



31 January 2019

DECEMBER 2018 QUARTERLY REPORT

Highlight

- High Peak completes successful capital raise through placement to ready for Planet Gas USA Acquisition
- Directors placement completed as approved by shareholders
- Acquisition of Planet Gas USA boosts royalty income
- New USD \$15m (~AUD\$21m) finance facility with Macquarie Bank Limited

ACTIVITY AND PORTFOLIO REVIEW

High Peak Royalties is pleased to announce the December quarter Statement of Cash Flows and Activities. The December quarter provided significant increases in royalty receipts.

During the quarter, cash receipts from royalties were \$137,782 largely driven by the cash received from the newly acquired Planet Gas USA, Inc. These royalty payments are received monthly in the month after production; for example, royalties on December production are to be received in February 2019. Cash receipts included in this report include royalty receipts effective from 15 October, the effective date of the acquisition of Planet Gas USA, Inc.

The balance sheet was strengthened with a successful \$1.25 million capital raise in October. The cash balance at the end of 2018 was \$1.6 million. Of the capital raised, \$750,000 was utilised to make principal repayments on the Macquarie Bank facility bringing to balance to US\$2m in January 2019. A further principal repayment is scheduled for December 2019. The Planet Gas royalty revenue is forecasted (based on existing production and pricing) to exceed interest payments.

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

GEOGRAPHIC REVIEW OF PORTFOLIO ASSETS

USA

HPR continues to receive revenue from existing multiple royalties in the USA. Whilst oil prices fell in October and November, they recovered in December and have stabilised at over US\$50/bbl. Gas prices increased in October before returning to steady levels in November.

Queensland

HPR continues to receive royalties on the Peat Gas Field. Origin Energy Limited (“Origin”) (ASX: ORG) today reported significant increase in gas prices (both LNG and domestic gas) compared to same period last year, and this will be reflected in future royalty revenues receipts due to the time lag between production and receipt of royalties.

Importantly, Origin announced South Burunga-2 encountered hydrocarbons and will be production tested. This deep well is testing the large potential gas resource in the the Bowen Basin that lies below the shallow coal seams in the Surat Basin. If the well is productive, it could be quickly brought into production through existing infrastructure.

Origin today announced the well has been cased and suspended, indicating the well drilled merits the cost of casing and has been suspended for future testing and/or production. Origin also noted significant expenditure (\$34 million) on this activity and 3D seismic in the Peat area, together with another deep well drilled to 4000m further east.

Shell Australia and Santos Limited (ASX: STO) announced a joint venture and the award of an exploration permit to test the same deep play in the Bowen Basin to the south east of the Peat Gas Field.

Northern Territory (NT)

Gas is now flowing from the NT to the Eastern States gas market, where prices are at record high levels, through the recently completed NGP pipeline.

Santos continues to prepare to drill the Dukas well, which is scheduled to start drilling in the next few months. This well will test the very large hydrocarbon and hydrogen resource potential of the sub-salt zones. HPR has a 1% royalty on this permit and several adjacent permits.

Western Australia (WA)

Exploration activity is picking up, and HPR expects that in due course there will be more drilling on permits where HPR has royalties.

Macquarie Bank Facility

As part of the acquisition of Planet Gas USA, Inc, as noted above, the Company assumed a debt facility from Macquarie Bank with a total facility limit of US\$15 million (AU\$21 million). Interest is charged at Libor plus 5.5% on the amount owed, with standard parent company guarantees and a 3-year term commencing 7 December 2018.



RECENT ANNOUNCEMENTS

Summary of announcements during the period to release of this report:

Date	Announcement
15/10/2018	Transformational Acquisition of Royalties & Finance Facility
17/10/2018	\$1.25m Capital Raising
24/10/2018	Appendix 3B
24/10/2018	Cleansing Statement
26/10/2018	Notice of 2018 Annual General Meeting
29/10/2018	September Quarterly Activities and Cashflow Report
20/11/2018	Investor Presentation
29/11/2018	2018 AGM Results
07/12/2018	Appendix 3B
07/12/2018	Appendix 3Y x 3
07/12/2018	PGS Transaction Approval & Directors Placement Completed
07/12/2018	Successful Completion of Acquisition of Planet Gas USA Inc

For enquiries please contact:

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Jarrold White

CHIEF FINANCIAL OFFICER | Company Secretary



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)	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	Santos
EP156 and EP(A)155	2.00	Mosman Oil and Gas
Planet Gas USA Inc. Royalties	3.00	Empire Energy
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

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

High Peak Royalties Limited

ABN

79 118 065 704

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from royalties	138	196
1.2 Payments for		
(a) exploration & evaluation	-	(15)
(b) development	-	-
(c) production	-	-
(d) staff costs	(60)	(138)
(e) administration and corporate costs	(5)	(97)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid	(89)	(89)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(9)	(136)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	(48)	(48)
(d) other non-current assets	-	-

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (available-for-sale assets)	(1)	(1)
2.6	Net cash from / (used in) investing activities	(49)	(49)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,184	1,184
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(521)	(521)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	663	663

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,054	1,178
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(9)	(136)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(49)	(49)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	663	663
4.5	Effect of movement in exchange rates on cash held	(4)	(1)
4.6	Cash and cash equivalents at end of period	1,655	1,655

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,655	1,054
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,655	1,054

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

56

-

Payments at item 6.1 includes Board fee payments to Directors for their services during the quarter.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

N/A

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	21,252,479	3,364,976
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

On 7 December 2018, as part of the acquisition of Planet Gas USA, Inc, the Company assumed a debt facility from Macquarie Bank for a total facility limit of US\$15 million. Interest charged at Libor plus 5.5% on amount owed, standard parent company guarantees and a 3-year term commencing 7 December 2018.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	49
9.5 Administration and corporate costs	142
9.6 Other (loan repayments and interest related to purchase of Planet Gas USA, Inc.)	521
9.7 Total estimated cash outflows	712

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A	N/A	N/A	N/A
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

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(Company Secretary)

Date: 31 January 2019

Print name: Jarrod Travers White

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.