



## **SOUTH TARANAKI ENERGY PROJECT “STEP” TRANSACTION NOT PROCEEDING**

**Sydney, 2 February 2016:** High Peak Royalties Limited (ASX: HPR) has been advised by partner and incoming Operator, Mosman Oil and Gas (AIM: MSMN), that whilst STEP remains a good asset with long-term development potential, the STEP acquisition does not meet Mosman’s investment criteria at current oil prices, and the Rimu, Kauri and Manutahi Sale and Purchase Agreement (“SPA”) with Origin Energy Ltd (“Origin”) and the associated Participation Agreement with MSMN has been terminated.

Simon Fyfe, HPR CEO commented: “This proposed acquisition provided a pathway to a long-term royalty interest derived from the production assets. It is disappointing that rapid changes in market circumstances have led the transaction to this outcome. HPR has a diverse portfolio of royalty interests and we will continue to evaluate new royalty opportunities, and add to our existing portfolio in a selective and disciplined way.”

During early October, 2015 HPR had entered into a Participation Agreement with Mosman for HPR to acquire a 30% and Mosman to acquire 70% of onshore New Zealand (“NZ”) producing oil and gas assets from Origin for total consideration of NZ\$10m. Since then the parties had worked towards satisfying pre-conditions necessary for completion, and during this time there was a sharp increase in volatility in oil markets.

As earlier advised, the SPA with Origin contained a review event to allow for a renegotiation of the transaction, and this had been triggered due to a fall in oil prices since the transaction was announced. Despite this, the results of the negotiations with Origin had not lead to a change of purchase price, nor transaction conditions to take account of the potential impact from changed market circumstances. Additionally, MSMN had not yet received the required NZ Government approvals which were necessary pre-conditions to be able to complete the STEP Acquisition.

HPR will seek to deploy its funding resources elsewhere as we continue to review a number of royalty investment opportunities.

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## **ABOUT HIGH PEAK ROYALTIES**

The royalty model is about investing in production and generating annuity income from resource assets. It’s a very large market opportunity, and HPR are in a growth phase, but have a strong position in the sector in the Southern Hemisphere.