



31 January 2017

DECEMBER 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.

OPERATIONS UPDATE

Royalty receipts were \$10,000 for the quarter.

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

During the quarter saw a reduction in the size of the Board, following Mr Nigel Hartley and Mr Howard McLaughlin not standing for re-election at the 2016 AGM. Having evaluated the cost and dilutive impact of an equity based remuneration scheme during the quarter the Board resolved to revert to cash based payments for Directors fees.

Notwithstanding this adjustment shareholders will continue to see the effect of the implemented operating cost rationalisations.

PORTFOLIO UPDATE

- 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;
- In November, the Company acquired, through wholly owned HPR USA Inc., royalties on seven producing wells operated by New Century and Silver Tusk in Texas USA. The wells are long reach horizontal well bores in Lee and Burleson County Texas;
- The effective date of the agreement for the new royalty acquisition was 1 October 2016 and the total cost of acquisition was \$314,000;

There are however administrative registrations and assignments to be processed in relation to the newly acquired Texas based royalty package which means that actual receipt of payment for proceeds from 1 October 2016 will not be until the current first quarter 2017;

- As part of the agreement HPR secured a right of first refusal from the vendor for 30 months on any similar royalty and any additional wells drilled in the same area.
- The acquisition builds on the existing USA "Dillon" portfolio that has provided steady cash flow since acquisition in December 2014;

- HPR clearly has an influential role to play in the royalty sector which will no doubt continue to evolve, during this period of commodity price volatility and royalty sector activity.

ROYALCO RESOURCES LIMITED (ASX.RCO) HOLDING UPDATE

- HPR is the largest 'investor shareholder' (ie: non bidding) in ASX listed Royalty Company - Royalco Resources Ltd (ASX: RCO) (approx. 21.36% shareholding valued at approx. \$2.25m);
- As announced on 24 November 2016 at its 2016 AGM, RCO recorded a second 'strike' against their 2016 remuneration report, and the spill resolution was put to shareholders and **carried**;
- Under the Corporations Act has announced the convening of an extraordinary general meeting (**Spill Meeting**) to consider the appointments of its Directors on 22 February 2017;
- HPR has put forward its Directors, Messrs Anthony Wooles, Andy Carroll and Geoff King as nominee Directors, to be considered at the Spill Meeting in February 2017.

The motivation for these nominations is to take action that will free the cash flow from unnecessary overheads such as office rental and the Managing Director's remuneration so that a greater pool of funds are available for distribution as dividends to all RCO shareholders;

- Throughout the quarter on 14 December 2016 Fitzroy River Corporation Limited (ASX.FZR) announced a takeover bid for RCO at a price of \$0.20 (following a **failed on market bid** at \$0.18);
- FZR has subsequently extended their takeover offer to 13 February 2017 and has declared this a final unconditional offer (FZR currently holds 43.265% in RCO);
- HPR has been and continues monitoring these events closely, and during November 2016 increased its stake in RCO.

HPR CASH

The cash balance at the end of the quarter was \$491k.

A handwritten signature in blue ink, appearing to read "Jarrod White", is written over the typed name and title.

Jarrod White
Company Secretary | Chief Financial Officer

Dated 31 January 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	Karoo 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
PEL512	1.30	Discovery Energy
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 21.36% shareholding in Royalco Resources (ASX: RCO)	0.005	ExxonMobil