



HIGH PEAK ROYALTIES LIMITED

ABN: 79 118 065 704

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2020**

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)

Chief Financial Officer

Jarrold White

Joint Company Secretaries

Jarrold 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

Macquarie Bank Limited
1 Martin Place
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.

HIGH PEAK ROYALTIES LIMITED

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Dear Shareholders,

The Company's core business strategy of holding a wide range of royalties has proven to be successful and we continue to evaluate and acquire royalties in extractive industries in the global markets. Many of our royalties are over permits in the exploration and development phase and represent upside potential.

Comparatively our closing 2020FY cash balance has strengthened the group's balance sheet, and this cash will be used to analyse and acquire additional royalties in reliable legal and economic regimes throughout the world.

While lower oil and gas prices in March 2020 caused concern for highly leveraged operating companies, the value of royalties remained strong. We reviewed many opportunities for acquiring additional royalties but have applied caution in our forward price expectations.

We are not prepared to pay more than we determine a royalty is worth and have recently acquired a package of income producing royalties in Texas.

We continue to seek and evaluate additional royalties and look to invest in royalties of higher immediate value. Our royalties in the USA continue to be the primary source of income.

Of noteworthy mention is the planned follow up well to 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. In addition to the value of hydrocarbons, helium is in global shortage and is a very valuable commodity.

Meanwhile in other domestic production acreage, Origin has announced its intention to increase production at the Peat gas field, and this would result in increased royalty revenue to HPR.

One of the largest potential sources of income remains the royalty over the Shell operated Coal Seam Methane acreage in Queensland. We note additional development in adjacent area and look forward to development of the licences over which HPR has a royalty.

The Board believes that HPR is well placed with the existing royalty portfolio providing both cash flow and organic growth from exploration and development potential.

A handwritten signature in blue ink, appearing to read 'Andrew Carroll'.

Andrew Carroll
Chairman

30 September 2020

HIGH PEAK ROYALTIES LIMITED

DIRECTORS' REPORT CONTINUED

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 2020, 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

Chief Financial Officer

Jarrold White

Joint Company Secretary

Jarrold 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.

Commencing in 1997, Mr King operated a specialist energy law firm advising private international clients primarily in Papua New Guinea and Singapore and advised the PNG Government on large-scale oil and gas and mining development projects and assisted in the preparation of relevant legislation and legal advice.

Directorships of listed companies now and in the last 3 years

None.

Special duties

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

HIGH PEAK ROYALTIES LIMITED

DIRECTORS' REPORT CONTINUED

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.

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	-

HIGH PEAK ROYALTIES LIMITED

DIRECTORS' REPORT CONTINUED

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 2020. 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

(ii) Executives

Chief Financial Officer

Jarrold White

Joint Company Secretary

Jarrold 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.

HIGH PEAK ROYALTIES LIMITED

DIRECTORS' REPORT CONTINUED

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;
 - 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.

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.

HIGH PEAK ROYALTIES LIMITED

DIRECTORS' REPORT CONTINUED

REMUNERATION REPORT (AUDITED)

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

2020	Short-term benefits		Post-employment benefits	
Name	Cash salary and fees	Consulting and other fees	Superannuation	Total
Directors	\$	\$	\$	\$
Mr A.R. Carroll	95,000	75	-	95,075
Mr G.J. King	45,660	547	4,338	50,545
Mr A. Wooles	65,000	12,709	-	77,709
Subtotal	205,660	13,331	4,338	223,329
Key Management				
Mr J. T. White	-	55,984	-	55,984
Total	205,660	69,315	4,338	279,313

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 ¹	8,333	-	-	8,333
Subtotal				
Key Management				
Mr J. T. White	-	82,264	-	82,294
Total	213,993	127,296	4,338	345,627

¹ Ceased to be a director 15 October 2018

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 \$11,948 (2019: \$17,353).

Loans to Key Management Personnel

There were no loans to or from KMP throughout the year.

HIGH PEAK ROYALTIES LIMITED

DIRECTORS' REPORT CONTINUED

REMUNERATION REPORT (AUDITED)

Key Management Personnel Compensation (continued)

Options Granted as Remuneration

There were no share-based payments made to directors or senior management during the current financial year (2019: \$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 01/07/2019 No.	Acquired No.	Disposed No.	Balance at 30/06/2020 No.
Directors					
Mr A.R. Carroll	Direct/Indirect	9,829,379	-	-	9,829,379
Mr G.J. King	Direct/Indirect	1,806,249	-	-	1,806,249
Mr A. Wooles	Direct/Indirect	20,500,000	-	-	20,500,000
Total		32,135,628	-	-	32,135,628

[END OF REMUNERATION REPORT]

HIGH PEAK ROYALTIES LIMITED

DIRECTORS' REPORT CONTINUED

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	Directors Meetings	
	Number Eligible to attend	Number Attended
Andy Carroll	10	10
Geoffrey King	10	10
Anthony Wooles	10	10

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 FY20 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 2020 amounted to \$1,133,402 (2019: \$723,967).

Performance Throughout the Year

The revenue of non-operated royalty income continued throughout the year and has been steady through-out the year at \$603,703 (2019: \$647,433).

The company ended the financial year with a cash balance of \$1,843,070 (2019: \$1,045,908).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the financial year,

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.

HIGH PEAK ROYALTIES LIMITED

DIRECTORS' REPORT CONTINUED

REVIEW OF OPERATIONS

Royalties

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

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-90-R and WA-91-R (formerly WA-315-P)	0.10	Santos
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

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.

Financial Assets

During the year, HPR sold its 5,430,776 shares held in Royalco Resources Ltd (ASX: RCO) for proceeds of \$1,312,908. The Company retained its shares in Fitzroy River Corporation Limited (ASX: FZR).

DIVIDENDS

The Directors of the Company do not recommend the payment of a dividend in respect of the current financial year ended 30 June 2020 (2019: \$NIL).

AFTER BALANCE DATE EVENTS

On 21 August 2020, the Company announced the acquisition of a package of Over-Riding Royalties (ORRI) in Texas from TXO Production Corp for USD 175,000 (circa AUD 250,000). The asset includes ORRIs on 3 leases and over 300 acres.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

HIGH PEAK ROYALTIES LIMITED

DIRECTORS' REPORT CONTINUED

There were no other 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 2020 has been received and can be found on page 12 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 48-51 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 Carroli
Chairman

30 September 2020

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 2020, 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.

A handwritten 'RSM' logo in blue ink.**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink, appearing to read 'G N Sherwood' with 'GNS' written below it.

G N Sherwood
Partner

Sydney, NSW

Dated: 30 September 2020

HIGH PEAK ROYALTIES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
Revenue			
Revenue	2	603,703	647,433
Other income		232,061	22,973
Expenses			
Employee and director expenses		(237,082)	(321,478)
Due diligence and professional service expenses	3	(275,838)	(161,160)
Occupancy expenses		(22,200)	(22,200)
Finance costs	4	(206,568)	(239,051)
Exploration and evaluation expenditure		(55,112)	(18,800)
Amortisation expense	10	(213,320)	(134,864)
Impairment losses	10	(891,586)	(420,826)
Marketing expenses		(23,250)	(29,652)
Other expenses		(44,051)	(46,342)
Loss before tax		(1,133,243)	(723,967)
Income tax expense	7	(159)	-
Loss for the period		(1,133,402)	(723,967)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
- Revaluation of available for sale investments	16	(164,101)	5,015
Total other comprehensive income for the period		(164,101)	5,015
Loss attributable to:			
Members of High Peak Royalties Limited		(1,297,503)	(718,952)
Basic and diluted loss per share (cents per share)	27	(0.69)	(0.40)

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

High Peak Royalties Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	As at 30 June 2020 \$	As at 30 June 2019 \$
Current Assets			
Cash and cash equivalents	6	1,843,070	1,045,908
Trade and other receivables	8	114,190	146,550
Other financial assets	9	-	2,927
Total Current Assets		1,957,260	1,195,385
Non-Current Assets			
Trade and other receivables	8	148,404	145,775
Other financial assets	9	350	1,249,542
Intangible assets	10	11,002,027	12,051,736
Exploration and evaluation expenditure	11	-	-
Total Non-Current Assets		11,150,781	13,447,053
Total Assets		13,108,041	14,642,438
Current Liabilities			
Trade and other payables	12	150,092	85,044
Borrowings	14	364,272	356,481
Total Current Liabilities		514,364	441,525
Non-Current Liabilities			
Provisions	13	200,000	200,000
Borrowings	14	2,185,633	2,495,366
Total Non-Current Liabilities		2,385,633	2,695,366
Total Liabilities		2,899,997	3,136,891
Net Assets		10,208,044	11,505,547
Equity			
Issued capital	15	27,726,590	27,726,590
Reserves	16	(153)	163,948
Accumulated losses	17	(17,518,393)	(16,384,991)
Total Equity		10,208,044	11,505,547

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 2020

	Note	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
Balance at 1 July 2018		26,542,249	(15,661,024)	158,933	11,040,158
Shares purchased in buyback		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
Balance at 1 July 2019		27,726,590	(16,384,991)	163,948	11,505,547
Issue of shares, net of costs		-	-	-	-
Loss for the year		-	(1,133,402)	-	(1,133,402)
Other comprehensive income	16	-	-	(164,101)	(164,101)
Total Comprehensive Loss		-	(1,133,402)	(164,101)	(1,297,503)
Balance at 30 June 2020		27,726,590	(17,518,393)	(153)	10,208,044

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

HIGH PEAK ROYALTIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
Cash flows from operating activities			
Receipts from royalty rights		682,844	585,428
Payments to suppliers and employees		(675,859)	(528,300)
Interest received		1,487	11,655
Interest and finance costs		(166,566)	(273,710)
Exploration expenses		(55,112)	(18,800)
Net cash used in operating activities	18	(213,206)	(223,727)
Cash flows from investing activities			
Payments for royalty rights		-	(48,021)
Proceeds from / (payments for) financial assets		1,312,908	(600)
Net proceeds from sale of available for sale assets		-	-
Net cash (used in) / provided by investing activities		1,312,908	(48,621)
Cash flows from financing activities			
Proceeds from issue of shares, net of costs		-	1,184,341
Repayment of borrowings		(353,988)	(1,055,409)
Net cash provided by / (used in) investing activities		(353,988)	128,932
Net decrease in cash and cash equivalents		745,715	(143,416)
Cash at beginning of financial year		1,045,908	1,178,186
Effects of exchange rate changes on cash		51,447	11,138
Cash and cash equivalents at end of the year	6	1,843,070	1,045,908

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

HIGH PEAK ROYALTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 2020 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 2020.

(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) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(e) 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.

(f) Investments and Other Financial Assets

Investments and other financial assets, other than investments in associates, are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) 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.

(h) 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.

(i) 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.

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.

(j) 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.

HIGH PEAK ROYALTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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

(p) 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.

HIGH PEAK ROYALTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

(q) 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.

(r) Leases

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(s) 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.

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 it is probable that there are future taxable profits available to recover the asset.

(t) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(u) New and Amended Standards not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2020. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the company's financial statements.

(v) 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 WA-314-P which was fully impaired (\$891,910) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Other Financial Assets

HPR sold its 5,430,776 shares held in fellow ASX listed Royalty Company - Royalco Resources Ltd (ASX: RCO) for \$1,471,829. This resulted in a gain on sale of \$214,617 which was realised in the financial year. The Company has retained its shares in Fitzroy River Corp Limited. The directors have exercised their judgement in determining that these assets should be classified as non-current rather than current.

HIGH PEAK ROYALTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
2. REVENUE AND OTHER INCOME		
Receipts from royalty rights	603,703	647,433
Total Revenue	603,703	647,433
Interest received from financial institutions	4,116	13,552
Other income	13,328	9,421
Gain on sale of FV asset	214,617	-
Total Other Income	232,061	22,973
Total Income	835,764	670,406
<i>Timing of revenue recognition</i>		
Revenue received at a point in time	603,703	647,433
Revenue received over time	-	-
Total	603,703	647,433
3. DUE DILIGENCE AND PROFESSIONAL SERVICE FEES		
Consultancy fees	54,068	34,000
Legal and due diligence fees	45,310	60,123
Accounting and auditing fees	176,460	67,037
Total	275,838	161,160
4. FINANCE COSTS		
Interest and finance charges	206,568	239,051
Total	206,568	239,051

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.

HIGH PEAK ROYALTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

2020	Australia	USA	Consolidated
Revenue	\$	\$	\$
Revenue from continuing operations	408,354	427,410	835,764
Total segment revenue	408,354	427,410	835,764
Segment revenue from continuing operations			835,764
Total segment result	(1,125,171)	(8,231)	(1,133,402)
Net loss before tax from continuing operations			(1,133,402)
Segment assets	10,066,555	3,041,486	13,108,041
Segment liabilities	318,137	2,581,860	2,899,997
2019	Australia	USA	Consolidated
	\$	\$	\$
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

6. CASH AND CASH EQUIVALENTS

	As at 30 June 2020	As at 30 June 2019
	\$	\$
Cash at bank and in hand	1,843,070	1,045,908
	1,843,070	1,045,908

HIGH PEAK ROYALTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

7. INCOME TAX

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

	Year ended 30 June 2020	Year ended 30 June 2019
	\$	\$
Loss from continuing operations	(1,133,242)	(723,967)
Income tax benefit calculated at 27.5% (2019: 27.5%)	(311,642)	(199,091)
Effect of non-deductible items	-	-
Deferred tax asset not brought to account	311,642	199,091
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

4,908,283 4,896,801

Temporary differences for which no deferred tax asset/(liability) has been recognised:

Prepayments	(15,375)	(4,740)
Accrued expenses	23,788	2,448
Accrued income	-	(3,316)
Royalty rights	328,279	270,070
Exploration expenditure	10,504	10,504
Accumulated amortisation	-	115,727
Accumulated impairment – AFS asset	360,913	-
Cost of equity	(142)	9,414
Capital adjustments	-	8,154
	5,616,250	5,305,062

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 2020	As at 30 June 2019
	\$	\$
Current		
GST credits receivable	19,922	25,353
Accrued royalty revenue receivable	38,360	103,962
Other receivables	55,909	17,235
	114,191	146,550
Non-current		
Deposits and bonds	148,404	145,775
	148,404	145,775

HIGH PEAK ROYALTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 2020 financial year (2019: 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 2020 \$	As at 30 June 2019 \$
<i>Current</i>		
Listed share options	-	2,927
<i>Non-current</i>		
Listed ordinary share – designated at fair value through other comprehensive income	350	1,249,542
Total	350	1,252,469
Movements in Carrying Amounts		
Opening balance	1,252,469	1,252,005
Revaluation increments	222,637	464
Sale of asset designated at fair value through other	(1,474,756)	-
Closing balance	350	1,252,469

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:

	Quoted Prices in Active Markets for Identical Assets \$ (Level 1)	Significant Observable Inputs \$ (Level 2)	Significant Unobservable Inputs \$ (Level 3)
<u>Financial Assets - FVOCI</u>			
30 June 2020			
Shares in listed corporation	350	-	-
Investment in options of a listed company	-	-	-

HIGH PEAK ROYALTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

9. OTHER FINANCIAL ASSETS (CONTINUED)

	Fair Value Measurements Using:		
	Quoted Prices in Active Markets for Identical Assets	Significant Observable Inputs	Significant Unobservable Inputs
	\$	\$	\$
	(Level 1)	(Level 2)	(Level 3)
<u>Financial Assets - FVOCI</u>			
30 June 2019			
Shares in listed corporation	1,249,542	-	-
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 2020 \$	As at 30 June 2019 \$
Royalty rights	17,010,657	17,010,657
Accumulated amortisation	(1,609,035)	(1,395,715)
Foreign exchange movement on opening balance	55,196	
Accumulated impairment	(4,454,791)	(3,563,206)
	11,002,027	12,051,736
Movements in Carrying Amounts		
Opening balance	12,051,736	8,694,323
Additions	-	3,912,965
Less		
Amortisation	(213,320)	(134,864)
Foreign exchange movement on opening balance	55,196	-
Impairment	(891,585)	(420,688)
Closing balance	11,002,027	12,051,736

¹ Included in the amortisation and impairment expense is \$891,910 relating to WA-314-P which was surrendered by Karoon Gas.

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: \$35/BBL USD (2020) then 5 year forward curve
- Gas Price: \$2.30gj USD

HIGH PEAK ROYALTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

10. INTANGIBLE ASSETS (CONTINUED)

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.

Significant intangible assets

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-90-R and WA-91-R (formerly WA-315-P)	0.10	Santos
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

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 WA-314-P which resulted in an impairment expense of \$891,910.

HIGH PEAK ROYALTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

11. EXPLORATION AND EVALUATION EXPENDITURE

	As at 30 June 2020	As at 30 June 2019
	\$	\$
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 2020	As at 30 June 2019
	\$	\$
Current		
Accounts payable	27,219	36,207
Other payables	122,873	48,837
	150,092	85,044

13. OTHER LIABILITIES

	As at 30 June 2020	As at 30 June 2019
Non-current		
Provision for site rehabilitation	200,000	200,000
	200,000	200,000

14. BORROWINGS

	As at 30 June 2020	As at 30 June 2019
	\$	\$
Bank loan facility – current portion	364,272	356,481
Bank loan facility – non-current portion	2,183,633	2,495,366
	2,549,905	2,851,847
Movements in carrying amounts		
Opening balance	2,851,847	-
Additions ¹	-	3,886,425
Less		
Repayments	(363,372)	(1,069,442)
Impact of foreign exchange	61,430	34,864
Closing balance	2,549,905	2,851,847

HIGH PEAK ROYALTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

14. BORROWINGS (CONTINUED)

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 2020		As at 30 June 2019	
Ordinary shares	No. of shares	\$	No. of shares	\$
At the beginning of the financial year	188,956,399	27,726,590	163,956,399	26,542,249
Share placement	-	-	25,000,000	1,184,341
Share buyback programme	-	-	-	-
At the end of the financial year	188,956,399	27,726,590	188,956,399	27,726,590

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 2020 \$	As at 30 June 2019 \$
Financial assets at fair value through other comprehensive income reserve	(207)	158,933
Foreign currency reserve	54	5,015
	(153)	163,948

Movements in reserves

	Financial assets at fair value through OCI	Foreign currency
Balance at 1 July 2018	158,933	-
Revaluation	-	5,015
Balance at 30 June 2019	158,933	5,015
Revaluation	(381,777)	(4,961)
Sale of Assets	222,637	-
Balance at 30 June 2020	(207)	54

HIGH PEAK ROYALTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

16. RESERVES (CONTINUED)

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 2020 \$	Year ended 30 June 2019 \$
Movements in accumulated losses were as follows:		
Balance at the beginning of the financial year	(16,384,991)	(15,661,024)
Net loss for the year	(1,133,402)	(723,967)
Balance at the end of the financial year	<u>(17,518,393)</u>	<u>(16,384,991)</u>

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

	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
Cash flows from operating activities		
Loss after income tax	(1,133,397)	(723,967)
Amortisation expense	213,320	134,864
Unrealised gain on revaluation of financial assets at fair value through profit or loss		134
Impairment expense	891,586	420,826
Accrued interest	23,371	34,658
Exploration expenses	55,112	18,800
Sale of financial assets	(214,617)	-
Net (gain)/loss on exchange differences	4,961	(14,383)
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	28,024	(78,868)
Increase/(decrease) in trade and other payables	3,072	3,995
(Decrease)/increase in provision for employee entitlements	(84,638)	(19,791)
Net cash flows from operating activities	<u>(213,206)</u>	<u>(223,727)</u>

19. KEY MANAGEMENT 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

HIGH PEAK ROYALTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

19. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

Key management personnel compensation	Year ended 30/06/2020	Year ended 30/06/2019
	\$	\$
Short-term employee benefits	208,160	213,993
Post-employment benefits	4,338	4,338
	212,498	218,331

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

2020	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	67,500	12,168	-	79,668
Mr J. T. White	-	-	-	-
Subtotal	208,160	45,002	4,338	257,500
Key Management				
Mr J. T. White	-	55,984	-	55,984
Total	208,160	100,986	4,338	313,484

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

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 (2019: \$NIL).

HIGH PEAK ROYALTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

19. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

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 01/07/2019 No.	Acquired No.	Disposed No.	Balance at 30/06/2020 No.
Directors					
Mr A.R. Carroll	Direct/Indirect	9,829,379	-	-	9,829,379
Mr G.J. King	Direct/Indirect	1,806,249	-	-	1,806,249
Mr A. Wooles	Direct/Indirect	20,500,000	-	-	20,500,000
Total		32,135,628	-	-	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 2020 \$	Year ended 30 June 2019 \$
Australasian Energy Pty Ltd ¹	31,577	29,000

¹Related 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 2020 (2019: \$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 10.

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 2020.

HIGH PEAK ROYALTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

22. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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 2020 are as follows:

Name of subsidiary	Place of incorporation	Proportion of ownership interest and voting power held	
		As at 30 June 2020	As at 30 June 2019
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.	United States of America	100%	100%

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 2020	Year ended 30 June 2019
	\$	\$
Audit of financial reports and other audit work under the <i>Corporations Act 2001</i>		
Audit and review services		
- RSM Australia Partners	44,500	44,500
	44,500	44,500

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.

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

	2020 Weighted average effective interest rate	30 June 2020 \$	30 June 2019 \$
<u>Financial assets</u>			
Cash and bank balances – floating interest	0.27%	1,537,609	926,811
Cash and bank balances – non-interest bearing	-	305,461	119,097
Subtotal: Cash and bank balances		1,843,070	1,045,908
Trade and other receivables	-	262,594	292,325
Other financial assets	-	350	1,252,469
<u>Financial liabilities</u>			
Trade and other payables	-	150,092	85,044
Borrowings	7.96%	2,549,905	2,851,847

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.

HIGH PEAK ROYALTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

26. FINANCIAL INSTRUMENTS (CONTINUED)

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

	30 June 2020	30 June 2019
	\$	\$
Royalty income receivable	38,360	91,903
GST receivable	19,922	25,353
Funds on deposit for security guarantee	148,404	145,775
	206,685	263,031

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 2020	30 June 2019
	\$	\$
<u>Change in cash and cash equivalents</u>		
Increase in interest rate by 1%	15,376	9,268
Decrease in interest rate by 1%	(15,376)	(9,268)

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.

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 2020	30 June 2019
	\$	\$
Cash at bank	457,668	270,038
Trade receivables	28,910	91,903

Sensitivity

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

	30 June 2020	30 June 2019
Impact on post tax profit	\$	\$
US/\$ exchange rate – increase 5%	937	7,982
US/\$ exchange rate – decrease 5%	(848)	(7,982)

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.

HIGH PEAK ROYALTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

26. FINANCIAL INSTRUMENTS (CONTINUED)

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 2020				
Current assets				
Trade and other receivables	114,190	114,190	-	-
Non-current assets				
Deposits and bonds	148,404	-	-	148,404
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

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.

Maturity analysis of financial liabilities

		Contractual cash flow due		
	Carrying amount	1 to 3 months	3 months to 1 year	1 to 5 years
	\$	\$	\$	\$
30 June 2020				
Current liabilities				
Accounts payable	27,219	27,219	-	-
Other payables	122,873	122,873	-	-
Borrowings	364,272	-	364,272	-
Non-current liabilities				
Borrowings	2,185,633	-	-	2,185,633
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

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

HIGH PEAK ROYALTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

27. EARNINGS PER SHARE

	Year ended 30 June 2020	Year ended 30 June 2019
	\$	\$
Earnings per share from continuing operations		
Loss after income tax attributable to members	(1,297,503)	(718,952)
	Cents	Cents
Basic loss per share	0.69	0.40
Diluted loss per share	0.69	0.40
	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	188,956,399	165,541,732
Diluted loss per share	188,956,399	165,541,732
	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

On 21 August 2020, the Company announced the acquisition of a package of Over-Riding Royalties (ORRI) in Texas from TXO Production Corp for USD 175,000 (circa AUD 250,000). The asset includes ORRIs on 3 leases and over 300 acres.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There were no other significant events have occurred since balance sheet date.

HIGH PEAK ROYALTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

29. PARENT ENTITY DISCLOSURES

	As at 30 June 2020 \$	As at 30 June 2019 \$
Statement of financial position		
Assets		
Total current assets	1,425,470	649,715
Total non-current assets	9,910,329	11,188,643
Total assets	11,335,799	11,838,358
Liabilities		
Total current liabilities	105,741	45,716
Total non-current liabilities	200,000	200,000
Total liabilities	305,741	245,716
Equity		
Issued capital	49,959,508	49,959,508
Reserves	540,262	699,295
Accumulated losses	(39,469,713)	(38,488,799)
Total equity	11,030,057	11,592,642

29. PARENT ENTITY DISCLOSURES (CONTINUED)

Statement of profit or loss and other comprehensive income

	Year ended 30/06/2020 \$	Year ended 30/06/2019 \$
Loss for the year	(403,552)	(577,382)
Total comprehensive loss	(403,552)	(577,382)

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 2020.

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.

HIGH PEAK ROYALTIES LIMITED

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 2020 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 2020

RSM Australia Partners

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www.rsm.com.au**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 2020, 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 2020 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
Royalty Rights Refer to Note 10 in the financial statements	
<ul style="list-style-type: none"> The Group has capitalised mineral royalty rights with a carrying value of \$11m. 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. 	<p>Our audit procedures in relation to Royalty Rights included:</p> <ul style="list-style-type: none"> Obtaining the Royalty Rights register and on a sample basis testing the ownership of the rights to various external and internal supporting documents. 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 2020 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 WA-351-P which was 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 22 in the Financial Statements	
<p>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.</p> <p>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</p>	<p>Our audit procedures in relation to the provision for site rehabilitation included the following:</p> <ul style="list-style-type: none"> 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

<p>\$200,000 and \$1,150,000 which was based on internal and external sources.</p> <p>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.</p>	<p>Australian Regulatory Authorities around the renewal application for the licences.</p> <ul style="list-style-type: none"> • 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.
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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 2020 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 2020.


In our opinion, the Remuneration Report of High Peak Royalties Ltd, for the year ended 30 June 2020, 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.

A handwritten signature in blue ink that reads "RSM".

RSM Australia Partners

A handwritten signature in blue ink, appearing to read "G N Sherwood", with the initials "GNS" written to the right.

G N Sherwood
Partner

RSM Australia
Sydney 30 September 2020

HIGH PEAK ROYALTIES LIMITED

CORPORATE GOVERNANCE STATEMENT

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 2020 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.

HIGH PEAK ROYALTIES LIMITED

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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.	✓	<p>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.</p> <p>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.</p> <p>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.</p>
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.	✓	<p>The Chairperson and Chief Executive Officer role were held by different individuals for the entire reporting period.</p> <p>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.</p>
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.	✓	<p>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.</p> <p>A copy of the Code of Conduct has been published on the Company's website.</p>

HIGH PEAK ROYALTIES LIMITED

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

4.	SAFEGUARD INTEGRITY IN FINANCIAL REPORTING		
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</p> <p>(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.</p>	✓	<p>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.</p> <p>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.</p> <p>The Directors currently serving on the Audit Committee are deemed independent. The Chairperson of the Audit Committee is not the Chairperson of the Board.</p> <p>The Corporate Governance Policy includes a formal charter for the Audit Committee, as published on the Company's website.</p> <p>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.</p>
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.	✓	<p>At the date of this report, the Company does not have an appointed Chief Executive Officer.</p> <p>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.</p>
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	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	✓	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.

HIGH PEAK ROYALTIES LIMITED

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

7.	RECOGNISE AND MANAGE RISK		
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> (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 <p>(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.</p>	✓	<p>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.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	✓	<p>The risk management and internal control system is reviewed annually, at the completion of the audit of the Company's Financial Statements.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	✓	<p>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.</p> <p>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.</p>
7.4	<p>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.</p>	✓	<p>This information is disclosed in Note 24 – Financial Instruments in the Annual Report.</p>
8.	REMUNERATE FAIRLY AND RESPONSIBLY		
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> (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 <p>(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.</p>	✗	<p>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.</p> <p>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.</p>
8.2	<p>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.</p>	✓	<p>This information is included in the Company's Corporate Governance Statement and has been published on the Company's website.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	✗	<p>The company does not have an equity-based remuneration scheme and therefore this recommendation is not applicable.</p>

HIGH PEAK ROYALTIES LIMITED

ASX ADDITIONAL INFORMATION

a) Distribution of Equity Holders (as at 23 September 2020)

Spread of holdings	Number of Holders	Fully Paid Ordinary Shares
1 - 1,000	365	157,284
1,001 - 5,000	264	638,694
5,001 - 10,000	67	489,244
10,001 - 100,000	177	7,134,661
100,001 - and over	117	180,536,516
TOTAL	990	188,956,399

b) Top Twenty Ordinary Shareholders (as at 23 September 2020)

Name	Number of Ordinary Shares held	%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	53,933,463	28.54
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>	7,265,384	3.85
RAE CARROLL NOMINEES PTY LIMITED <CARROLL SUPER PLAN A/C>	6,801,770	3.60
PERMENENT NOMINEE PTY LTD	6,666,399	3.53
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 WOOLLES + MS ALISON LOUISE WOOLLES <A & A SUPER A/C>	4,281,540	2.27
ALCARDO INVESTMENTS LIMITED <STYLED 102501 A/C>	3,210,000	1.70
MR DAVID CURZON SMITH + MRS DIANE MAURINE SMITH <BADHAM FAMILY A/C>	2,248,086	1.19
MR GEOFFREY KEVIN CAMMELL <CAMMELL DISCRETIONARY A/C>	2,200,000	1.16
CAIRNGLEN INVESTMENTS PTY LTD	1,980,000	1.05
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
BEACON EXPLORATION PTY LTD	1,500,000	0.79
MRS SARA JACOB	1,500,000	0.79
MR MATTHEW JON LIDDY	1,500,000	0.79
Total Top 20 Shareholders	140,570,786	0.79
Other Shareholders	48,385,613	74.39
Total ordinary shares on issue	188,956,399	100.00

HIGH PEAK ROYALTIES LIMITED

ASX ADDITIONAL INFORMATION

c) Non-Marketable Parcels (as at 23 September 2020)

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

d) Substantial Shareholders (as at 23 September 2020)

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	53,933,463	28.54
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 23 September 2020)

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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SYDNEY NSW 2000, AUSTRALIA