



28 April 2017

## MARCH QUARTERLY ACTIVITIES REPORT

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.

### OPERATIONS UPDATE

HPR has increased cash from \$0.49 million to \$1.66 million due to the sale of assets at prices above acquisition costs. This includes the partial sale of shares in Royalco as announced in updated substantial shareholder notices.

Income receipts increased throughout the quarter as the company received its first royalty cheques from the inclusion of revenue from the Grimes Royalties on wells in USA, together with continued revenue from Dillon royalties on wells in USA, and a one-off sale of the PEL512 royalty.

The Company continued to monitor its operational, administration and corporate costs.

The reduction in the size of the Board from 5 to 3 directors in the previous quarter has also helped rationalise operating costs of the business.

### PORTFOLIO UPDATE

The portfolio approach to royalties continues with 23 royalties, many of which are in areas with identified resources and near term development potential.

In Australia, many of these royalties may benefit from the recently publicised East Coast gas shortage.

This bodes well for the HPR royalties on areas operated by Shell (formerly Queensland Gas and BG Group) and Origin located adjacent to existing infrastructure near Roma and the LNG project gas trunkline.

Noteworthy events throughout the quarter which High Peak's portfolio has operator exposure to are:

- The Operator of the Longtom field, Seven Group Holdings Limited, announced that the Longtom project has been repaired and is ready to recommence production;
- Macquarie Group's takeover bid for Central Petroleum, with a plan to fund drilling required for gas reserves and production to utilise the pipeline being built to connect

the NT to the East Coast gas market. HPR has royalties on 7 permits operated by Central Petroleum and Mosman Oil and Gas;

- Royalty receipts from the company's US based assets continue and the company continues to monitor the performance of other operating projects that it has royalty exposure to;
- The recent sale of the 1.3% royalty interest in PEL 512 has resulted in proceeds of \$19,606 which is a 24% profit above book value.

### **ROYALCO RESOURCES LIMITED (ASX.RCO) HOLDING UPDATE**

- As announced on during the previous quarter, RCO recorded a second 'strike' against their 2016 remuneration report, and a spill resolution was put to shareholders and carried;
- The spill meeting was held on 22 February 2017 the spill meeting was successful in changing the Board structure and dynamic at RCO although no HPR nominee was successfully appointed;
- On 9 February, High Peak sold 5,630,776 shares in RCO. This sale resulted in HPR receiving \$1,140,232 in proceeds, which represented a higher price than the acquisition price, and a premium over the then Fitzroy River Corporation Limited takeover offer price of \$0.20 per share that was in place at the time;
- HPR continues to monitor RCO in line with its publicly stated objectives of reviewing the operating costs and structure of RCO for further refinement and improvement.

A handwritten signature in blue ink, appearing to read "Jarrod White", is written over a faint, light blue circular stamp or watermark.

**Jarrod White**  
**Company Secretary | Chief Financial Officer**

**Dated 28 April 2017**

For any queries please contact Jarrod White on 02 8296 0011



## ABOUT HIGH PEAK ROYALTIES LIMITED

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

The company's portfolio includes:

Permit / Location	Royalty Interest (%)	Operated By
PL 171 and ATP 574P	2.50	Queensland Gas/BG Group/ Shell
ATP 299P Petroleum Leases: PL29, PL38, PL39, PL52, PL57, PL95, PL169, PL170, PL293, PL294, PL295 and PL298	3.6/4.0	Santos
Peat Gas Field (PL101)	2.13	Origin Energy
Surprise Oil Field (PL6)	1.00	Central Petroleum
Longtom Gas Field (VIC/L29 and VIC/P54)	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	Apache Corporation
WA-EP468	2.00	Paltar Petroleum
EP156 and EP(A)155	2.00	Mosman Oil and Gas
United States (East Texas, Permian and Texas Gulf Coast Basins)	0.20 to 0.40	Sabine Oil and Gas, Pioneer Natural Resources and Wagner Oil Company
United States (East Texas)	1.00	Silver Tusk and New Century Operating
Weeks Petroleum Royalty (Gippsland Basin) indirect interest via 10.68% shareholding in Royalco Resources (ASX: RCO)	0.0025	ExxonMobil