYALTIES LIMITED

High Peak Royalties Ltd (ASX:"HPR") is building a portfolio of diversified high value resource royalties around the world. In the current climate, High Peak is looking to partner with capable operators to secure royalties over high value producing assets and leverage our capital and structuring expertise.

The company's portfolio includes:

Permit / Location	Royalty Interest (%)	Operated By
PL 171 and ATP 574P	2.50	Queensland Gas/BG Group/Shell
ATP 299P Petroleum Leases: PL29, PL38, PL39, PL52, PL57, PL95, PL169, PL170, PL293, PL294, PL295 and PL298	3.6/4.0	Santos
Peat Gas Field (PL101)	2.13	Origin Energy
Surprise Oil Field (PL6)	1.00	Central Petroleum
Longtom Gas Field (VIC/L29 and VIC/P54)	0.30	Seven Group Holdings
WA-314-P	0.10	Karoon Gas
WA-315-P	0.10	ConocoPhillips
EP(A)111, EP115, EP(A)120 and EP(A) 124	1.00	Central Petroleum
EP112, EP115NM and EP125	1.00	Santos
WA-482-P	0.20	Quadrant Energy
EP156 and EP(A)155	2.00	Mosman Oil and Gas
United States (East Texas, Permian and Texas Gulf Coast Basins)	0.20 to 0.40	Sabine Oil and Gas, Pioneer Natural Resources and Wagner Oil Company
United States (East Texas)	1.00	Silver Tusk and New Century Operating
Weeks Petroleum Royalty (Gippsland Basin) indirect interest via 10.68% shareholding in Royalco Resources (ASX: RCO)	0.0025	ExxonMobil