HIGH PEAK ROYALTIES LIMITED

ABN: 79 118 065 704

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2019

Corporate Directory

High Peak Royalties Limited

ABN: 79 118 065 704

Chairman and Deputy Chairman

Andrew Carroll (Non-Executive Chairman)
Geoffrey King (Non-Executive Deputy Chairman)

Directors

Andrew Carroll (Non-Executive Director)
Geoffrey King (Non-Executive Director)
Anthony Wooles (Non-Executive Director)
Jarrod White (Executive Director) (resigned 15 October 2018)

Chief Financial Officer

Jarrod White

Joint Company Secretaries

Jarrod White
Philip Leighfield

Registered Office

C/- Traverse Accountants Pty Ltd
Suite 305, Level 3
35 Lime Street
SYDNEY NSW 2000, AUSTRALIA

Principal Place of Business

C/- Traverse Accountants Pty Ltd
Suite 305, Level 3
35 Lime Street
SYDNEY NSW 2000, AUSTRALIA

Securities Quoted

Australian Securities Exchange Ltd (ASX)
Code: HPR

Share Registry

Computershare Investor Services Pty Limited
Level 11
172 St Georges Terrace
PERTH WA AUSTRALIA, 6000

Website

http://www.highpeak.com.au

Auditors

RSM Australia Partners
Level 13, 60 Castlereagh Street
Sydney NSW 2000

Bankers

Westpac Banking Corporation
109 St Georges Terrace
PERTH WA 6000, AUSTRALIA

National Australia Bank
345 George Street
SYDNEY NSW 2000, AUSTRALIA

High Peak Royalties Limited Group Structure

High Peak Royalties Limited (ACN 118 065 704) has the following subsidiaries:

- Phoenix Oil and Gas Limited
- Oil and Gas Royalties Pty Ltd
- Torrens Energy (SA) Pty Ltd
- HPR USA Inc.
- Planet Gas USA Inc. (acquired 07 December 2018)

CONTENTS

HIGHPEAK ROYALTIES

Dear Shareholders,

I am pleased to report to shareholders that we have had a very positive year. Three main aspects stand out are the acquisition of Planet Gas royalties, the positive indications from drilling in the Amadeus Basin, and the increase in share price.

The business plan of holding a wide range of royalties remains sound and there is upside potential in many of the royalty areas. This was demonstrated by the interim results from the Dukas well drilled by Santos in the Amadeus Basin (NT) where HPR has a 1% royalty over a wide area. The target for this well is the Heavitree Quartz below a salt seal, which has flowed helium and hydrocarbons at nearby wells such as Magee-1. One of the participants, Central Petroleum Limited (ASX:CTP) announced that the Dukas well had demonstrated the salt was present, had encountered high pressures, and drilling will continue once rig equipment is upgraded. A gas sample confirmed inert gases and hydrocarbons. In addition to the value of hydrocarbons, helium is in global shortage and is a very valuable commodity.

The shortage of capital in the oil and gas sector following the oil price drop in 2016 has delayed exploration activity. However, Origin drilled a well South Burulga-2 below the existing shallow Peat gas field to test the deeper Bowen Basin sands. This well was completed and we look forward to the announcement of production flow rates. As this well is adjacent to existing infrastructure, any gas flow should be able to be put on production and would result in an increase in royalty revenue to HPR. There were also very good results offshore WA in areas adjacent to permits where HPR has a royalty.
Production at the offshore Longtom gas field is expected to resume now that repairs have been completed. Central Petroleum has announced they have a large exploration target near the Surprise oil field in the Amadeus Basin, and may bring Surprise back on production. The royalties in the USA continue to produce and provide royalty income.

One of the objectives remains to grow the company, and this was achieved with the $3.7 million acquisition of royalty interests over 2,000 wells in the USA through the acquisition of Planet Gas USA. This acquisition was funded from cash reserves and a loan facility with Macquarie Bank. The balance sheet was strengthened with a well-supported $1.2 million capital raise in December 2018. The capital raise funded the paydown of the debt in January 2019. This acquisition has significantly increased the revenue form royalties, so that the current revenue income exceeds the running costs of the Company.

Finally, importantly for shareholders, the share price has increased significantly this year. The Board believes that we are in a strong position moving forward, with the existing royalty portfolio providing both cash flow and organic growth from exploration and development potential.

Andrew Carroll
Chairman
30 September 2019

The Directors of High Peak Royalties Limited ("HPR/the Company") and its subsidiaries ("the Group") present the annual financial report for the financial year ended 30 June 2019, and the independent audit report thereon.

DIRECTORS

The names and details of the Directors of the Company in office during the financial year and until the date of this report are set out below. Directors have been in office for the entire period unless otherwise stated.

Andrew Carroll	Non-Executive Chairman
Geoffrey King	Deputy Chairman, Non-executive Director
Anthony Wooles	Non-Executive Director
Jarrod White	Executive Director (resigned 15 October 2018)

Chief Financial Officer

Jarrod White

Joint Company Secretaries

Jarrod White
Philip Leighfield

BOARD OF DIRECTORS

Mr A.R. Carroll BA, MA
Non-Executive Chairman

Mr Carroll is an engineer and original co-founder of Phoenix Oil and Gas Limited. He has over 35 years of international oil and gas experience having originally trained with BP and then having held a wide range of board, senior management and consultancy roles with a number of oil and gas companies including Dome Petroleum / Amoco Canada, Ampolex and InterOil.

Mr Carroll has also been a member of the Society of Petroleum Engineers for over 30 years.

Directorships of listed companies now and in the last 3 years

Mr Carroll is currently Non-Executive Director of AIM listed Mosman Oil and Gas Limited (AIM:MSMN).

Special duties

Mr Carroll serves as the Company's Non-Executive Chairman.

Mr G.J. King BA, LLB
Non-Executive Director

Mr King is a lawyer with over 40 years international oil and gas experience. Mr King began his career with the Australian Government and then Esso Australia as Area Legal Counsel based in Sale, Victoria, responsible for the Bass Strait development legal group. Mr King then served Ampolex as General Counsel and a member of the Executive Committee where he was intimately involved in the rapid expansion of Ampolex from a small explorer to a mid-cap producer.

Mr King operates his own specialist energy law firm and advises private international clients and is retained by the PNG Government to advise on large-scale oil and gas and mining development projects. During 2018 he was engaged under an Australian funded contract to petroleum and mining project development advice to PNG through the Department of Justice and Attorney General, Port Moresby.

Directorships of listed companies now and in the last 3 years

Mr King is a Director of Vermilion Oil and Gas Australia Pty Ltd and was a Director of Singapore Petroleum Company Ltd for 9 years.

Special duties

Mr King serves as the Company's Non-Executive Deputy Chairman.

Mr A. Wooles B Com, Dip App Finance, MBA (Wharton), FAICD, SA Fin
Non-Executive Director

Mr Wooles is a highly qualified and successful professional who has held executive and advisory roles with leading private and public companies. He also has extensive knowledge of financial and capital markets. In his advisory capacity Mr Wooles has worked closely with companies including BHP Minerals; Coles Myer; Telstra; Coca-Cola Amatil; FAL and Western Power.

His professional qualifications include: a Bachelor of Commerce (Economics) from Deakin University, a Graduate Diploma of Securities Analysis from the Securities Institute of Australia and an MBA (Finance) from the Wharton School of the University of Pennsylvania. He brings significant experience and knowledge in both the corporate finance and energy sectors.

Directorships of listed companies now and in the last 3 years
Mr Wooles was appointed as Non-Executive Chairman of ASX listed Company Imdex Limited (ASX: IMD) on 1 July 2016.

Special duties
Mr Wooles has no special duties.

Mr J. T. White, B. Bus, CA, CTA
Executive Director (Resigned 15 October 2018) | Chief Financial Officer & Joint Company Secretary

Mr White was appointed as Chief Financial Officer and Company Secretary of the Group on 1 May 2014. He has had a continued involvement with the High Peak Royalties Limited asset portfolio since its incorporation in 2008 and has been the appointed Corporate Advisor to wholly owned Phoenix Oil and Gas Limited since this time (and is the appointed CFO from 2010).

Mr White is a Chartered Accountant and Director of Traverse Accountants Pty Ltd, a Corporate Advisory and Chartered Accounting Firm. In conjunction with his Corporate Advisory roles at Traverse, Mr White has been appointed Company Secretary and Chief Financial Officer of several other listed entities that operate on the Australian Stock Exchange and London Stock Exchange and has a sound knowledge of corporate governance and compliance.

Mr White has also been an advisor to a wide range of capital raisings, IPO's and reverse takeover transactions and has a focus on working with growing Companies in the exploration and technology space.

Directorships of listed companies now and in the last 3 years
Mr White is not a Director of any other listed entity however is Company Secretary and advisor to several other listed entities.

Special duties
Mr White served as the Company's Chief Financial Officer as well as Joint Company Secretary during his tenure as a director.

DIRECTORS INTERESTS
As at the date of this report, the interests (directly or indirectly held) of the Directors in the shares and options of the Company were:

Director	Ordinary Shares	Options over Ordinary Shares
Anthony Wooles	20,500,000	-
Geoffrey King	1,806,249	-
Andy Carroll	9,829,379	-

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration paid to each Director of the Company and Key Management Personnel for the financial year ended 30 June 2019. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

Key Management Personnel
(i) Directors

Andrew Carroll	Non-Executive Chairman
Geoffrey King	Deputy Chairman, Non-executive Director
Anthony Wooles	Non-Executive Director
Jarrod White	Executive Director (resigned 15 October 2018)

(ii) Executives

Chief Financial Officer
Jarrod White

Joint Company Secretaries
Jarrod White
Philip Leighfield

Remuneration Policy
The remuneration policy is designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas that affect the financial results. The Board believes the remuneration policy is appropriate and effective in its ability to attract and retain the best executives and directors to the Company, as well as create goal congruence between directors, executives and shareholders.

Policy for determining the nature and amount of remuneration for directors and senior executives is as follows:

- Terms and conditions for the Chairman are set by the Board after seeking professional advice from independent external consultants where necessary.
- The Board reviews the remuneration annually by reference to Company performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed with each executive on a contractual basis and bonuses and incentives are based on commercial and deliverable objectives agreed by the remuneration committee. The Board exercises its discretion in relation to incentives, bonuses and options. At the date of this report the company does not have an executive.

Directors and executives receive the statutory superannuation guarantee contribution currently required by the government. They do not receive any other retirement benefits and retire by rotation. Some individuals have chosen some level of salary sacrifice to increase superannuation contributions.

Shares given to directors and executives are valued as the difference between market price and the amount paid by the recipient. Options are valued using the Black-Scholes methodology.

Board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to non-executive directors and reviews the remuneration annually, based on market price, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by Shareholders at a General Meeting. Fees for non-executive directors are not linked to the performance of the Company. To align directors' interests with shareholder interests, directors are encouraged to hold shares in the Company and are able to participate in company option plans. The Board does not have a policy in relation to the limiting of risk to directors and executives in relation to the shares and options provided.

REMUNERATION REPORT (AUDITED)

Employment Contracts
Remuneration and other terms of employment for the following Key Management Personnel are set out below:

Andrew Carroll, Non-executive Chairman

- Term of agreement – commencing 1 May 2014 and subject to re-election as required by the Company's constitution;
- Cessation date:
    - the third anniversary of the date of election; and
    - the end of the third annual general meeting of the Company after election; unless
    - re-elected as a Director by Shareholders or appointment terminated earlier in accordance with the constitution or *the Corporations Act 2001* (Cth);
- Annual director fees
    - $65,000 p.a. inclusive of superannuation with no termination benefits;
    - Throughout the year the Board agreed an additional fee of $30,000 to take into account additional responsibilities and time working on Company projects.

Geoffrey King, Deputy Chairman, Non-executive Director

- Term of agreement – commencing 1 May 2014 and subject to re-election as required by the Company's constitution;
- Cessation date:
    - the third anniversary of the date of election; and
    - the end of the third annual general meeting of the Company after election; unless
    - re-elected as a Director by Shareholders or appointment terminated earlier in accordance with the constitution or *the Corporations Act 2001* (Cth);
- Annual director fees
    - $50,000 p.a. inclusive of superannuation with no termination benefits.

Anthony Wooles, Non-executive Director

- Term of agreement – commencing 27 February 2012 and subject to re-election as required by the Company's constitution.
- Cessation date:
    - the third anniversary of the date of election; and
    - the end of the third annual general meeting of the Company after election; unless
    - re-elected as a Director by Shareholders or appointment terminated earlier in accordance with the constitution or *the Corporations Act 2001* (Cth);
- Annual director fees:
    - $50,000 p.a. inclusive of superannuation with no termination benefits;
    - Throughout the year the Board agreed an additional fee of $15,000 to take into account additional responsibilities and time working on Company projects.

Jarrod White, Chief Financial Officer and Joint Company Secretary

- Term of agreement for Director services – commenced 29 November 2017 and resigned 15 October 2018
- Cessation date:
    - the third anniversary of the date of election; and
    - the end of the third annual general meeting of the Company after election; unless
    - re-elected as a Director by Shareholders or appointment terminated earlier in accordance with the constitution or *the Corporations Act 2001* (Cth);
- Annual fee for director fees – these ceased on 15 October 2018 following Mr White's resignation:
    - $50,000 p.a. inclusive of superannuation with no termination benefits;
    - Mr White also renders fees for accounting services on an arms' length basis through Traverse Accountants Pty Ltd.

REMUNERATION REPORT (AUDITED)

Company Performance, Shareholder Wealth and Director and Executive Remuneration
The Remuneration policy is tailored to enhance goal congruence between shareholders, directors and executives. Options are issued to all directors to encourage the alignment of personal and shareholder interests. Remuneration levels are not dependent upon performance criteria as the nature of the Company's operations are exploration and are not generating profits. No historical performance criteria has been provided.

Remuneration Committee
Due to the size of the company the Board resolved to operate the function of the remuneration committee as a whole. All issues of remuneration and performance management are dealt with by the Board as a whole. This policy will be revisited should the management team or executive of the company materially change.

Key Management Personnel Remuneration Policy
Board policy for determining remuneration of key personnel is as follows:

Compensation is based on length of service, experience and speciality of the individual concerned, and overall performance of the Company. Contracts for service between the Company and key personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. There is no scheme to provide retirement benefits, other than statutory superannuation.

Employment conditions of key personnel are formalised in contracts of employment. The Company may terminate an employment contract without cause by providing three months written notice or making payment in lieu of notice, based on salary. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the case of serious misconduct, the Company can terminate employment at any time. Share options not exercised before or on the date of termination will lapse. Fixed and variable compensations for key management personnel are shown as follows:

Key Management Personnel Compensation

2019	**Short-term benefits**		**Post-employment benefits**	
Name	**Cash salary and fees**	**Consulting and other fees**	**Superannuation**	**Total**
Directors	**$**	**$**	**$**	**$**
Mr A.R. Carroll	95,000	31,577	-	126,577
Mr G.J. King	45,660	1,257	4,338	51,255
Mr A. Wooles	65,000	12,168	-	77,168
Mr J. T. White	8,333	-	-	8,333
Subtotal				
Key Management				
Mr J. T. White	-	82,264	-	82,294
Total	**213,993**	**127,296**	**4,338**	**345,627**

REMUNERATION REPORT (AUDITED)
Key Management Personnel Compensation (continued)

2018	Short-term benefits		Post-employment benefits	
Name	Cash salary and fees	Consulting and other fees	Superannuation	Total
Directors	**$**	**$**	**$**	**$**
Mr A.R. Carroll	91,667	23,485	-	115,152
Mr G.J. King	45,660	-	4,338	49,998
Mr A. Wooles	85,577	-	-	85,577
Mr J. T. White	29,166	19,523	-	48,689
Subtotal	**252,070**	**43,008**	**4,338**	**299,416**
Key Management				
Mr J. T. White	-	37,112	-	37,112
Total	**252,070**	**80,120**	**4,338**	**336,528**

Short term non-monetary benefits: during the year the Company paid insurance premiums in respect of a contract to insure the Directors, Company Secretary and all executive officers of the Company and of any related body corporates against liability incurred as a director, secretary or executive officer. Total premiums paid in respect of insurance were $17,353 (2018: $16,707).

Loans to Key Management Personnel
There were no loans to or from KMP throughout the year.

Options Granted as Remuneration
There were no share-based payments made to directors or senior management during the current financial year (2018: $NIL).

Shareholding Movements
Details of shareholding movements in the Company throughout the year by the directors or senior management are set out below:

	Held	Balance at 01/07/2018 No.	Acquired No.	Disposed No.	Balance at 30/06/2019 No.
Directors					
Mr A.R. Carroll	Direct/Indirect	9,179,379	1,700,000	(1,050,000)	9,829,379
Mr G.J. King	Direct/Indirect	1,538,148	800,000	(531,899)	1,806,249
Mr A. Wooles	Direct/Indirect	20,000,000	500,000	-	20,500,000
Total		**30,717,527**	**3,000,000**	**(1,581,899)**	**32,135,628**

[END OF REMUNERATION REPORT]

Meetings of Directors
During the financial year, eleven meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors Meetings	
Directors	**Number Eligible to attend**	**Number Attended**
Andy Carroll	11	11
Geoffrey King	11	11
Anthony Wooles	11	10
Jarrod White	3	3

Indemnifying Directors and Officers
The Company has entered into an agreement to indemnify all Directors and officers against any liability arising from a claim brought by a third party against the Company. The Company has paid premiums to insure each director and officer against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

OPERATING AND FINANCIAL REVIEW

Principal Activities
The Company continually seeks and reviews growth opportunities including the acquisition of additional royalties. In December 2018, the Company completed the acquisition of Planet Gas USA for $1 and assumed the associated debt with Macquarie Bank. A capital raise was successfully completed to strengthen the balance sheet.

The Macquarie Bank Facility provides a potential source of funding for further growth.

The Company has royalties over 20 oil and gas permits in Australia over 2,000 wells in the USA and is the operator of four geothermal permit interests. In the FY19 period 7 royalties were generating income for the Company with some royalties on exploration permits expected to provide income in due course (subject to discovery and development) with the potential for additional revenue from development resulting in increased production on existing areas.

Results from Operations
The total loss after providing for income tax for the year ended 30 June 2019 amounted to $723,967 (2018: $363,485).

Performance Throughout the Year
The revenue of non-operated royalty income continued throughout the year and has been steadily increasing through-out the year to $647,433 (2018: $225,912).

The company ended the financial year with a cash balance of $1,045,908 (2018: $1,178,186).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Acquisition of Planet Gas USA, Inc.

On 07 December 2018, High Peak Royalties Limited wholly acquired Planet Gas USA, Inc. for the nominal cost of $1 and the assumption of US$2.75 million in debt. The royalties held by Planet Gas USA, Inc. include 3% royalties on approximately 2,400 producing wells in Kansas, Pennsylvania and New York State. The reserves provide the basis for bank lending, and the wells are estimated to produce for more than 20 years.

Under the terms of the acquisition, High Peak assumed the beneficial title to the royalty from 1 October 2018 meaning that the full production and royalty income for the quarter to 31 December 2018 will be recognised to High Peak's benefit from that point.

Employees
The Company has no employees as at the date of this report.

Corporate Structure
High Peak Royalties Limited is a public company incorporated and domiciled in Australia, limited by shares. At the date of this report the Company had 188,956,399 ordinary shares and NIL options on issue.

REVIEW OF OPERATIONS

Royalties

High Peak continued to manage the diverse portfolio of royalty interests which includes the following:

Operated – Exploration Licences

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 (Impaired 2019)	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 10.30% shareholding in Royalco Resources (ASX: RCO)	0.0025	ExxonMobil

Geothermal Permits

100% Owned Geothermal Permits (SA GELs 571, 572, 573 and 574)
High Peak holds four geothermal energy licences in South Australia.

During the year ended 30 June 2015 the Company fully impaired its geothermal assets.

In January 2018, HPR successfully renegotiated the renewal of its Geothermal Permits with the South Australia government after compliance with the relinquishment requirements.

Financial Assets
HPR holds 5,430,776 shares in fellow ASX listed Royalty Company - Royalco Resources Ltd (ASX: RCO) (approx. 10.30% shareholding valued at approx. $1.25m).

DIVIDENDS

The Directors of the Company do not recommend the payment of a dividend in respect of the current financial year ended 30 June 2019 (2018: $NIL).

AFTER BALANCE DATE EVENTS

No significant events have occurred since balance sheet date.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Other than as referred to in this report, further developments in the operations of the Company and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the Company and its shareholders.

ENVIRONMENTAL ISSUES

The Company's operations are subject to environmental regulation under the laws of the Commonwealth and States. The Board believe that the Company has adequate systems in place for environmental management and after appropriate is not aware of any breach of environmental requirements as they apply to the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with the leave of the Court under Sect 237 of the Corporations Act 2001.

The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

There were no non-audit services provided in the year under review.

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 13 of the Annual Report.

ROUNDING OF AMOUNTS

The company is of a kind in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding off. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

CORPORATE GOVERNANCE

The Directors recognise the Australian Securities Exchange Corporate Governance Council's Principles Recommendations and consider that the Company substantially complies with those guidelines. The Corporate Governance Statement and disclosures of the Company are contained on pages 49-52 of the Annual Report.

Signed in accordance with a resolution of the Board of Directors made pursuant to s298(2) of Corporations Act 2001.

On behalf of the Directors:

Andrew Carroll
Chairman
30 September 2019

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500
F +61 (0) 2 8226 4501

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of High Peak Royalties Ltd for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

GNS

G N Sherwood
Partner

Sydney, NSW
Dated: 30 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Revenue			
Revenue	2	**647,433**	225,912
Other income		**22,973**	44,615
Expenses			
Employee and director expenses		**(321,478)**	(259,115)
Due diligence and professional service expenses	3	**(161,160)**	(247,439)
Occupancy expenses		**(22,200)**	(22,200)
Finance costs	4	**(239,051)**	(3,379)
Exploration and evaluation expenditure		**(18,800)**	(38,197)
Amortisation expense	10	**(134,864)**	(43,663)
Impairment losses	10	**(420,826)**	-
Marketing expenses		**(29,652)**	-
Other expenses		**(46,342)**	(20,019)
Loss before tax		**(723,967)**	**(363,485)**
Income tax expense	7	**-**	-
Loss for the period		**(723,967)**	**(363,485)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
- Revaluation of available for sale investments	16	**5,015**	50,308
Total other comprehensive income for the period		**5,015**	**50,308**
Loss attributable to:			
Members of High Peak Royalties Limited		**(718,952)**	**(313,177)**
Basic and diluted loss per share (cents per share)	27	**(0.40)**	(0.22)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	As at 30 June 2019 $	As at 30 June 2018 $
Current Assets			
Cash and cash equivalents	6	**1,045,908**	1,178,186
Trade and other receivables	8	**146,550**	74,265
Other financial assets	9	**2,927**	2,927
Total Current Assets		**1,195,385**	**1,255,378**
Non-Current Assets			
Trade and other receivables	8	**145,775**	143,878
Other financial assets	9	**1,249,542**	1,249,078
Intangible assets	10	**12,051,736**	8,694,323
Exploration and evaluation expenditure	11	**-**	-
Total Non-Current Assets		**13,447,053**	**10,087,280**
Total Assets		**14,642,438**	**11,342,658**
Current Liabilities			
Trade and other payables	12	**85,044**	102,500
Borrowings	14	**356,481**	-
Total Current Liabilities		**441,525**	**102,500**
Non-Current Liabilities			
Provisions	13	**200,000**	200,000
Borrowings	14	**2,495,366**	-
Total Non-Current Liabilities		**2,695,366**	**200,000**
Total Liabilities		**3,136,891**	**302,500**
Net Assets		**11,505,547**	**11,040,158**
Equity			
Issued capital	15	**27,726,590**	26,542,249
Reserves	16	**163,948**	158,933
Accumulated losses	17	**(16,384,991)**	(15,661,024)
Total Equity		**11,505,547**	**11,040,158**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

HIGH PEAK ROYALTIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Note	Issued Capital $	Accumulated Losses $	Reserves $	Total $
Balance at 1 July 2017		**26,661,705**	**(15,297,539)**	**108,625**	**11,472,791**
Shares purchased in buyback		(119,456)	-	-	**(119,456)**
Loss for the year		-	(363,485)	-	**(363,485)**
Other comprehensive income	16	-	-	50,308	**50,308**
Total Comprehensive Loss		**(119,456)**	**(363,485)**	**50,308**	**(432,633)**
Balance at 30 June 2018		**26,542,249**	**(15,661,024)**	**158,933**	**11,040,158**
Balance at 1 July 2018		**26,542,249**	**(15,661,024)**	**158,933**	**11,040,158**
Issue of shares, net of costs		1,184,341	-	-	**1,184,341**
Loss for the year		-	(723,967)	-	**(723,967)**
Other comprehensive income	16	-	-	5,015	**5,015**
Total Comprehensive Loss		**1,184,341**	**(723,967)**	**5,015**	**465,389**
Balance at 30 June 2019		**27,726,590**	**(16,384,991)**	**163,948**	**11,505,547**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Cash flows from operating activities			
Receipts from royalty rights		**585,428**	222,155
Payments to suppliers and employees		**(528,300)**	(508,550)
Interest received		**11,655**	18,651
Interest and finance costs		**(273,710)**	(3,379)
Exploration expenses		**(18,800)**	-
Net cash used in operating activities	18	**(223,727)**	**(285,835)**
Cash flows from investing activities			
Payments for royalty rights		**(48,021)**	-
Payments for available for sale assets		**(600)**	-
Net proceeds from sale of available for sale assets		**-**	53,096
Net cash (used in) / provided by investing activities		**(48,621)**	**53,096**
Cash flows from financing activities			
Proceeds from issue of shares, net of costs		**1,184,341**	-
Repayment of borrowings		**(1,055,409)**	-
Payments for share buyback		**-**	(119,456)
Net cash provided by / (used in) investing activities		**128,932**	**(119,456)**
Net decrease in cash and cash equivalents		**(143,416)**	(352,194)
Cash at beginning of financial year		**1,178,186**	1,523,065
Effects of exchange rate changes on cash		**11,138**	7,315
Cash and cash equivalents at end of the year	6	**1,045,908**	**1,178,186**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of High Peak Royalties Limited ("the Company") as at 30 June 2019 and its controlled entities (the "Consolidated group" or "Group").

Reporting Entity
High Peak Royalties Limited is a company limited by shares, incorporated and domiciled in Australia. High Peak Royalties Limited is the Group's Ultimate Parent Company.

The financial statements were authorised for issue on 30 September 2019.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates and judgements
Critical estimates and judgements are evaluated by the Directors and incorporated into the financial report based on historical knowledge and best available current information. These estimates assume a reasonable expectation of future events and are based on trends and economic data obtained externally and within the Group.

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement, complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(u).

Comparative information is reclassified where appropriate to enhance comparability.

(b) Basis of Consolidation

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Supplementary information about the parent entity is disclosed in Note 29.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Consolidation (Continued)

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of High Peak.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(c) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

An area of interest refers to an individual geological area whereby the presence of a mineral deposit or an oil or natural gas field is considered favourable or has been proved to exist. It is common for an area of interest to contract in size progressively, as exploration and evaluation lead towards the identification of a mineral deposit or an oil or natural gas field, which may prove to contain economically recoverable reserves. When this happens during the exploration for and evaluation of mineral resources, exploration and evaluation expenditures are still included in the cost of the exploration and evaluation asset notwithstanding that the size of the area of interest may contract as the exploration and evaluation operations progress. In most cases, an area of interest will comprise a single mine or deposit or a separate oil or gas field.

(d) Intangible Assets

Intangible assets acquired separately

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised using the units of production method or straight-line basis. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investments and Other Financial Assets

Classification

From 1 July 2018, the group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group has chosen not to retrospectively apply this Standard.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

1. Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

2. FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

3. FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investments and Other Financial Assets (continued)

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 July 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 9 for further details.

(f) Impairment of Non-Financial Assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(g) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the entity is the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian Dollars (AUD) which is the entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss component of the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

(h) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Short term employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Long term employee benefits have been measured at the present value of the estimated future cash outflows to be made for those benefits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Defined superannuation contribution schemes

The Directors and Executives receive a superannuation guarantee contribution required by the government, which throughout the year was 9.5%, and do not receive any other retirement benefits.

Equity-settled compensation

The entity may use share-based compensation to remunerate employees. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the profit and loss component of the statement of comprehensive income. The total amount to be expensed over the vesting period is determined by reference to the grant date fair value of the shares or the options granted.

(i) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(j) Trade and Other Payables

Liabilities for creditors and other amounts are carried at amortised cost, which is the present value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company. The carrying period is dictated by market conditions but is generally less than 30 days.

(k) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash on-hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less.

(m) Current and Non-Current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised

within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Issued Capital

Ordinary shares as classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds

(o) Revenue

Royalty revenue
Revenue from royalties is recognised in the period of production of the underlying oil or gas being produced. Royalty agreements that are based on production, sales, and other measures are recognised by reference to the underlying arrangements.

Interest revenue
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate

All revenue is stated net of the amount of goods and services tax (GST).

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

(q) Leases

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease

(r) Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Income Tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that iti is probable that there are future taxable profits available to the recover the asset.

(s) Share-Based Payments

Equity-settled share-based payments with employees and others providing similar services are measured at fair value of the equity instrument at the grant date. Fair value is measured by use of the Black-Scholes model.

(t) New and Amended Standards not yet mandatory or early adopted

At the date of authorisation of the financial statements the following new standards and interpretations have not been early adopted. The below are a list of the standards and the likely impact.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending	Likely impact on initial application
Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019	30 June 2020	The entity has not yet assessed the full impact of this Interpretation.
AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvement 2015-2017 Cycle	1 January 2019	30 June 2020	The entity has not yet assessed the full impact of this Interpretation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

Key Estimates and Judgements

Impairment

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Recoverability of exploration and evaluation costs

The Company assesses the recoverability of the carrying value of capitalised exploration and evaluation costs at each reporting date (or at closer intervals should the need arise). In completing this assessment, regard is had to the Company's intentions with regard to proposed future exploration and development plans for individual exploration areas, to the success or otherwise of activities undertaken in individual areas in recent times, to the likely success of future planned exploration activities, and to any potential plans for divestment of individual areas. Any required adjustments to the carrying value of capitalised exploration are completed based on the results of this assessment.

Intangible Assets – royalty interests in exploration permits

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The portfolio in relation to its royalty interests is largely related to the exploration activities of the licenced operator. The assets are therefore treated in a similar way to exploration assets as contemplated in AASB 6 Exploration for and Evaluation of Mineral Resources. There is significant judgement required on the part of the Management and the Board in determining whether there are any impairment indicators with regards to royalty rights. To this extent they have considered the high level financial indices, the exploration activities of the underlying assets, the current market conditions, the political climate in the jurisdiction in which the assets exists, as well as numerous other factors when considering asset impairments. Management and the Board have determined that, except for EP155 & EP156 which were fully impaired ($420,826) during the year, there were no impairment indicators for any of the other individual underlying assets, and consequently it has not been necessary to fair value any of the other intangible assets using a value-in-use model.

Provision for site rehabilitation and contingent liabilities

The Company has an existing well stock of 21 wells for which it may be liable for rehabilitation costs. Whilst the company has provided for an estimate of $200,000 for these costs in its financial statements, it can be difficult to reliably estimate these future costs, and there may be a possibility that the actual costs are greater than the amount that has been provided.

High Peak has continued to estimate the cost to rehabilitate the 21 wells at $200,000 and consequently, the provision has remained unchanged from the prior year. The actual amount of the ultimate cost of rehabilitation is often negotiated with the relevant Regulatory Authority of the State in which the Company operated (to date only South Australia). The original range of the estimate disclosed in the Prospectus when the company listed in 2014 was between $200,000 and $1,150,000 which was based on internal and external sources.

Management and the Board are of the opinion the costs to rehabilitate the wells will not exceed $200,000. Given the potential range of the expected costs, management have disclosed the additional potential liability of $950,000 as a contingent liability in Note 22 of the financial statements. It is important to note that in the event the liability exceeds the amount provided for, the effect on the profit and loss will initially be nil due the fact that the cost to restore the site will initially be capitalised into the cost of the asset, and then re-assessed for potential impairment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Critical Accounting Estimates and Judgements (CONTINUED)

Business Combinations

As stated in Note 11, High Peak Royalties Limited acquired all of the issued share capital of Planet Gas USA, Inc. for the nominal cost of $1 and the assumption of US$2.75 million in debt within Planet Gas. The royalties held by Planet Gas USA, Inc. include 3% royalties on approximately 2,400 producing wells in Kansas, Pennsylvania and New York State. There is a degree of judgement in determining whether the acquisition meets the definition of a business as contemplated in AASB 3, Business Combinations. Management has exercised their judgement in determining that the Planet Gas transaction is not a business combination as defined, but more akin to the acquisition of an asset, and consequently, it has been accounted for on this basis. Please see Note 10 for more information. This approach is similar to that adopted in the past.

Other Financial Assets

HPR holds 5,430,776 shares in fellow ASX listed Royalty Company - Royalco Resources Ltd (ASX: RCO) (approx. 10.30% shareholding valued at approx. $1.25m). The asset is not expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle as it is held primarily for the purpose of investing activities rather than trading activities. The directors have exercised their judgement in determining that these assets should be classified as non-current rather than current.

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
2. REVENUE AND OTHER INCOME		
Receipts from royalty rights	**647,433**	225,912
Total Revenue	**647,433**	**225,912**
Interest received from financial institutions	**13,552**	24,788
Other income	**9,421**	12,512
Total Other Income	**22,973**	**37,300**
Total Income	**670,406**	**263,212**
Timing of revenue recognition		
Revenue received at a point in time	**647,433**	225,912
Revenue received over time	**-**	-
Total	**647,433**	**225,912**

3. DUE DILIGENCE AND PROFESSIONAL SERVICE FEES

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Consultancy fees	**34,000**	88,448
Legal and due diligence fees	**60,123**	30,789
Accounting and auditing fees	**67,037**	128,202
Total	**161,160**	**247,439**

4. FINANCE COSTS

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Interest and finance charges	**239,051**	3,379
Total	**239,051**	**3,379**

5. SEGMENT NOTE

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information.

The Group operates in one business and two geographical segments, being the acquisition of royalty and exploration interests in oil and gas assets predominately in Australia and the USA.

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the performance of individual royalty rights held.

5. SEGMENT NOTE (continued)

Whilst the Company has a number of Geothermal and Oil and Gas exploration permits these are inactive assets and are considered non-core to the operations of the entity. Throughout the year there was no material movement to expenditure or capital paid on these permits and the Group considers its operations to focus solely on the operation and exploitation of proceeds from royalty rights.

Segment information

2019	**Australia**	**USA**	**Consolidated**
Revenue	**$**	**$**	**$**
Revenue from continuing operations	**134,790**	**535,616**	**670,406**
Total segment revenue	**134,790**	**535,616**	**670,406**
Segment revenue from continuing operations			**670,406**
Total segment result	**(883,610)**	**159,643**	**(723,967)**
Net loss before tax from continuing operations			**(723,967)**
Segment assets	**11,290,504**	**3,351,934**	**14,642,438**
Segment liabilities	**250,387**	**2,886,504**	**3,136,891**

2018	**Australia**	**USA**	**Consolidated**
	$	**$**	**$**
Revenue from continuing operations	89,169	174,043	263,212
Total segment revenue	**89,169**	**174,043**	**263,212**
Segment revenue from continuing operations			**263,212**
Total segment result	(493,651)	130,166	(363,485)
Net loss before tax from continuing operations			**(363,485)**
Segment assets	**10,376,810**	**965,848**	**11,342,658**
Segment liabilities	**302,500**	**-**	**302,500**

6. CASH AND CASH EQUIVALENTS

	As at 30 June 2019	**As at 30 June 2018**
	$	**$**
Cash at bank and in hand	**1,045,908**	1,178,186
	1,045,908	**1,178,186**

7. INCOME TAX

The expense for the year can be reconciled to the accounting profit as follows:

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Loss from continuing operations	**(723,967)**	(363,485)
Income tax benefit calculated at 27.5% (2018: 27.5%)	**(199,091)**	(99,958)
Effect of non-deductible items		-
Deferred tax asset not brought to account	**199,091**	99,958
Income tax recognised in profit or loss	**-**	**-**

The tax rate used for the reconciliations above is the corporate tax rate of 27.5%, payable by Australian corporate entities on taxable profits under Australian tax law.

Deferred tax assets not recognised at the reporting date:		
Unused tax losses for which no deferred tax asset has been recognised	**4,896,801**	**4,827,143**
Temporary differences for which no deferred tax asset/(liability) has been recognised:		
Prepayments	**(4,740)**	(3,129)
Accrued expenses	**2,448**	15,696
Accrued income	**(3,316)**	(3,642)
Royalty rights	**270,070**	232,238
Exploration expenditure	**10,504**	10,504
Accumulated amortisation	**115,727**	-
Cost of equity	**9,414**	22,976
Capital adjustments	**8,154**	-
	5,305,062	**5,101,877**

This benefit for tax losses will only be recognised if:

- It is probable that the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- The consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- No changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

At the current stage, the Company is unable to ascertain whether the condition as set out above will eventuate and hence no deferred tax asset is recognised as a result. There are no deferred tax liabilities.

8. TRADE AND OTHER RECEIVABLES

	As at 30 June 2019 $	As at 30 June 2018 $
Current		
GST credits receivable	**25,353**	20,927
Accrued royalty revenue receivable	**103,962**	41,959
Other receivables	**17,235**	11,379
	146,550	74,625
Non-current		
Deposits and bonds	145,775	143,878
	145,775	**143,878**

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

The average credit period on sales of goods is 30 days. No interest is charged on outstanding trade receivables. The Group has not recognised an allowance for expected credit losses in the 2018 financial year (2017: NIL). Allowances for expected credit losses are recognised against trade receivables between 60 days and 120 days based on estimated recoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

9. OTHER FINANCIAL ASSETS

	As at 30 June 2019 $	As at 30 June 2018 $
Current		
Listed share options	**2,927**	2,927
Non-current		
Listed ordinary share – designated at fair value through other comprehensive income	**1,249,542**	1,249,078
Total	**1,252,469**	**1,252,005**

Movements in Carrying Amounts		
Opening balance	**1,252,005**	1,238,771
Revaluation increments	**464**	10,307
Closing balance	**1,252,469**	**1,252,005**

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured.

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Recurring Fair Value Measurement Amounts and the Level of the Fair Value Hierarchy within which the Fair Value Measurements are categorised as follows:

	Fair Value Measurements Using:		
	Quoted Prices in Active Markets for Identical Assets $ (Level 1)	Significant Observable Inputs $ (Level 2)	Significant Unobservable Inputs $ (Level 3)
Financial Assets - FVOCI			
30 June 2019			
Shares in listed corporation	**1,249,542**	**-**	**-**
Investment in options of a listed company	**-**	**2,927**	**-**

9. OTHER FINANCIAL ASSETS (CONTINUED)

	Fair Value Measurements Using:		
	Quoted Prices in Active Markets for Identical Assets $ (Level 1)	Significant Observable Inputs $ (Level 2)	Significant Unobservable Inputs $ (Level 3)
Financial Assets - FVOCI			
30 June 2018			
Shares in listed corporation	1,249,078	-	-
Investment in options of a listed company	-	2,927	-

There were no transfers between levels during the financial year.

10. INTANGIBLE ASSETS

	As at 30 June 2019 $	As at 30 June 2018 $
Royalty rights	**17,010,657**	13,097,692
Accumulated amortisation	**(1,395,715)**	(1,260,851)
Accumulated impairment	**(3,563,206)**	(3,142,518)
	12,051,736	**8,694,323**
Movements in Carrying Amounts		
Opening balance	**8,694,323**	8,737,986
Additions [2]	**3,912,965**	-
Less amortisation and impairment [1]	**(555,552)**	(43,663)
Closing balance	**12,051,736**	**8,694,323**

[1] Included in the amortisation and impairment expense is $420,688 relating to EP156 and EP(A)155 which permits were relinquished by Mosman Oil and Gas Limited.

[2] Included in additions are assets acquired on 7 December 2018, when the Company acquired the shares in Planet Gas USA, Inc. The acquisition is not considered a business combination in the form described in AASB 3 due to the passive nature of the royalty income. The acquisition involved the acquisition of the following assets and liabilities:

	7 December 2018 $
Consideration transferred	
Payment for equity of Planet Gas USA, Inc	94,764
Acquisition costs	**94,765**
Intangible assets	
Net tangible liabilities assumed in Planet Gas USA, Inc (at acquisition)	(3,701,416)
Intangible assets acquired at fair value	3,606,651
Goodwill	**-**
Net tangible assets and liabilities assumed at date of acquisition	
Current assets	100,603
	100,603
Non-current liabilities	3,802,019
	3,802,019
Net tangible liabilities assumed	**(3,701,416)**

10. INTANGIBLE ASSETS (CONTINUED)

Where necessary, the recoverable amount of each royalty interest above for the purposes of testing for impairment was historically determined based on value-in-use calculations. Where measurable, the value-in-use is calculated based on the present value of cash flow projections over a 10 year period or expected life of project (whichever is longer) with the period extending beyond 12 months extrapolated using an estimated growth rate. The cash flows were discounted to account for the time value of money and project variability. For other assets where projected cash flows were more difficult to measure due to their stage of development, value-in-use was based on observable inputs and market transactions or recent activity. Management and the Board determined that there were no impairment indicators in the year under review and consequently no value-in-use modelling was done in this year.

The following key assumptions were used in the historical value-in-use calculations:

- Growth Rate: expected forward production curve of underlying assets as applicable
- Discount Rate: 10%
- Oil Price: $68/BBL USD (2018) then 5 year forward curve
- Gas Price: $2.85gj USD

Where able, management based the value-in-use calculations on budgets for each royalty interest. These budgets used production and volume-related growth rates to project revenue that was linked to the underlying proven and probable resource estimates and reserves of the underlying assets. Costs were calculated taking into account historical gross margins as well as estimated weight average inflation rates over the period. Discount rates were pre-tax and were adjusted to incorporate risks associated with a particular royalty interest. Management had estimated the production start date for royalty interests that had not yet commenced producing.

<u>Significant intangible assets</u>

The Group holds the following royalties over oil and gas interests:

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 (Impaired 2019)	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 10.30% shareholding in Royalco Resources (ASX: RCO)	0.0025	ExxonMobil

10. INTANGIBLE ASSETS (CONTINUED)

Amortisation of intangible assets

Amortisation is recognised under two methods:

1. The units of production method, which is calculated based on the annual production of a royalty interest and is apportioned over its total proven and probable reserves; and
2. The straight-line basis method, which is calculated over the estimated field life of the asset.

Impairment of intangible assets

The Group reviews its intangible assets for impairment each reporting period.

The Group has not found anything to indicate that any royalty interests are impaired for the current financial year other than EP156 and EA(A)155 which resulted in an impairment expense of $420,688.

11. EXPLORATION AND EVALUATION EXPENDITURE

	As at 30 June 2019 $	As at 30 June 2018 $
At cost	**2,310,699**	2,310,699
Less impairment	**(2,310,699)**	(2,310,699)
	-	-
Balance at start of year	**-**	-
Expenditure incurred during the year	**-**	-
Asset derecognised on sale of subsidiary	**-**	-
Impairment	**-**	-
Balance at end of year	**-**	-

12. TRADE AND OTHER PAYABLES

	As at 30 June 2019 $	As at 30 June 2018 $
Current		
Accounts payable	**36,207**	34,746
Other payables	**48,837**	67,754
	85,044	**102,500**

13. OTHER LIABILITIES

	As at 30 June 2019	As at 30 June 2018
Non-current		
Provision for site rehabilitation	**200,000**	200,000
	200,000	**200,000**

14. BORROWINGS

	As at 30 June 2019 $	As at 30 June 2018 $
Bank loan facility – current portion	**356,481**	-
Bank loan facility – non-current portion	**2,495,366**	-
	2,851,847	**-**
Movements in carrying amounts		
Opening balance	**-**	-
Additions[1]	**3,886,425**	-
Less		
Repayments	**(1,069,442)**	-
Impact of foreign exchange	**34,864**	-
Closing balance	**2,851,847**	**-**

[1] On 7 December 2018, the Company wholly acquired the assets of Planet Gas USA, Inc. The acquisition involved the assumption of Planet Gas USA, Inc's Macquarie Bank Loan facility which at the time of the acquisition was AU$3,886,425 in drawn balance. The total loan facility has a ceiling of US$15 million. Key terms of the facility are as follows:

- Total US $15,000,000 (AUD: $21,150,000) facility
- Facility Fees:
  - Interest charged: Libor plus 5.5%
- No other facility fees
- Standard parent company guarantees
- Term: three years (from completion on 7 December 2018)

15. ISSUED SHARE CAPITAL

Fully paid ordinary share capital

	As at 30 June 2019		As at 30 June 2018	
Ordinary shares	**No. of shares**	**$**	**No. of shares**	**$**
At the beginning of the financial year	**163,956,399**	**26,542,249**	166,800,792	26,661,705
Share placement	**25,000,000**	**1,184,341**	-	-
Share buyback programme	**-**	**-**	(2,844,393)	(119,456)
At the end of the financial year	**188,956,399**	**27,726,590**	**163,956,399**	**26,542,249**

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands Ordinary shares.

On a show of hands, every member present at a meeting, in person or by proxy, shall have one vote and upon a poll each share shall have one vote.

16. RESERVES

	As at 30 June 2019 $	As at 30 June 2018 $
Financial assets at fair value through other comprehensive income reserve	**158,933**	158,933
Foreign currency reserve	**5,015**	-
	163,948	**158,933**

Movements in reserves

	Financial assets at fair value through OCI	Foreign currency
Balance at 1 July 2017	108,625	-
Revaluation	50,308	-
Balance at 30 June 2018	158,933	-
Revaluation	-	5,015
Balance at 30 June 2019	**163,948**	**158,933**

Financial assets at fair value through other comprehensive income reserve
The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

17. ACCUMULATED LOSSES

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Movements in accumulated losses were as follows:		
Balance at the beginning of the financial year	**(15,661,024)**	(15,297,539)
Net loss for the year	**(723,967)**	(363,485)
Balance at the end of the financial year	**(16,384,991)**	**(15,661,024)**

18. RECONCILIATION OF LOSS FOR THE PERIOD TO NET CASH FLOWS FROM OPERATING ACTIVITES

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Cash flows from operating activities		
Loss after income tax	**(723,967)**	(363,485)
Amortisation expense	**134,864**	43,663
Unrealised gain on revaluation of financial assets at fair value through profit or loss	**134**	50,308
Impairment expense	**420,826**	-
Accrued interest	**34,658**	(4,263)
Exploration expenses	**18,800**	-
Receipts from sale of available-for-sale assets	**-**	(63,404)
Net (gain)/loss on exchange differences	**(14,383)**	7,315
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**(78,868)**	3,091
Increase/(decrease) in trade and other payables	**3,995**	27,647
(Decrease)/increase in provision for employee entitlements	**(19,791)**	27,922
Net cash flows from operating activities	**(223,727)**	**(285,835)**

19. KEY MANAGMENT PERSONNEL DISCLOSURES

Details of key management personnel

The directors and other members of the key management personnel of the Company during the year were:

Andrew Carroll	Non-Executive Chairman
Geoffrey King	Deputy Chairman, Non-Executive Director
Anthony Wooles	Non-Executive Chairman

Key management personnel compensation	Year ended 30/06/2019 $	Year ended 30/06/2018 $
Short-term employee benefits	**213,993**	252,070
Post-employment benefits	**4,338**	4,337
	218,331	**256,407**

Detailed remuneration disclosures are provided in the remuneration report on pages 5 to 8.

2019	**Short-term benefits**		**Post-employment benefits**	
Name	**Cash salary and fees**	**Consulting and other fees**	**Superannuation**	**Total**
Directors	**$**	**$**	**$**	**$**
Mr A.R. Carroll	**95,000**	**31,577**	**-**	**126,577**
Mr G.J. King	**45,660**	**1,257**	**4,338**	**51,255**
Mr A. Wooles	**65,000**	**12,168**	**-**	**77,168**
Mr J. T. White	**8,333**	**-**	**-**	**8,333**
Subtotal	**213,993**	**45,002**	**4,338**	**263,333**
Key Management				
Mr J. T. White	**-**	**82,264**	**-**	**82,294**
Total	**213,993**	**127,296**	**4,338**	**345,627**

19. KEY MANAGMENT PERSONNEL DISCLOSURES (CONTINUED)

2018	Short-term benefits		Post-employment benefits	
Name	Cash salary and fees	Consulting and other fees	Superannuation	Total
Directors	**$**	**$**	**$**	**$**
Mr A.R. Carroll	91,667	23,485	-	115,152
Mr G.J. King	45,660	-	4,338	49,998
Mr A. Wooles	85,577	-	-	85,577
Mr J. T. White	29,166	19,523	-	48,689
Subtotal	**252,070**	**43,008**	**4,338**	**299,416**
Key Management				
Mr J. T. White	-	37,112	-	37,112
Total	**252,070**	**80,120**	**4,338**	**336,528**

The Board sets all remuneration packages, taking into account current market conditions to determine what the appropriate level of remuneration should be. The Board remuneration policy is to ensure that the remuneration package of each key management persons properly reflects that person's duties and responsibilities.

Options provided as remuneration

There were no share-based payments made to directors or senior management during the current financial year (2018: $NIL).

Equity instrument disclosures relating to key management personnel

Shareholdings

The numbers of shares in the Company held during the financial year by each Director and other key management personnel of the entity, including their personally related parties, are set out as follows:

	Held	Balance at 01/07/2018 No.	Acquired No.	Disposed No.	Balance at 30/06/2019 No.
Directors					
Mr A.R. Carroll	Direct/Indirect	9,179,379	1,700,000	(1,050,000)	**9,829,379**
Mr G.J. King	Direct/Indirect	1,538,148	800,000	(531,899)	**1,806,249**
Mr A. Wooles	Direct/Indirect	20,000,000	500,000	-	**20,500,000**
Total		**30,717,527**	**3,000,000**	**(1,581,899)**	**32,135,628**

20. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed as follows:

Trading transactions
During the year, the Company entered into the following trading transactions with related parties that are not members of the Company:

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Australasian Energy Pty Ltd[1]	**29,000**	14,000

[1]*Related party of Mr Andrew Carroll, all services are carried out at an arms' length rate and exclude Directors' Fees*

Transactions between the Company and related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

21. COMMITMENTS FOR EXPENDITURE

There were no commitments for expenditure for 2019 (2018: $NIL).

22. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Assets
The Company has the right to all income from all royalties owned as detailed at Note 11.

With respect to the contingent commitment to make payment on receipt of royalties from PL171 and ATP574, the Company also acknowledges its contingent right to the receipt of royalty income from these permits, and for that matter all other royalty interests owned.

There are no other contingent assets as at 30 June 2019.

Contingent Liability

The Company has an existing well stock of 21 wells for which it may be liable for rehabilitation costs. High Peak has continued to estimate the cost to rehabilitate the 21 wells at $200,000 and consequently, the provision has remained unchanged from the prior year. The original range of the estimate disclosed in the Prospectus when the company listed in 2014 was between $200,000 and $1,150,000 which was based on internal and external sources.

Given the potential range of the expected costs, management have disclosed this additional potential liability of $950,000 as a contingent liability. It is important to point out that in the event the liability exceeds the amount provided for, the effect on the profit and loss will initially be nil due the fact that the cost to restore the site will initially be capitalised into the cost of the asset and then re-assessed for potential impairment.

Pursuant to the originating agreement dated 5 December 2009, Phoenix Oil and Gas is obliged to pay, $1,000,000 within 30 days of Commercial Production from PL 171. Under the same agreement, Phoenix Oil and Gas is also obliged to pay, $1,000,000 within 30 days of Commercial Production from ATP 574P.

Commercial Production in both instances is defined as when the first royalty payment is received from the operator of the permit as a result of gas sales from that permit.

At balance date Commercial Production is not foreseeable within the coming financial year.

There are no guarantees or commitments other than those mentioned in the financial report.

23. SUBSIDIARIES

Details of the Company's subsidiaries at 30 June 2019 are as follows:

Name of subsidiary	Place of incorporation	Proportion of ownership interest and voting power held	
		As at 30 June 2019	As at 30 June 2018
Torrens Energy (SA) Pty Ltd	Australia	**100%**	100%
Phoenix Oil and Gas Pty Ltd	Australia	**100%**	100%
Oil & Gas Royalties Pty Ltd	Australia	**100%**	100%
HPR USA Inc	United States of America	**100%**	100%
Planet Gas USA, Inc.[1]	United States of America	**100%**	-

[1] On 7 December 2018, High Peak Royalties wholly acquired Planet Gas USA, Inc. Refer to Note 11 for details.

24. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Company

	Year ended 30 June 2019	Year ended 30 June 2018
	$	$
Audit of financial reports and other audit work under the *Corporations Act 2001*		
Audit and review services		
- RSM Australia Partners	**44,500**	43,000
	44,500	**43,000**

25. FINANCIAL INSTRUMENTS

General objectives, policies and processes

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Company's risk management objectives and policies. The Company's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of objectives where such impacts may be material. The Board periodically reviews the effectiveness of the process put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible. Further details regarding these policies are set out below:

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through holding cash only to the extent necessary to meet Group commitments and its immediate exploration program. The Group's primary focus for capital risk management is the forthcoming 12 months. The Group's overall capital strategy remains unchanged from 2016.

The capital structure of the Group consists of cash and cash equivalents, and equity attributable to equity holders of the parent comprising issued capital and accumulated losses as disclosed in Notes 13 and 15 respectively.

25. FINANCIAL INSTRUMENTS (CONTINUED)

The Group operates in Australia and the USA. None of the Group's entities are subject to externally imposed capital requirements going forward.

Categories of financial instruments

	2019 Weighted average effective interest rate	30 June 2019 $	30 June 2018 $
Financial assets			
Cash and bank balances – floating interest	1.46%	**926,811**	1,175,172
Cash and bank balances – non-interest bearing	-	**119,097**	3,014
Subtotal: Cash and bank balances		**1,045,908**	1,178,186
Trade and other receivables	-	**292,325**	218,143
Other financial assets	-	**1,252,469**	1,252,005
Financial liabilities			
Trade and other payables	-	**85,044**	102,500

Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Company incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Company. The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

The maximum exposure to credit risk at balance date is as follows:

	30 June 2019 $	30 June 2018 $
Royalty income receivable	**91,903**	27,366
GST receivable	**25,353**	20,927
Funds on deposit for security guarantee	**145,775**	143,878
	263,031	**192,171**

None of the receivables are outside normal credit terms and the Company does not believe there are any items that represent significant credit risk.

Interest rate risk

The consolidated entity is constantly monitoring its exposure to trends and fluctuations in interest rates in order to manage interest rate risk.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the entity's surplus (through the impact on adjusted interest rate).

Interest rate risk	30 June 2019 $	30 June 2018 $
Change in cash and cash equivalents		
Increase in interest rate by 1%	**9,268**	11,751
Decrease in interest rate by 1%	**(9,268)**	(11,751)

Foreign currency risk

Transactions are settled on a cost-basis and the Company uses the spot rate at date of transfer to make payments. This means that there is limited exposure to the net profit or equity balances of the Company from a change in value of the currency.

Further, there are no forward exchange contracts or hedging instruments currently implemented to manage foreign exchange exposures, a strategy which is consistent with the Company's size.

26. FINANCIAL INSTRUMENTS (CONTINUED)

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	30 June 2019 $	30 June 2018 $
Cash at bank	**270,038**	264,253
Trade receivables	**91,903**	27,366

Sensitivity

The Group is primarily exposed to changes in the US/$ exchange rates. The sensitivity of profit of loss to changes in the exchange rates arises mainly from revenue and expenses in HPR USA Inc.

	30 June 2019	30 June 2018
Impact on post tax profit	**$**	**$**
US/$ exchange rate – increase 5%	**7,982**	6,508
US/$ exchange rate – decrease 5%	**(7,982)**	(6,508)

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties raising funds to meet commitments associated with financial instruments due to creditors. The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Commodity price risk

The consolidated entity is exposed to commodity price risk from oil and gas prices (both in AUD and foreign currency) which can impact the sales revenues received by the operators of producing permits that the Group holds royalty interests over.

Currently the Group does not receive significant revenues from these royalty incomes so there is no cost effective method of hedging commodity price risk however the Group will review this policy as these revenues increase.

Maturity analysis of financial assets

		Contractual cash flow due		
	Carrying amount $	1 to 3 months $	3 months to 1 year $	1 to 5 years $
30 June 2019				
Current assets				
Trade and other receivables	**1,465,550**	**1,465,550**	**-**	**-**
Non-current assets				
Deposits and bonds	**145,775**	**-**	**-**	**145,775**
30 June 2018				
Current assets				
Trade and other receivables	48,293	48,293	-	-
Non-current assets				
Deposits and bonds	143,878	-	-	143,878

Fair value of financial instruments carried at amortised cost

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

26. FINANCIAL INSTRUMENTS (CONTINUED)

Maturity analysis of financial liabilities

	Carrying amount	Contractual cash flow due 1 to 3 months	3 months to 1 year	1 to 5 years
30 June 2019	**$**	**$**	**$**	**$**
Current liabilities				
Accounts payable	**36,207**	**36,207**	**-**	**-**
Other payables	**48,837**	**48,837**	**-**	**-**
Borrowings	**356,481**	**-**	**356,481**	**-**
Non-current liabilities				
Borrowings	**2,495,366**	**-**	**-**	**2,495,366**
30 June 2018				
Current liabilities				
Accounts payable	34,746	34,746	-	-
Other payables	67,754	67,754	-	-
Non-current liabilities				
Borrowings	**-**	**-**	**-**	**-**

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

27. EARNINGS PER SHARE

	Year ended 30 June 2019	Year ended 30 June 2018
	$	**$**
Earnings per share from continuing operations		
Loss after income tax attributable to members	**(723,967)**	(363,485)
	Cents	**Cents**
Basic loss per share	**0.40**	0.22
Diluted loss per share	**0.40**	0.22
	No.	**No.**
Weighted average number of shares used in the calculation of diluted earnings per share reconciles to the number used to calculate basic earnings per share as follows:		
Basic loss per share	**181,149,002**	165,541,732
Diluted loss per share	**181,149,002**	**165,541,732**

	Year ended 30 June 2019	Year ended 30 June 2018
	No.	**No.**
The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of shares for the purposes of diluted earnings per share.		
Options	**-**	**-**

28. SUBSEQUENT EVENTS

There were no significant events subsequent to balance date.

29. PARENT ENTITY DISCLOSURES

Statement of financial position	As at 30 June 2019 $	As at 30 June 2018 $
Assets		
Total current assets	**649,715**	923,356
Total non-current assets	**11,188,643**	10,378,797
Total assets	**11,838,358**	**11,302,153**
Liabilities		
Total current liabilities	**45,716**	93,780
Total non-current liabilities	**200,000**	344,485
Total liabilities	**245,716**	**438,265**
Equity		
Issued capital	**49,959,508**	48,775,168
Reserves	**699,295**	699,265
Accumulated losses	**(38,488,799)**	(38,488,779)
Total equity	**11,592,642**	**10,985,654**

Statement of profit or loss and other comprehensive income

	Year ended 30/06/2019 $	Year ended 30/06/2018 $
Loss for the year	**(577,382)**	(546,928)
Total comprehensive loss	**(577,382)**	**(546,928)**

Guarantees

The Company has not entered into any guarantees, in the current or previous financial years, in relation to the debts of its subsidiaries.

Contingent asset

Refer to Note 22 for details of contingent assets at 30 June 2019.

Contractual commitments

The Company has no contractual commitment, in the current or previous financial years.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed
- Group will be able to meet any obligations or liabilities to which they are, or may become, subject.

The directors have been given the declarations required by section 295A of the Corporations Act 2001. CA295(4)(e)

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Andrew Carroll
Chairman
30 September 2019

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT

To the Members of High Peak Royalties Ltd

Opinion

We have audited the financial report of High Peak Royalties Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the Directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Acquisition of Planet Gas USA, Inc Refer to Note 11 in the financial statements	
• On 7 December 2018, High Peak Royalties Limited wholly acquired Planet Gas USA, Inc. for the nominal cost of $1 and the assumption cost of US$2.75 million in debt. The royalties held by Planet Gas USA, Inc. include 3% royalties on approximately 2,400 producing wells in Kansas, Pennsylvania and New York State. The reserves provide the basis for bank lending, and the wells are estimated to produce for more than 20 years. The transaction is non-routine and potentially complex from an accounting perspective. In addition, there is a fair degree of judgement required on the part of the management and the Board in determining whether the acquisition meets the definition of a business as contemplated in AASB 3, Business Combinations. It is on this basis that the Planet Gas acquisition is considered a Key Audit Matter.	Our audit procedures in relation to accounting treatment of Planet Gas USA, Inc acquisition included the following: • Obtaining and reviewing the Planet Gas USA, Inc acquisition agreement and evaluating the acquisition accounting is in accordance with the information contained in the agreement. • Obtaining and reviewing management's evaluation of Planet Gas USA, Inc. acquisition on whether or not the acquisition transaction meets the definition of a business as contemplated in AASB 3, Business Combinations. • Assessing the Planet Gas USA, Inc. transaction and the related acquisition accounting entries having consideration of the methodology used as the basis for determining the fair value of the investment in the subsidiary, and the fair value of the assets acquired. • Obtaining Management Representations confirming the assumptions made in relation to the judgements and estimation uncertainty around accounting for the acquisition of Planet Gas USA, Inc • Assessing the appropriateness of the disclosures included in the Group financial statements in relation to the judgements and estimation uncertainty around accounting of Planet Gas USA, Inc acquisition and its related assets and liabilities.
Royalty Rights Refer to Note 10 in the financial statements	
• The Group has capitalised mineral royalty rights with a carrying value of $12m. We determined this to be a key audit matter due to the size of the carrying value, and because the directors' assessment of impairment involves judgements around the current and long terms prospects of the related exploration activities, the current market conditions, the political climate in the jurisdiction in which the assets exists, the uncertainty over long-term commodity prices, as well as numerous other factors when determining whether there are any impairment indicators for intangible assets.	Our audit procedures in relation to Royalty Rights included: • Obtaining the Royalty Rights register and on a sample basis testing the ownership of the rights to various external and internal supporting documents. • For the additions during the year, testing the valuation and ownership of the rights to external supporting evidence. • Comparing the carrying value of the individual assets in the current year to that of the previous year, and investigating unexpected movements. • Assessing the high-level economic inputs used to determine the fair value of royalty rights as at 30 June 2019 and evaluating those economic inputs

	as at the reporting date so as to identify potential impairment indicators. • Critically evaluated management's assessment of each individual asset in terms of impairment indicators and considered such evaluation with regards to internal and external documentation available to support such assessment. Management determined that there were no impairment indicators for any of its existing royalty rights, except for EP155 & EP156 which were fully impaired during the year, and consequently, no value-in-use impairment models were prepared. • Where possible, reviewing the ASX announcements for companies in which the royalties relate, so as to identify other potential impairment indicators in relation to the assets over which the royalties relate.
Provision for Site Rehabilitation and Contingent Liabilities in Relation Thereto Refer to Note 13 and Note 23 in the Financial Statements	
The Company has an existing well stock of 21 wells for which it may be liable for rehabilitation costs. Whilst the company has provided for an estimate of these costs in its financial statements, it can be difficult to reliably estimate these future costs, and there may be a risk that the actual costs are greater than the amount that has been provided. High Peak has continued to estimate the cost to rehabilitate the 23 wells at $200,000 and consequently, the provision has remained unchanged from the prior year. The actual amount of the ultimate cost of rehabilitation is often negotiated with the relevant Regulatory Authority of the State in which the Company operated (to date only South Australia). The original range of the estimate disclosed in the Prospectus was between $200,000 and $1,150,000 which was based on internal and external sources. Management and the Board are of the opinion the costs to rehabilitate the wells will not exceed $200,000. Given the potential range of the expected costs, management have disclosed the additional potential liability of $950,000 as a contingent liability in Note 23 of the financial statements.	Our audit procedures in relation to the provision for site rehabilitation included the following: • Obtaining an understanding of the process involved in the determination of the site rehabilitation liability and the related contingent liability. • Reviewing the information contained in the Prospectus when the company was listed in 2014 and evaluating the current provision in relation to the information contained in the Prospectus. • Considered the classification of the provision as a non-current liability having consideration of the expiry date of the Geothermal Exploration Licences as well as the submissions to the South Australian Regulatory Authorities around the renewal application for the licences. • Obtaining confirmation on any progress or correspondence with or from the relevant department of Government of South Australia till present date on finalisation of the actual costs involved in the site rehabilitation. • Obtaining Management Representations and Board Resolutions in relation to the quantification and completeness of the provision for site rehabilitation and the related contingent liability note. • Assessing the appropriateness of the disclosures included in the Group financial statements in relation to the provision for site rehabilitation as well as the related contingent liability in relation thereto.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 8 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of High Peak Royalties Ltd, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM Australia Partners

Sherwood GNS

G N Sherwood
Partner

RSM Australia
Sydney 30 September 2019

Unless disclosed below, all the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council have been applied by the Company for the financial year ended 30 June 2019 and to the date of signing the Director's report.

Further information on policies adopted by the Company can be found on the Company's website at www.highpeak.com.au

ASX Corporate Governance Council Recommendation

Item	ASX Best Practice Recommendation		Comment
1.	**LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**		
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	✓	The Corporate Governance Policy includes a formal charter, which discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Executives. The charter also includes those tasks delegated to the Chief Financial Officer and the Chief Executive Officer by the Board for the reporting period. As at the date of the report, there is only one executive, the Chief Financial Officer.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	✓	The Company has a formal selection and appointment process for its Directors which is reviewed annually under the directive of the Chairman. When the invitation to become a Director is accepted, the Board will appoint the new Director during the year and that person will then stand for re-election by shareholders at the next annual general meeting. Shareholders are provided with relevant information on the candidates for re-election.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	✓	The Company has a written agreement with each Director. Terms and conditions of the agreements are included in the Audited remuneration report, which forms part of the directors' report in the annual Report.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	✓	The Corporate Governance Policy's formal charter discloses the Company Secretary's responsibilities.
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	×	Due to the Company's size and nature of operations, there are no women in senior executive positions. The board remains conscious of the requirement to establish reasonable and measurable objectives for achieving gender diversity and identifying key measurable diversity performance objectives for the Board and Executive Directors. The Company's employees and contractors during the year were the Board, Chief Executive Officer and Chief Financial Officer/Company Secretary. At the date of the report the Company does not have a Chief Executive Officer appointed due to the restructure of the company from 1 July 2016.
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process	✓	The evaluation process for the Board, individual Directors and Board committees are included in the audited remuneration report, which forms part of the directors' report in the annual report. At the date of this report the Company has 2 Non-executive Directors and 1 Executive Director.

1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	✓	The Company discloses the evaluation process for senior executives in the audited remuneration report section of the Annual Report. At the date of this report, the Company has no senior executives receiving remuneration.
2.	**STRUCTURE THE BOARD TO ADD VALUE**		
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	✓	The Board has formally adopted a Nomination Committee Charter but given the present size of the Company, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with policies and procedures outlined in the Nomination Committee Charter. When the Company is of sufficient size, a separate Nomination Committee will be formed. The Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate Nomination Committee.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	✓	The skills, experience and expertise relevant to the position of each Director who is in office at the date of the Financial Report and their term of office are detailed on page 3-4 of the audited remuneration report, which forms part of the directors' report in the annual report. Further the Chairman regularly reviews the composition of the Board to ensure that the board continues to have the mix of skills and experience necessary for the conduct of the Company's activities. As at the date of this report the Board considers that its composition is an appropriate mix of skills and expertise relevant to the Company's business.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	✓	The audited remuneration report of the annual report pages 3-4 addresses (a), (b) and (c) for each director.
2.4	A majority of the board should be independent directors.	✓	During the reporting period the majority of directors were considered independent.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	✓	The Chairperson and Chief Executive Officer role were held by different individuals for the entire reporting period. At the date of the report the Company does not have a Chief Executive Officer appointed due to the restructure of the company from 1 July 2016. The Chief Financial Officer has assumed the day-to-day responsibilities and is a different individual to the Chairman.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	✓	The Company's selection and appointment of Directors' policy, which is reviewed annually, includes an induction program. A copy of the policy has been published on the Company's website.
3.	**ACT ETHICALLY AND RESPONSIBLY**		
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	✓	The Corporate Governance Policy includes a Corporate Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. A copy of the Code of Conduct has been published on the Company's website.

4.	**SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**		
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	✓	At this stage the company is not of a size, nor has the Board resources, to accommodate a membership of three directors on the audit committee. For the reporting period, the Audit Committee comprised of one Non-Executive Director, the Executive Director and the Company Secretary. Refer to the Remuneration Report on pages 3-4 for details of experience. The Directors currently serving on the Audit Committee are deemed independent. The Chairperson of the Audit Committee is not the Chairperson of the Board. The Corporate Governance Policy includes a formal charter for the Audit Committee, as published on the Company's website. The Audit Committee Charter also contains details on the procedures for the selection and appointment of the external auditor, and the rotation of external audit engagement partners.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	✓	At the date of this report, the Company does not have an appointed Chief Executive Officer. In place of an attestation by the CEO, the Chairman will make the declaration required by the section 295A of the Corporation Act and recommended under Recommendation 4.1 and Recommendation 7.2 of the ASX Principles.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	✓	The Company's Corporate Governance Policy has a Shareholder Communications Policy in place which states the requirement for the engagement partner to be present at the annual general meeting. The policy has been published on the Company's website.
5.	**MAKE TIMELY AND BALANCED DISCLOSURE**		
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	✓	The Company's Corporate Governance has a Continuous Disclosure Policy in place designed to ensure the factual presentation of the Company's position at all times. A copy of this policy has been published on the Company's website.
6.	**RESPECT THE RIGHTS OF SECURITY HOLDERS**		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	✓	The Company's Corporate Governance Policy includes a Shareholder Communications Policy which and has been published on the Company's website.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	✓	The Company's Corporate Governance Policy includes a Shareholder Communications Policy which and has been published on the Company's website.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	✓	The Company's Corporate Governance Policy includes a Shareholder Communications Policy which and has been published on the Company's website.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	✓	The Company's Corporate Governance Policy includes a Shareholder Communications Policy which and has been published on the Company's website.

7.	**RECOGNISE AND MANAGE RISK**		
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	✓	The Company's Corporate Governance Policy includes a Risk Management and Internal Compliance and Control Policy. Under this policy the Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies for internal compliance and internal control. A copy of this policy is available on the Company's website.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	✓	The risk management and internal control system is reviewed annually, at the completion of the audit of the Company's Financial Statements.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	✓	For the reporting period the Chief Executive Officer was responsible for the implementation and monitoring of business risk. He was required to report to the board on a monthly basis regarding any identified risks. At the date of this report, the Chief Financial Officer has responsibility of the above and will be required to report to the Board every two months.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	✓	This information is disclosed in Note 24 – Financial Instruments in the Annual Report.
8.	**REMUNERATE FAIRLY AND RESPONSIBLY**		
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	×	Given the present size of the Company the Board has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with policies and procedures outlined in the Remuneration Committee Charter. The Board has put in place a number of measures to implement this principle. This information is included in the Company's Corporate Governance Statement and in the remuneration report section, which forms part of the directors' report in this annual report.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	✓	This information is included in the Company's Corporate Governance Statement and has been published on the Company's website.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	×	The company does not have an equity-based remuneration scheme and therefore this recommendation is not applicable.

a) Distribution of Equity Holders (as at 26 September 2019)

Spread of holdings	Number of Holders	Fully Paid Ordinary Shares
1 - 1,000	378	165,205
1,001 - 5,000	274	668,863
5,001 - 10,000	69	500,589
10,001 - 100,000	183	7,502,170
100,001 - and over	118	180,119,572
TOTAL	**1,022**	**188,956,399**

b) Top Twenty Ordinary Shareholders (as at 26 September 2019)

Name	Number of Ordinary Shares held	%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	50,868,463	26.92
AEW HOLDINGS PTY LTD <AEW CAPITAL A/C>	14,315,670	7.58
MR ARCHIBALD GEOFFREY LOUDON	12,103,885	6.41
NATIONAL NOMINEES LIMITED <DB A/C>	7,502,660	3.97
PERMENENT NOMINEE PTY LTD	7,096,747	3.76
RAE CARROLL NOMINEES PTY LIMITED <CARROLL SUPER PLAN A/C>	6,801,770	3.60
MARTIN PLACE SECURITIES NOMINEES P/L <ALCARDO INVESTMENTS A/C>	6,357,765	3.36
EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	5,775,765	3.06
MR ANTHONY EDWARD WOOLES + MS ALISON LOUISE WOOLES <A & A SUPER A/C>	4,281,540	2.27
CAIRNGLEN INVESTMENTS PTY LTD	4,000,000	2.12
ALCARDO INVESTMENTS LIMITED <STYLED 102501 A/C>	3,300,000	1.75
MR GEOFFREY KEVIN CAMMELL <CAMMELL DISCRETIONARY A/C>	2,200,000	1.16
MR DAVID CURZON SMITH + MRS DIANE MAURINE SMITH <BADHAM FAMILY A/C>	2,128,086	1.13
MRS SARA JACOB	2,000,000	1.06
AEW HOLDINGS PTY LTD <AEW CAPITAL A/C>	1,902,790	1.01
MR ANDREW ROBERT CARROLL	1,902,609	1.01
CRAFERS PTY LTD <CRAFERS CONNECT S/F A/C>	1,825,660	0.97
BYRNE HOLDINGS PTY LTD	1,800,000	0.95
MR STEVEN JOHN LARKINS + MRS ANN KATHLEEN LARKINS <LARKINS SUPER FUND A/C>	1,600,000	0.85
BEACON EXPLORATION PTY LTD	1,500,000	0.79
Total Top 20 Shareholders	**139,263,410**	**73.70**
Other Shareholders	**49,692,989**	**26.30**
Total ordinary shares on issue	**188,956,399**	**100.00**

c) Non-Marketable Parcels (as at 26 September 2019)

There are 618 shareholders holding less than a marketable parcel of shares.

d) Substantial Shareholders (as at 26 September 2019)

The names of substantial shareholders who have notified the Company in accordance with Section 671B of the Corporations Act 2001 are:

Holder Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
J P MORGAN NOMINEES AUSTRALIA LIMITED	50,868,463	26.92
AEW HOLDINGS PTY LTD <AEW CAPITAL A/C>	14,315,670	7.58
MR ARCHIBALD GEOFFREY LOUDON	12,103,885	6.41

e) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

f) Franking Credits

The Company has NIL franking credits.

g) Restricted Securities (as at 26 September 2019)

None

h) On-Market Buy Back

There is no current on-market buy back.

i) The names of the Joint Company Secretaries are:
Mr Jarrod White
Mr Philip Leighfield

j) Registered Office and Principal Place of Business

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