



29 April 2016

## MARCH QUARTERLY UPDATE

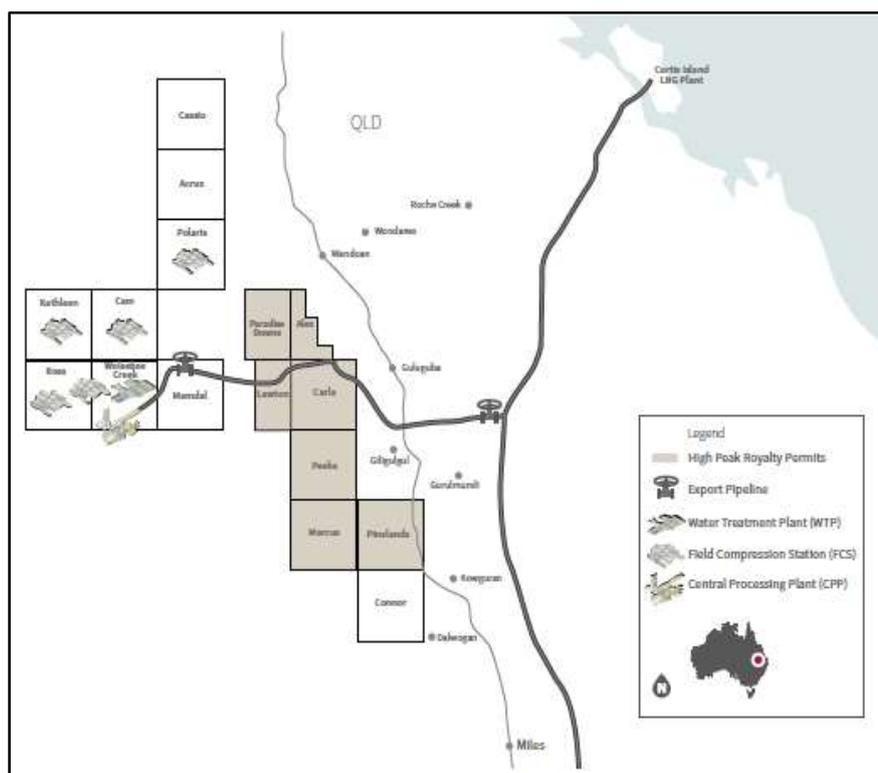
The royalty model is about investing in production and generating annuity income from resource assets. It's a very large market opportunity, and High Peak Royalties Limited ("HPR") are in a growth phase, but have a strong position in the sector in the Southern Hemisphere.

### PORTFOLIO UPDATE

- The Surat Basin CSG royalties are the highest value assets in the HPR portfolio (2.5% Overriding Royalty Interest in PL 171 and ATP 574P formerly operated by QGC / BG Group Plc (LON: BG)). During the quarter, Shell completed its \$74.1 bn takeover and become operator of the QCLNG project;

Andrew Smith, Shell Australia Chairman said: "The LNG business is a long term business so we'll make the most of the opportunity that comes with it, and I am very positive about what those opportunities are going to be."

**Figure 1: Map showing HPR Royalty Permits (shaded) in relation to the central processing plant and compression facilities at Wooleebee Creek ~20km from western edge of PL171) , water treatment and main pipeline to Gladstone**



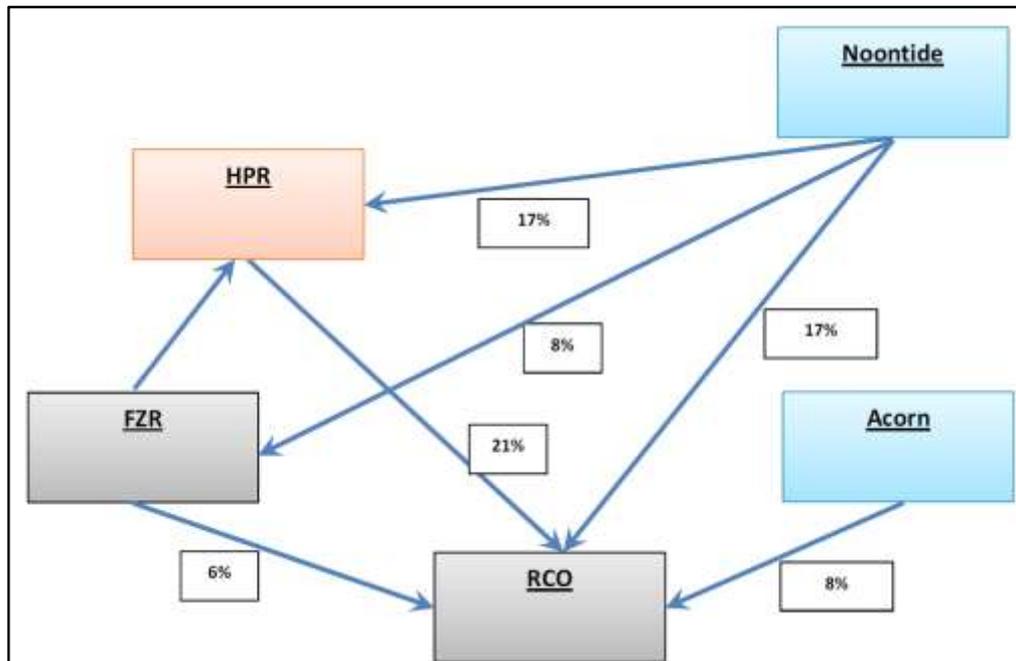
- The Seychelles Royalty (0.04% Overriding Royalty Interest PEC-5B/1, PEC-5B/2 and PEC-5B/3) operated by Ophir Energy (LON: OPHR) has unfortunately been fully impaired as at the 31 December, 2015, following Ophir's election to exit its option in those blocks. The Seychelles royalty formed a part of the exploration part of the HPR royalty portfolio. Ophir had earlier carried out its interpretation of the Junon 3D seismic data acquired in a JV with WHL Energy Ltd (ASX: WHL).
- Further data processing and 3D seismic interpretation continued on HPR Carnarvon Basin Royalty permits (0.2% Overriding Royalty Interest WA-482-P, 13,539 square kilometre permit) operated by Quadrant Energy (an entity established by a consortium of private equity funds managed by Macquarie Capital (ASX:MQG) and Brookfield Asset Management (NYSE: BAM) to acquire Apache Energy's remaining West Australian assets (including Apache's 50% interest in WA-482-P)).

The permit contains a multi-billion barrel prospective oil resource in six prospects which covers a third of the permit area. Acquisition of a regional third party 3D seismic survey was recently completed, and work is underway on processing and interpretation of ~5,256 square kilometres of data the survey acquired over the eastern part of the permit. This royalty also forms a part of the exploration part of the HPR royalty portfolio.

- As previously announced to the ASX in relation to the South Taranaki Energy Project ("STEP"), HPR's partner and incoming Operator, Mosman Oil and Gas (AIM: MSMN) advised 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 with Origin Energy Ltd (ASX: OEL) and the associated Participation Agreement with MSMN has been terminated. During early October, 2015 the Company had entered into a Participation Agreement with Mosman for it to acquire a 30% and Mosman to acquire 70% of onshore NZ producing oil and gas assets from Origin for total consideration of NZ\$10m.
- HPR attracted a number of royalty investment proposals during the quarter (both locally and overseas), and expects that trend to continue increasing. The company continues to assess opportunities in an entrepreneurial, yet disciplined way.
- HPR is the largest shareholder in fellow ASX listed Royalty Company - Royalco Resources Ltd (ASX: RCO) (approx. 21% shareholding valued at approx. \$2.1m). RCO receives income from a 1% interest in the Weeks Petroleum Royalty (equivalent of 0.025% overriding royalty from the entire hydrocarbon production of the main Bass Strait fields operated by Exxon). Last quarter RCO announced cash flow from Mt Garnet operated by Consolidated Tin Mines Limited (ASX: CSD) focussed on zinc and copper production.
- Recently another fellow ASX listed Royalty Company - Fitzroy River Resources Ltd (ASX: FZR) acquired approx. 6% of RCO from Acorn (who retain 8.6%), and during the quarter a representative of FZR was appointed to the board.

- The royalty sector on the ASX is evolving and during this period of commodity price volatility there is evidence of renewed investor interest as shown in the diagram below:

**Figure 2: Shareholdings in ASX Listed Royalty Sector**



## ESCROW RELEASE

The shares and options identified for escrow release are held directly or indirectly by Directors (excluding a relatively small parcel of 20,000 shares).

## HPR CASH

The cash balance at the end of the quarter was \$1.3m. The 9 months ending March 31 were characterised by several projects which disguised the underlying costs which were approx. \$650k.

## Simon Fyfe - CEO

**Dated April 29, 2016**

For any queries please contact Simon Fyfe on 02 8296 0011 or Jarrod White on 02 8296 0000

## ABOUT HIGH PEAK ROYALTIES LIMITED

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