

31 July 2018

## Exploration Activity Positive for Royalty Portfolio

### ACTIVITY AND PORTFOLIO REVIEW

The stronger oil price (over USD 70/bbl) has increased revenue, and importantly seen increased activity in the HPR royalty areas.

We provide updates on recent activity reported in the market on projects that HPR has a royalty interest over to provide context to the shareholders in this announcement. Importantly the royalty model involves no direct expenditure to the Company for exploration and drilling costs, while still providing royalty income and prospective upside across such projects as a result of these expenditures.

Please refer to the company's portfolio table on the final page of the Activities Report for details of the royalty areas High Peak has interests over.

### Queensland

Origin announced it had commenced drilling the South Burunga-2 deep gas well in April. This well will test the deep gas potential below the shallow Coal Seam Methane (CSM) in PL 101. The Peat Gas Field is in PL 101, and HPR receives royalty payments on the 2.25% royalty on the production licence area. Any gas discovery in the deep zones can be quickly connected to the East Coast Gas market using existing infrastructure.

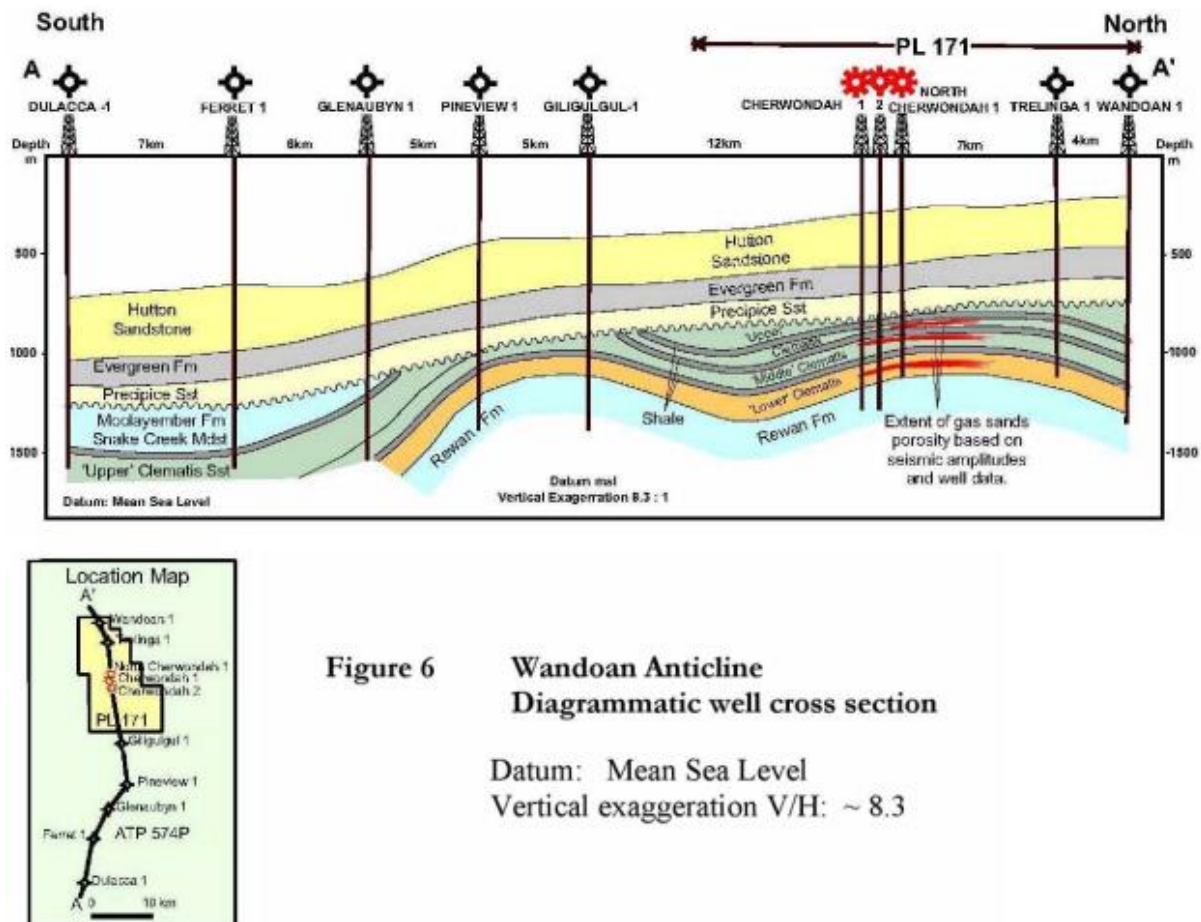
"The Burunga South 2 Exploration well was spudded on 21 April 2018. This is a deep conventional well targeting non-CSG prospects below the Peat field" (source: Origin<sup>1</sup>).

Importantly, this well will test the geological trend that extends beneath the adjacent areas PL 510 (formerly PL 171) and ATP 574P operated by Shell, where gas has been discovered in previous wells.

HPR has a 2.5% royalty over these licence areas, which have identified CSM potential.

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<sup>1</sup> [https://www.originenergy.com.au/content/dam/origin/about/investors-media/documents/180430\\_Mar-2018-QPR\\_Final.pdf](https://www.originenergy.com.au/content/dam/origin/about/investors-media/documents/180430_Mar-2018-QPR_Final.pdf)



Source: <http://www.domepetroleum.org/assets/dome-prospectus-.pdf>

Two new small areas were awarded by the Queensland government to Central Petroleum (CTP) and Senex, to the east and west of ATP 574. Whilst HPR does not have a royalty on these areas, the Queensland government estimates confirm the CSM potential in the area.

As part of the tender process a stated estimate by the Queensland Government of “377 PJ of Original Gas In Place of which 150-180 PJ potentially recoverable” was noted.

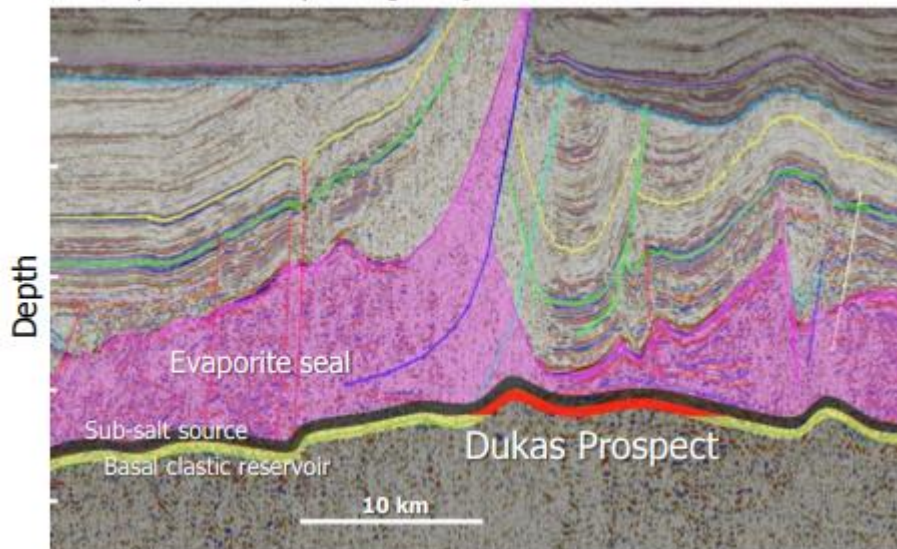
## Northern Territory (NT)

HPR has a 1% royalty over much of the Amadeus Basin in the NT. The NGP connecting NT to the East Coast Gas Market is due to be completed by the end of 2018.

Santos announced their intention to drill the large Dukas prospect in early 2019. This is a significant test of the sub-salt “play” which Santos estimate to contain over 2 tcf of hydrocarbons and 400 bcf of helium.

The work by Santos has shown excellent progress in understanding the geology of the Amadeus and the Basin is poised for exploration activity<sup>2</sup>.

<sup>2</sup> <http://centralpetroleum.com.au/wp-content/uploads/2016/10/Santos-Seapex-Presentation-AMADEUS-Johns-et-al-2017.pdf>

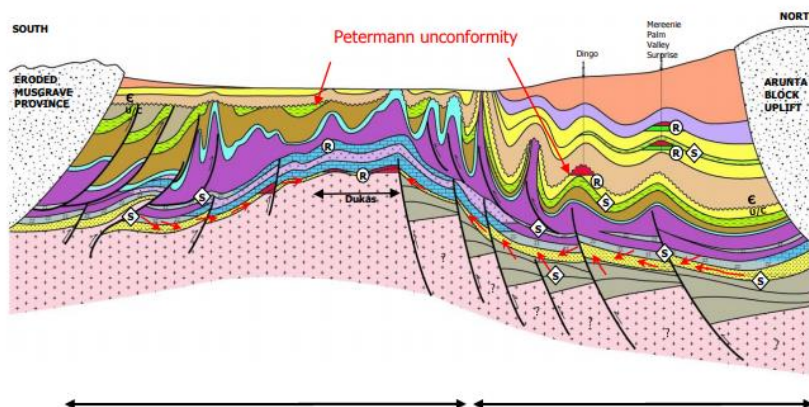


**Source:** <https://www.santos.com/media/4247/2017-santos-investor-day-presentation-and-asx-release.pdf>

## Amadeus Basin; Conceptual Play Cross Section

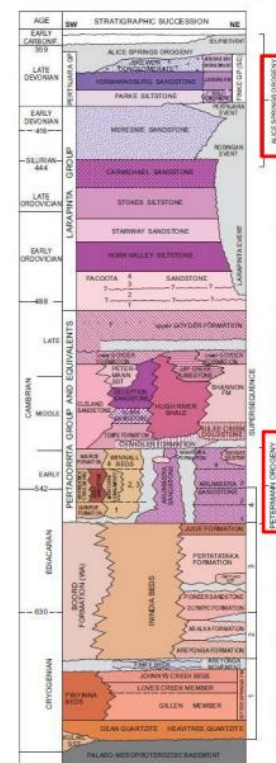
**Santos**

Proterozoic section in the south, Palaeozoic section in the north



- Thick, deformed Bitter Springs evaporite sequence
- Thin, slightly deformed, Cambrian to Devonian series above the Petermann unconformity:
- Some minor Alice Springs deformation
- Thick, strongly folded, Cambrian to Devonian series above the Petermann unconformity:
- Strong Alice Springs deformation

Seapex 2017



**Source:** <http://centralpetroleum.com.au/wp-content/uploads/2016/10/Santos-Seapex-Presentation-AMADEUS-Johns-et-al-2017.pdf>

## **Western Australia (WA)**

Quadrant and Carnarvon Petroleum announced large discoveries in WA-435-P and WA-436-P.

HPR does not have a royalty on this area, but does have a 0.2% royalty on the nearby Quadrant operated permit WA-482-P where Karoon announced 2,795 million bbls Unrisked Prospective Resource estimates.

“Phoenix South (Caley) 489 Bcf of gas 57 mmbbls of oil, Roc Field (Caley) 332 Bcf of gas 20 mmbbls of oil”. Carnarvon

“WA-482-Prospective Resource Revisions Revisions occurred following the acquisition of the Capreolus 3D seismic data. The permit now has high quality 3D data covering approximately 82% of the permit area which has been used to better define, risk and rank ten significant prospects.”<sup>3</sup>

## **Victoria**

Longtom production may re-start once the Orbost gas plant upgrade is completed in early 2019. HPR notes that Seven Group Holdings announced on 3 May 2018 that: “Longtom 3 and Longtom 4 wells are ready for production following electrical rectification in the Longtom system – we have 20 PJ available for re-start subject to availability of third party gas transport and processing. Longtom 5 is “drill ready” with potential first gas 12-18 months after the re-start of the field, with 80 PJ in total uncontracted gas coning into a tight East Coast gas market”<sup>4</sup>.

## **USA**

HPR continues to receive revenue from multiple royalties in the USA.

## **CORPORATE ACTIVITY**

Summary of announcements during the June 2018 quarter:

<b>Date</b>	<b>Announcement</b>
10/05/2018	Investor Roadshow Presentation
29/05/2018	Drilling Activity and Payment Receipts from Peat PL 101 Field
25/06/2018	HPR welcomes new institutional investor ASX.LRT & App 3Y

<sup>3</sup> [http://www.karoongas.com.au/news\\_pdf/Karoon\\_Resource\\_Update\\_08052018.pdf](http://www.karoongas.com.au/news_pdf/Karoon_Resource_Update_08052018.pdf)

<sup>4</sup> <https://www.asx.com.au/asxpdf/20180503/pdf/43trv1cw48l6ym.pdf>





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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:

<b>Permit / Location</b>	<b>Royalty Interest (%)</b>	<b>Operated By</b>
PL 510 (formerly 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)	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