HIGH PEAK ROYALTIES

Annual Report 2014

Resource investment excellence

High Peak Royalties is an ASX listed company with offices in Perth and Sydney. Our commitment is to build a portfolio of diversified high value resource royalties with exposure to projects in exploration, pre-production and producing phases.

These royalties mean investors benefit from receiving revenues in resource projects without the obligation to fund capital expenditure.

Our expanding and diversified royalty portfolio has access to projects in key oil and gas basins in Australia. The portfolio is enhanced by exposure to top tier project operators. These include some of the world's leading oil and gas companies.

The High Peak royalty investment model is particularly attractive to developing resource companies.

Expanding a portfolio with potential for additional discoveries

Surat Basin CSG Project
2.5% Overriding Royalty Interest in PL171 and ATP574P.
(Operated by Queensland Gas / BG Group.)

Tintaburra Oil Field
3.6/4.0% Net Profit Revenue Interest.ATP 299P and Petroleum Leases PL29, PL38, PL39, PL52, PL57, PL95, PL169, PL170, PL293, PL294, PL295 and PL298.
(Operated by Santos.)

Peat Gas Field
2.125% Overriding Royalty Interest in the Peat Gas Field (PL101).
(Operated by Origin Energy.)

Surprise Oil Field
1.0% Overriding Royalty Interest in the Surprise Oil Field (PL6).
(Operated by Central Petroleum.)

Longtom Gas Field
0.3% Overriding Royalty Interest in the Longtom Gas Field (VIC/L29 and VIC/P54).
(Operated by Nexus Energy.)

Poseidon LNG
0.103125% Overriding Royalty Interest in WA-315-P.
(Operated by ConocoPhillips.)

Browse Basin
0.103125% Overriding Royalty Interest in WA-314-P.
(Operated by Karoon Gas Australia.)

Royalties

The acquisition of royalties, with immediate or near term cash flow, is High Peak's primary focus. This acquisition strategy is focussed on building a robust, diversified portfolio of royalties with potential for additional discoveries.

Recognised as an innovator and leader in this asset class, High Peak continues to assess a regular flow of potential royalty investments across the resources sector.

Our expanding portfolio spans producing royalties, potential development royalties and exploration royalties. This includes royalties over 20 oil and gas projects throughout the region.

Amadeus Basin
1.0% Overriding Royalty Interest in EP (A) 111, EP115, EP (A)120 and EP(A) 124.
(Operated by Central Petroleum.)

Amadeus Basin
1.0% Overriding Royalty Interest in EP112 and EP125.
(Southern Amadeus JV operated by Santos.)

Amadeus Basin
2.0% Overriding Royalty Interest in EP156 and EP(A)155.
(Operated by Mosman Oil and Gas.)

Western Flank-Cooper Basin
1.3% Overriding Royalty Interest in PEL512
(Operated by Discovery Energy.)

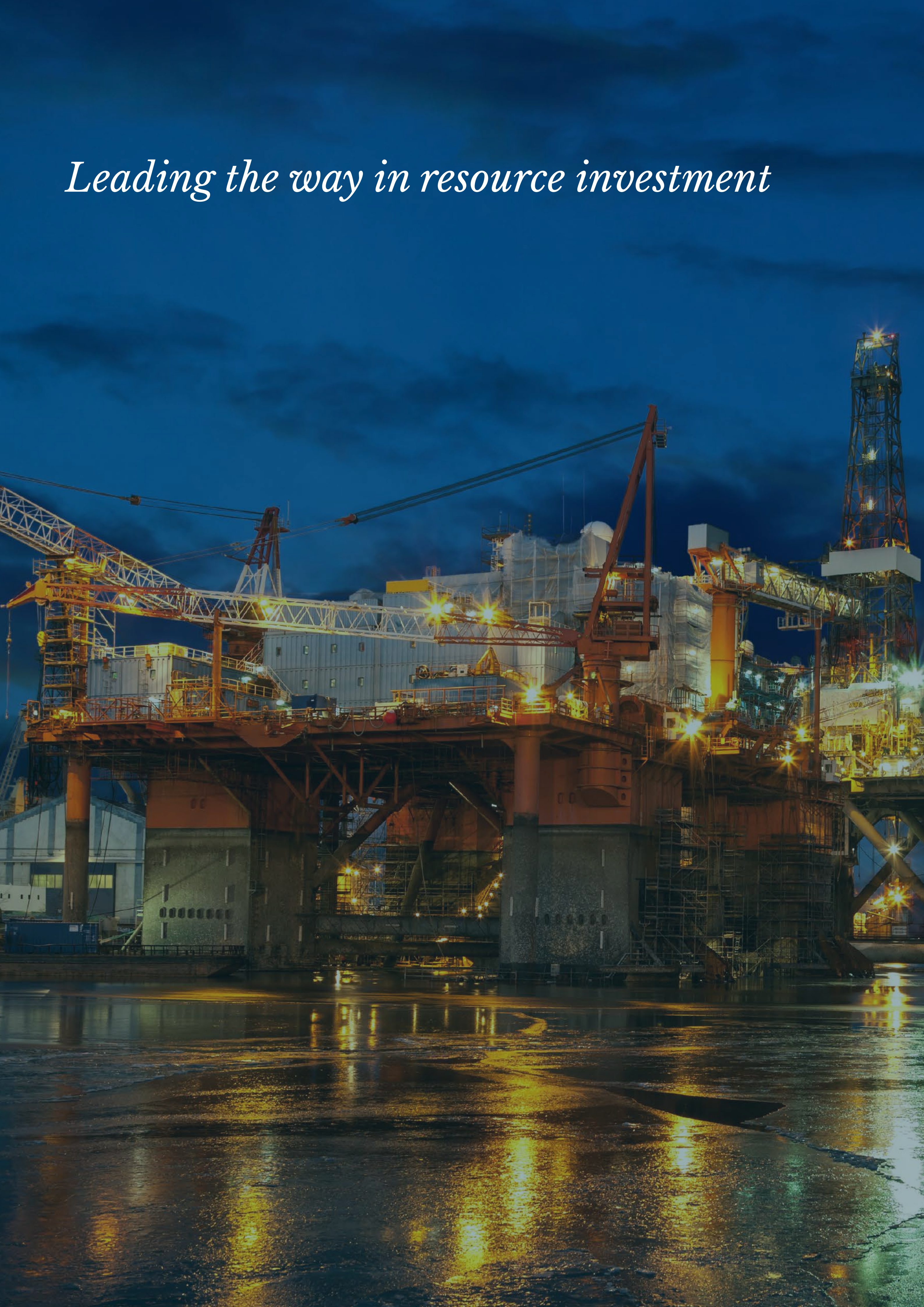
North Carnarvon Basin
0.2% Overriding Royalty Interest in WA-482-P
(Operated by Apache Corporation.)

Seychelles
0.0375% Overriding Royalty Interest in 12,856km2 of permits in the Seychelles.
(Operated by Ophir Energy.)

Officer Basin
2.0% Overriding Royalty Interest in WA-EP468.
(Operated by Paltar Petroleum.)

Geothermal Permits
High Peak holds five geothermal energy licences covering 21,681km2 in South Australia. Also one other geothermal tenement area under application in the Northern Territory

Leading the way in resource investment



Investors

The resources sector is one of the world's most competitive and capital-intensive areas.

High Peak's royalty acquisition model is structured to help maximise shareholder value, without incurring the large costs associated with resource project development. This is achieved through astute identification and management of a diversified portfolio of royalties with potential for additional discoveries. Royalties are a capital efficient investment that effectively removes the obligation to fund large capital expenditures.

CONTENTS

HIGH PEAK ROYALTIES LIMITED (Previously named Torrens Energy Limited)
ABN 79 118 065 704

Chairman

Anthony Wooles	(Non Executive Chairman)
Geoffrey King	(Deputy Chairman)

Directors

Anthony Wooles	
Geoffrey King	(appointed 1 May 2014)
Andrew Carroll	(appointed 1 May 2014)
Nigel Hartley	(appointed 1 May 2014)
Howard McLaughlin	
John Theobold	(appointed 1 May 2014)
David Eiszele	(resigned 2 May 2014)
Winton Willesee	resigned 2 May 2014)

Chief Executive Officer
Steven Larkins (appointed 1 May 2014)

Chief Financial Officer
Mr Jarrod White (appointed 1 May 2014)

Company Secretaries
Mr Robert Hodby
Mr Jarrod White (appointed 1 May 2014)

Perth Office
Level 40, Central Park, 152-158 St George's Terrace, Perth WA 6000, Australia

Sydney Office
Suite 305, 35 Lime Street, Sydney NSW 2000, Australia

Securities Quoted
Australian Securities Exchange Ltd (ASX) Codes:
- ASX: HPR (shares)
- ASX: HPRO (options expiring 15 April 2017)

Share Registry
Computershare Investor Services - Level 2, Reserve Bank Building, 45 St Georges Terrace, Perth WA 6000, Australia

Website
http://www.highpeak.com.au

Auditors
Stantons International Audit and Consulting Pty Ltd - Level 2, 1 Walker Avenue, West Perth WA 6005, Australia

Bankers
Westpac Banking Corporation - 109 St Georges Terrace, Perth WA 6000, Australia
National Australia Bank - 345 George Street, Sydney NSW 2000, Australia

Lawyers
Herbert Smith Freehills - QV.1 Building, 250 St Georges Terrace, Perth WA 6000, Australia
Addisons - Level 12, 60 Carrington Street, 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
- Oilco Pty Ltd
- Oil and Gas Royalties Pty Ltd
- Torrens Energy (SA) Pty Ltd

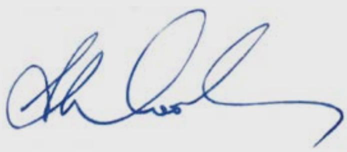
CHAIRMAN’S STATEMENT

During the current period, High Peak has undergone a transformational Merger, where ASX listed Torrens Energy Limited (ASX:TEY) merged with unlisted Phoenix Oil and Gas Limited in a 100% scrip takeover bid that lead to the merger and relisting of High Peak Royalties Limited.

The accompanying capital raising has created new opportunities for the company to build on its current platform of 20 royalties, covering numerous high potential resource projects across Australia.

Following the re-structure of the Company the Board has been very busy reviewing new strategic opportunities for royalties in the resources sector. We have established strong communications with capital markets participants and key stakeholders which provide additional deal flow.

We welcome your support as we look to build out the portfolio with a focus on royalty opportunities with near term cash flow characteristics.



Anthony Wooles
Non - Executive Chairman
30 September 2014

The Directors of High Peak Limited (HPR/the Company) and its subsidiaries present the annual financial report for financial year ended 30 June 2014, and the independent audit report thereon.

DIRECTORS

The names and details of the Directors of High Peak Royalties Limited ("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.

Anthony Wooles	Non Executive Chairman
Geoffrey King	Deputy Chairman, Non-executive Director (appointed 1 May 2014)
Andrew Carroll	Non-executive Director (appointed 1 May 2014)
Nigel Hartley	Non-executive Director (appointed 1 May 2014)
Howard McLaughlin	Non-executive Director
John Theobold	Non-executive Director (appointed 1 May 2014)
David Eiszele	Non-executive Director (resigned 2 May 2014)
Winton Willesee	Non-executive Director (resigned 2 May 2014)

CHIEF EXECUTIVE OFFICER

Mr Steven Larkins was appointed as Chief Executive Officer of HPR on 1 May 2014. Mr Larkins has been the CEO of wholly owned subsidiary Phoenix Oil and Gas Limited since 17 September 2012.

CHIEF FINANCIAL OFFICER

Mr Jarrod White was appointed as Chief Financial Officer of the Group on 1 May 2014.

JOINT COMPANY SECRETARIES

Mr Robert Hodby.
Mr Jarrod White was appointed as Joint Company Secretary on 1 May 2014.

BOARD OF DIRECTORS

MR ANTHONY WOOLES B Com, Dip App Finance, MBA (Wharton), MAICD, A Fin
Non-Executive Chairman
Mr Wooles is Chairman of AEW Capital, Chairman of Bhagwan Marine, and Senior Advisor to Catalyst Investment Managers. He brings significant experience and knowledge in the corporate finance and energy sectors including the establishment and ultimate sale in 2009 of energy services company PearlStreet Limited.
DIRECTORSHIPS OF LISTED COMPANIES NOW AND IN THE LAST 3 YEARS
Mr Wooles does not currently hold any other directorships in listed companies and has not held any directorships in the last three years.

MR G.J. KING BA, LLB
Deputy Chairman
Mr King brings to the Company 38 years of oil and gas management and legal and corporate administration expertise. He began his career with the Australian government and then Esso Australia Ltd. At Ampolex Ltd, as General Counsel and a member of the Executive Committee, Mr King was involved in the rapid expansion of the company from a small explorer to a mid-cap producer. Mr King has his own energy law firm, and currently advises the PNG Government, most recently on the Exxon LNG project.
DIRECTORSHIPS OF LISTED COMPANIES NOW AND IN THE LAST 3 YEARS
Mr King is currently a Non Executive Chairman and Director of Cue Energy Resources Limited (ASX:CUE).
In addition Mr King is a director of Vermilion Oil and Gas Australia Pty Ltd and was a director of Singapore Petroleum Company Ltd for nine years.

MR A.R. CARROLL BA, MA
Non-Executive Director
Mr Carroll has over 30 years of international oil and gas experience. A graduate engineer from Cambridge University, he trained with BP, and his experience includes board, senior management and consultancy roles with a number of oil and gas companies.
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).

MR N.D.R. HARTLEY BSc FCA (England and Wales)
Non-Executive Director
Mr Hartley has had over 25 years in the resources industry including 20 with Oil Search Limited (ASX:OSH). He was CFO for Oil Search for 12 years and has been responsible for raising debt funds for a number of oil and gas projects, including most recently the PNG LNG Project.
DIRECTORSHIPS OF LISTED COMPANIES NOW AND IN THE LAST 3 YEARS
Mr Hartley is currently a director of Roc Oil Company Limited (ASX:ROC) and was a director of Austin Exploration Limited (ASX:AKK) until resigning in June 2013. He has not held any other director's positions in a listed company in the previous 3 years.
In addition Mr Hartley was a director of Papuan Oil Search Ltd and a number of Oil Search operating subsidiaries.

MR HOWARD MCLAUGHLIN BSc(Hons), MSc
Non-Executive Director
Mr McLaughlin, B.Sc. Geology, is an experienced corporate leader with an extensive international background focused on hydrocarbon exploration and production with past senior roles with BHP Billiton, Antares Energy and Esso Canada. Most recently Mr McLaughlin has pursued his interests in hydrocarbon exploration and development in the United States through his stewardship of Contour Exploration and Production.
DIRECTORSHIPS OF LISTED COMPANIES NOW AND IN THE LAST 3 YEARS
Mr McLaughlin does not currently hold any other directorships in listed companies and has not held any directorships in the last three years.

MR. J. THEOBALD BSc, BA, CEng, FIMMM, FGS, MIoD
Non-Executive Director
Mr Theobald has over 30 years' experience in the natural resources sector and is currently Chief Executive Officer of Anglo Pacific Group plc a natural resources royalty company listed on the main board of the London Stock Exchange. He has also worked in the junior and mid-tier resource sector, most recently as Chairman of First Coal Corporation in Canada which was successfully sold to Xstrata plc, and for major companies such as Anglo American Corporation of South Africa Ltd (now Anglo American plc), Iscor Ltd (now split between Kumba Iron Ore Ltd, Exxaro Resources Ltd and ArcelorMittal SA) and SCR-Sibelco NV. Mr. Theobald is a Chartered Engineer and has a BSc with Honours in geology from the University of Nottingham.
DIRECTORSHIPS OF LISTED COMPANIES NOW AND IN THE LAST THREE YEARS
Mr Theobald was a director of Anglo Pacific Group PLC until 21 October 2013 (listed on the LSE and TSX) and and has been a director of Maudore Minerals Ltd (TSX listed) and Atna Resources Ltd (TSX listed).

CHIEF EXECUTIVE OFFICER

STEVEN LARKINS BCom, LLB
Mr Larkins has been Phoenix's CEO since September 2012 and has extensive capital markets and natural resource finance knowledge and expertise having previously held senior stockbroking and investment banking positions at Commonwealth Bank of Australia and Goldman Sachs JBWere.

CHIEF FINANCIAL OFFICER

JARROD TRAVERS WHITE B. Bus, CA, CTA
Mr White was appointed as Joint Company Secretary and Chief Financial Officer of the Group on 1 May 2014. Mr White is a Chartered Accountant and Director of Traverse Accountants Pty Ltd a corporate advisory and Chartered Accounting Firm. Mr White has been associated as external advisor to the merged Phoenix Oil and Gas Limited since its incorporation in 2008 and Company Secretary and CFO since 2010.

JOINT COMPANY SECRETARIES

The Company has two joint company secretaries:
- Mr Robert Hodby B.Com, CPA
- Jarrod Travers White, B. Bus, CA, CTA

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	20,064,225	3,570,400
Geoffrey King	1,356,966	96,000
Andy Carroll	8,954,379	240,000
Nigel Hartley	40,000	80,000
Howard McLaughlin	200,000	36,037
John Theobald	-	-
David Eiszele*	782,534	276,037
Winton Willesee*	-	-

*This represents the share and option holding as at the date of resignation

MEETINGS OF DIRECTORS

During the financial year, ten meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors Meetings		Audit Committee Meetings	
Directors	**Number Eligible to attend**	**Number Attended**	**Number Eligible to attend**	**Number Attended**
Anthony *Wooles*	8	8	-	-
Geoffrey King	2	2	-	-
Andy Carroll	2	2	-	-
Nigel Hartley	2	2	-	-
Howard McLaughlin	8	8	-	-
John Theobald	2	2	-	-
David Eiszele	6	6	1	1
Winton Willesee	6	6	1	1

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 has royalties over 18 oil and gas projects in Australia and the Seychelles. It is the operator of two oil and gas permit interests and seven geothermal permit interests. Three royalty areas are in production and generating income for the Company.

RESULTS FROM OPERATIONS

The net loss after providing for income tax for the year ended 30 June 2014 amounted to $2,699,013 (2013: $1,033,467).

PERFORMANCE THROUGHOUT THE YEAR

The revenue of non operated royalty income continued throughout the year and increased by $58,548 to $316,287 (2013: $257,739). The Company increased its loss from operations by $1,665,546 to a net operating loss of $2,699,013 (2013: loss $1,033,467). The company ended the financial year with a cash balance of $6,718,455. Due to an overpayment of the Tintaburra royalty, High Peak Royalties Limited has received unearned revenue during the financial year of $13,644. It is anticipated that this revenue will be earned during the subsequent financial year 2014/15.

CHANGES IN STATE OF AFFAIRS

During the current period High Peak Royalties Limited (formerly Torrens Energy Limited, TEY) acquired Phoenix Oil and Gas Limited in a reverse acquisition as per AASB 3 Business Combinations (FP). The acquisition was conditional upon:

- TEY having acquired at least 90% of all Phoenix shares on issue, and is entitled to compulsorily acquire remaining shares in POG under 661A of the Corporations Act 2001 (the "Act").
- Shareholders approve all essential resolutions at the General Meeting of TEY
- The public offer under the prospectus having closed and TEY receiving valid applications of no less than $4m under the public offer.
- TEY received written confirmation from the ASX that TEY will be readmitted to the Official List and that suspension from of TEY from official quote will be lifted.

On 24 March 2014 the shares of Torrens Energy Limited were suspended from official quotation pending the outcome of the resolution at the company's general meeting to approve change in activities. The general meeting was subsequently held on 24 March 2014 at which point share holders voted in favour of the following:

- Approval for change in Nature and Scale of Activities.
- Consolidation of Capital
- Change of Company name
- Placement of Securities under prospectus
- Participation of Anthony Wooles in Placement
- Placement of unrelated Phoenix Option holders

On 17 April 2014 the company formally issued shares under the offer and the share sale agreement formally completed with TEY notifying the market that the transaction was complete and 98% of Phoenix Oil and Gas Limited shares had been acquired. High Peak Royalties Limited (formerly Torrens Energy Limited, TEY) was officially reinstated to official quotation as from the commencement of trading on 5 May 2014.

The acquisition date has been deemed to be 17 April 2014, as this is the date that the Share Sale Agreement formally completed and Phoenix Oil and Gas Limited had the ability to control the activities of TEY.

Legally, as at 30 June 2014, Phoenix Oil and Gas Limited is now a wholly owned subsidiary of High Peak Royalties Limited (ASX: HPR), although it is noted that from an accounting perspective, Phoenix Oil and Gas Limited is the acquirer and TEY the acquired which will mean that the financial statements of HPR will reflect the opening comparatives and be adjusted against the balance of Phoenix Oil and Gas Limited.

EMPLOYEES

The Company has one active employee being the CEO 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 166,800,792 ordinary shares and 13,249,407 options on issue.

REVIEW OF OPERATIONS

OPERATED – EXPLORATION LICENCES

NT EPA155 (100% HELD THROUGH WHOLLY OWNED SUBSIDIARY OILCO PTY LTD – AND SOLD SUBSEQUENT TO BALANCE DATE)

A five year moratorium on exploration expires on 7 December 2015 at which time Oilco has priority to make application for another exploration permit and seek access from the Central Land Council.

NT EP156 (100% HELD THROUGH WHOLLY OWNED SUBSIDIARY OILCO PTY LTD – AND SOLD SUBSEQUENT TO BALANCE DATE)

The work program for Year 2 for EP 156 has been suspended for 6 months until 6 November 2014 to allow for the completion of land access negotiations with the Central Land Council. The term of EP 156 has been extended for a period of six months to 6 May 2017.

SA GELS 559, 571, 572, 573, 574 (100% HELD THROUGH WHOLLY OWNED SUBSIDIARY TORRENS ENERGY (SA) PTY LTD)

The company applied throughout the year to amalgamate the tenement anniversaries of these permits. Whilst the company continues to maintain the permits all major expenditures have been deferred on these geothermal permits.

NON OPERATED - ROYALTIES

LONGTOM (VIC L29, PHOENIX 0.3% OVERRIDING ROYALTY (ORR))

Longtom production was interrupted on 21 February 2014 as a consequence of an offshore electrical fault. Production recommenced at the Longtom-4 well on 11 March 2014, however the Longtom-3 well was isolated and remains closed. These interruptions have impacted the royalties received in respect of the Longtom Field for the financial year.

PEAT (QLD PL 101, PHOENIX 2.125% ORR)

Royalty payments continue to be impacted by an increasing proportion of allowable deductions which are offset against income for calculating royalty returns to the Queensland Government and the private royalty owners.

TINTABURRA (QLD ATP 299 AND ASSOC. PLS, 4.0% SETTLING PARTIES AND 3.6% NON SETTLING PARTIES NET PROFIT ROYALTY INTEREST (NPRI)

Eight appraisal and development wells were drilled during the Financial Year. All wells were cased and suspended as future oil producers with several of the wells online by the end of the Financial Year. In addition, the water-flood was reinstated early in the Financial Year, which contributed to improved daily production rates. Oil production averaged 1,326 bopd in the June 2014 quarter as the Operator, Santos, started up four of the successful wells drilled earlier in 2014.

Due to recent capital investment in drilling which has not yet been recouped, the Net Profit Royalty Interest is not currently providing significant income.

QGC OPERATED CSM PERMITS (QLD PL 171 AND ATP 574, PHOENIX 2.5% ORR)

A Joint Venture between Senex Energy Limited (Senex) and Operator QGC – a BG Group business (QGC) hold the two permits north west of Miles in the eastern Surat Basin. The permits are surrounded by acreage that is currently being developed to supply LNG projects in Gladstone.

AMADEUS (NT EPS 112,115,125 AND EP(A)S 111, 120 AND 124, PHOENIX 1.0% ORR)

Surprise West commenced production during the Financial Year below initial expectations. The drilling of Surprise East was delayed. Santos undertook an exploration program in the southern Amadeus Basin which had encouraging results from the first well at Mt Kitty which is contained in EP115. Mt Kitty flowed a maximum of 500,000 cu.ft. / day and gas samples contained around 10% Helium. Mt Kitty appears to be a world class Helium discovery.

BROWSE BASIN (WA 314 AND 315, PHOENIX 0.103125% ORR)
Karoon Gas announced during the financial year a discovery at the Poseidon North-1 exploration well in WA-315-P. Grace-1 drilled in WA-314-P encountered no significant hydrocarbons.

During June 2014 Karoon Gas announced the sale of its 40% equity interest in WA-315-P which includes the Northern portion of the greater Poseidon resource to Origin Energy. High Peak believes that the sale to Origin Energy

During the Financial Year, ConocoPhillips notified Karoon of its intention to withdraw from WA-314-P.

SEYCHELLES (PHOENIX 0.04% ORR)
On 4 March 2014, WHL Energy announced a farm-in agreement with Ophir Energy PLC. Following the farm-in, acquisition of a 1500km2 3D seismic survey over the Junon South trend commenced on 25 June 2014.

OFFICER BASIN (WA EP 468, PHOENIX 2% ORR)
The current term of EP 468 expires on 7 September 2017.

NORTH CARNARVON BASIN (WA-482-P, PHOENIX 0.2% ORR)
During May 2014 Karoon Gas farmed out a 50% interest to Apache Corporation with Apache committing to cover 90% of the cost of one exploration well up to US$70M. Apache became Operator and committed to drill the well during the first half of calendar 2015.

EROMANGA (PEL 512, PHOENIX 1.3% ORR)
Discovery Energy Corp, the Operator, received in May 2104 from DMITRE approval for modification and six-month extension of the work commitments relating to the License. Discovery are seeking a joint venture partner.

SHARE OPTIONS
At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number Options	Number of Options Listed on ASX
17/04/2014	15/4/2017	$0.35	12,862,012	12,862,012
20/02/2010	30/06/2015	$0.83	387,395	NIL
TOTAL		13,249,407	12,862,012	

DIVIDENDS
The Directors of the Company do not recommend the payment of a dividend in respect of the current financial year ended 30 June 2014 (2013: Nil).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS
All significant changes in the state of affairs of the Company during the year are discussed in detail above under the Operating and Financial Review section.

AFTER BALANCE DATE EVENTS
Subsequent to balance date the Company had the following material events occur:

On 27 August 2014, High Peak signed a legally binding Share Sale and Purchase Deed with Mosman Oil and Gas Ltd (Mosman) for the sale of OilCo Pty Ltd, a 100% owned subsidiary of HPR.

Sale consideration received has an estimated market value to be same as the shares in Oilco transferred which on date of sale had a book value of $841,376. This will be apportioned across the following replacement assets (less cash) and as a result no gain or loss recognised in the following year:

- $10,000 cash;
- $5,000 re-imbursement contribution to legal fees;
- 2% registered royalty over NT EP 156;
- 2% registered royalty over NT EP(A) 155 if issued.

The net effect of the transaction is that amounts reflected in the current year as Exploration Assets will be reclassified as Intangible royalty assets. Management believes that it is more appropriate to not record these assets (which were disposed before the financials are issued) as an asset held for sale as at 30 June 2014 as the assets were not held for sale as at balance date.

Furthermore there was no extended or active programme to locate a buyer and the assets were subsequently sold predominantly for non cash and non-current consideration and it would be more appropriate for the assets to remain as a non current asset rather than be reclassified as a current asset.

The transaction was consistent with the company’s business strategy of royalty creation and acquisition.
With the exception of the above there have not been any events that have arisen in the interval between the end of the financial year and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial periods.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Likely future developments in the operations of the Company are referred to in the Annual Report. 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 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

The Board, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the independence of the external auditor for the following reasons:

- all non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the audit services do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

AUDITORS INDEPENDENCE DECLARATION

The auditor’s independence declaration for the year ended 30 June 2014 has been received and can be found on page 23 of the Annual Report.

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 58-64 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

Anthony Wooles
Non – Executive Chairman
30 September 2014

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 2014. 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

Anthony Wooles	Chairman
Geoffrey King	Deputy Chairman, Non-executive Director (appointed 1 May 2014)
Andrew Carroll	Non-executive Director (appointed 1 May 2014)
Nigel Hartley	Non-executive Director (appointed 1 May 2014)
Howard McLaughlin	Non-executive Director
John Theobold	Non-executive Director (appointed 1 May 2014)
David Eiszele	Non-executive Director (resigned 2 May 2014)
Winton Willesee	Non-executive Director (resigned 2 May 2014)

(II) EXECUTIVES

CHIEF EXECUTIVE OFFICER
Mr Steven Larkins was appointed as Chief Executive Officer on 1 May 2014.

CHIEF FINANCIAL OFFICER
Mr Jarrod White was appointed as Chief Financial Officer on 1 May 2014.

JOINT COMPANY SECRETARIES
Mr Robert Hodby
Mr Jarrod White appointed 1 May 2014

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. Maximum total aggregate fixed sum per annum to be paid to non-executive directors is set at $450,000 payable as per a shareholder resolution at the Company's 2014 EGM in March 2014.

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 executive package annually by reference to Company performance, executive performance and comparable information from industry sectors.

The company currently directly retains one executive being the CEO. 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. Directors and executives receive the statutory superannuation guarantee contribution currently required by the government. They do not receive any other retirement benefits. 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.

EMPLOYMENT CONTRACTS

Remuneration and other terms of employment for the following Key Management Personnel are set out below:

Anthony Wooles, Non-executive Chairman
- 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 of $50,000 exclusive of superannuation with no termination benefits.

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 of $50,000 exclusive of superannuation with no termination benefits.

Andrew Carroll, 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 of $40,000 exclusive of superannuation with no termination benefits.

Nigel Hartley, 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 of $40,000 exclusive of superannuation with no termination benefits.

Howard McLaughlin, Non-executive Director
- Term of agreement – commencing 1 September 2009 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 of $40,000 exclusive of superannuation with no termination benefits.

John Theobold, 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 of $40,000 exclusive of superannuation with no termination benefits.

Steven Larkins, CEO
- Term of agreement – commencing 1 May 2014;
- $130,000 inclusive of superannuation paid monthly;
- Milestone payments on the following basis:
  - A fee calculated as a percentage of any funds raised by the Merged Group by way of equity raising as a direct result of introductions made and work undertaken by Mr Larkins. Throughout the year Mr Larkins triggered this milestone and a payment of $180,000 cash inclusive of superannuation was paid. The fee is calculated as follows:
- Up to $2,000,000: 1.5%
- From $2,000,001 to $4,000,000: 3%
- From $4,000,001 to $6,000,000: 4.5%
- From $6,000,001 and over: nil%
  - A fee equal to 2% of the value of any asset, shares or securities acquired by the Merged Group as a direct result of introductions made and work undertaken by Mr Larkins, up to a maximum of $120,000 for each such acquisition or in each financial year; and
  - A fee of $25,000 upon divestment of Phoenix's petroleum exploration permits EP(A) 155 and EP 156 and there being a retention of a royalty interest over those permits by the Merged Group.
- Termination subject to 60 days notice.

Jarrod White, CFO and Joint Company Secretary
- Term of agreement – commencing 1 May 2014;
- Month to month contract;
- Fees charged on a monthly basis.

Rob Hodby, Joint Company Secretary
- Term of agreement – commencing 23 November 2009;
- Month to month contract;
- Fees charged on a monthly basis.

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.

REMUNERATION COMMITTEE

The Board has established a Remuneration Committee which operates under a charter approved by the Board. Mr Andrew Carroll and Mr Howard McLaughlin perform the role of the Remuneration Committee at the date of this report.
The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

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 below:

KEY MANAGEMENT PERSONNEL COMPENSATION

2014	Short-term benefits		Post-employment benefits	
Name	**Cash salary and fees**	**Consulting and other fees**	**Superannuation**	**Total**
Directors	**$**	**$**	**$**	**$**
Mr A Wooles	24,000	-	-	24,000
Mr G.J. King	50,000	-	4,625	54,625
Mr A.R. Carroll	40,000	13,000	3,700	56,700
Mr N.D.R. Hartley	40,000	-	3,700	43,700
Mr H McLaughlin	24,004	-	-	24,004
Mr J Theobold	40,000	-	-	40,000
Mr D. Eiszele	18,311	-	1,694	20,005
Mr W. Wilesee	20,000	-	-	20,000
Sub-total	256,315	13,000	13,719	283,034
Other KMP				
Mr. S Larkins	285,000	-	25,000	310,000
Mr R. Hodby	65,000	-	-	65,000
Mr J. T White	54,722	-	-	54,722
Total	661,037	13,000	38,719	712,756

2013	Short-term benefits		Post-employment benefits	
Name	Cash salary and fees	Consulting and other fees	Superannuation	Total
Directors	$	$	$	$
Mr G.J. King	50,000	-	4,500	54,500
Mr I.M. Mutton	11,828	-	1,065	12,893
Mr B.J. Dawes	12,688	-	1,142	13,830
Mr A.R. Carroll	40,000	52,000	3,600	95,600
Mr N.D.R. Hartley	40,000	-	3,600	43,600
Mr J. Theobald	37,204	-	-	37,204
Sub-total	191,720	52,000	13,907	257,627
Other KMP				
Mr S. Larkins	224,944	-	13,459	238,403
Total	416,664	52,000	27,366	496,030

Short term non-monetary benefits: during the year the Company paid insurance premiums in respect of a contract insuring 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 $26,832.

OPTIONS GRANTED AS REMUNERATION

There were no share based payments made to directors or senior management during the current financial year (2013: NIL). The below table summarises options provided as remuneration and shares issued on exercise of such options.

Details of options over ordinary shares in the Company provided as remuneration to the Directors of the Company are set out below:

	Balance at 01/07/2013	Issued during the year pursuant to the takeover transasction	Options exercised	Options expired	Balance at 30/06/2014	Vested and exercisable
	No.	No.	No.	No.	No.	No.
Anthony Wooles	-	3,570,400	-	-	3,570,400	3,570,400
Mr G.J. King	-	96,000	-	-	96,000	96,000
Mr A.R. Carroll	-	240,000	-	-	240,000	240,000
Mr N.D.R. Hartley	-	80,000	-	-	80,000	80,000
Howard McLaughlin	-	36,037	-	-	36,037	36,037
Mr J. Theobald	-	-	-	-	-	-
David Eiszele	-	276,037	-	-	276,037	276,037
Winton Willesee	-	-	-	-	-	-
Total	-	4,298,474	-	-	4,298,474	4,298,474

The options granted carry no dividend or voting rights and, when exercised, each option is convertible into one ordinary share of the Company.

No shares have been issued on the exercise of options during the year and no options were exercised by directors and senior management or expired during the year. Furthermore, no options vested during the year.

SHAREHOLDING MOVEMENTS

Details of shareholding movements in the Company throughout the year by the Directors of the Company are set out below:

2014 Non-executive directors	Held	Balance at 01/07/2013 No.	Granted during the year as remuneration No.	Other changes during the year No.	Balance at 30/06/2014 No.
Anthony Wooles	Indirect	-	-	16,964,225	16,964,225
Mr G.J. King	Direct/Indirect	-	-	1,346,966	1,346,966
Mr A.R. Carroll	Direct/Indirect	-	-	9,704,379	9,704,379
Mr N.D.R. Hartley	Direct	-	-	40,000	40,000
Howard McLaughlin	Direct	-	-	200,000	200,000
Mr J. Theobald	-	-	-	-	-
David Eiszele	Indirect	-	-	782,534	782,534
Winton Willesee	-	-	-	-	-
Total		-	-	29,038,104	29,038,104

LOANS TO KMP

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

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

30 September 2014

Board of Directors
High Peak Royalties Limited
C/- Traverse Accountants Pty Ltd
Suite 404, Level 4
25 Lime Street
Sydney, NSW 2000

Dear Sirs

RE: HIGH PEAK ROYALTIES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of High Peak Royalties Limited.

As Audit Director for the audit of the financial statements of High Peak Royalties Limited for the year ended 30 June 2014, 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.

Yours faithfully,

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Samir Tirodkar
Director

Consolidated Statement of profit or loss and other Comprehensive income for the Year Ended 30 June 2014

		Consolidated	
	Notes	Year ended 30/06/2014 $	Year ended 30/06/2013 $
Total Revenue	2	316,287	257,739
Employee and director expenses		(575,238)	(476,576)
Due diligence and professional service expenses	3	(617,707)	(350,863)
Occupancy expenses		(7,700)	(4,689)
Finance costs		(218,036)	(169,041)
Exploration & Evaluation Expenditure		(2,350)	-
Depreciation Expense		(1,570)	(1,589)
Amortisation expense		(294,470)	(259,694)
Impairment		(1,186,748)	-
Other expenses		(157,376)	(92,265)
Other income	2	45,895	63,511
LOSS BEFORE INCOME TAX		(2,699,013)	(1,033,467)
Income Tax Expense	6	-	-
LOSS FROM CONTINUING OPERATIONS		(2,699,013)	(1,033,467)
Other Comprehensive Income		-	-
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may not be reclassified subsequently to profit or loss		-	-
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY		(2,699,013)	(1,033,467)
Basic and diluted loss per share (cents per share)	27	(5.68)	(0.83)

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

Consolidated Statement of Financial Position as at 30 June 2014

		Consolidated	
	Notes	Year ended 30/06/2014 $	Year ended 30/06/2013 $
CURRENT ASSETS			
Cash and cash equivalents	5	6,718,455	1,130,333
Trade and other receivables	7	227,614	24,524
Other financial assets	8	2,927	-
TOTAL CURRENT ASSETS		6,948,996	1,154,857
NON-CURRENT ASSETS			
Trade and other receivables	7	153,484	10,000
Intangible assets	9	10,780,924	11,387,927
Exploration and evaluation expenditure	12	3,075,655	809,956
Property, plant and equipment	13	9,633	-
TOTAL NON-CURRENT ASSETS		14,019,696	12,207,883
TOTAL ASSETS		20,968,692	13,362,740
CURRENT LIABILITIES			
Trade and other payables	14	473,662	211,982
Other financial liabilities	15	420,000	400,000
TOTAL CURRENT LIABILITIES		893,662	611,982
Non-Current Liabilities			
Other financial liabilities	15	-	407,500
Provision	15	200,000	-
TOTAL NON-CURRENT LIABILITIES		200,000	407,500
TOTAL LIABILITIES		1,093,662	1,019,482
NET ASSETS		19,875,030	12,343,258
EQUITY			
Issued capital	16	26,661,705	15,805,920
Reserves	17	-	1,325,280
Accumulated losses	18	(6,786,675)	(4,787,942)
TOTAL EQUITY		19,875,030	12,343,258

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2014

	Share Capital Ordinary $	Accumulated Losses $	Reserves $	Total $
BALANCE AT 1 JULY 2012	12,800,920	(3,754,475)	700,280	9,746,725
Loss for the Year	-	(1,033,467)	-	(1,033,467)
Other comprehensive income	-	-	-	-
Total Comprehensive Loss	-	(1,033,467)	-	(1,033,467)
Shares issued during the year	3,005,000	-	-	3,005,000
Share based payments	-	-	625,000	625,000
BALANCE AT 30 JUNE 2013	15,805,920	(4,787,942)	1,325,280	12,343,258
Loss for the Year	-	(2,699,013)	-	(2,699,013)
Other comprehensive income	-	-	-	-
Total Comprehensive Loss	-	(2,699,013)	-	(2,699,013)
Shares Issued during the year	10,855,785	-	(625,000)	10,230,785
Exercise of Options	-	-	-	-
Share based payment	-	700,280	(700,280)	-
BALANCE AT 30 JUNE 2014	26,661,705	(6,786,675)	-	19,875,030

The accompanying notes form part of the financial statements

Consolidated Statement of Cash Flows for the Year Ended 30 June 2014

	Notes	Consolidated 2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from royalty rights		178,978	504,281
Payments to suppliers and employees		(1,535,043)	(1,014,690)
Interest received		70,888	63,512
Interest and finance costs		(57,530)	(141,177)
Exploration expenses		(21,763)	-
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	19	(1,364,470)	(588,074)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for royalty rights		(107,248)	(402,567)
Refund of stamp duty		46,912	-
Proceeds from Seychelles Termination Agreement		11,819	-
Cash held by subsidiary at acquisition		7,978,412	-
NET CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES		7,929,895	(402,567)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of share capital		-	3,005,000
Repurchase of convertible notes issued		-	(1,200,000)
Cost of raising share equity		(437,303)	-
Repayment of borrowing facilities		(540,000)	(40,000)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		(977,303)	1,765,000
NET (DECREASE)/ INCREASE IN CASH HELD		5,588,122	774,359
Cash at beginning of financial year		1,130,333	355,974
CASH AT END OF FINANCIAL YEAR		6,718,455	1,130,333

The accompanying notes form part of the financial statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of High Peak Royalties Limited [("High Peak") formerly Torrens Energy Limited] as at 30 June 2014 and its controlled entities (the "consolidated group" or "group").

The separate financial statements of the parent entity, High Peak Royalties Limited, have not been presented within this financial report pursuant to the Corporations Act 2001.

(A) BASIS OF PREPARATION

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 report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standard Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, except where the fair value basis of accounting has been applied.

BUSINESS COMBINATION

On 17 April 2014, High Peak Royalties Limited wholly acquired Phoenix Oil and Gas Limited and its wholly owned subsidiaries. The transaction received approval from High Peak Royalties Limited (formerly Torrens Energy Limited) at an Extraordinary General Meeting held on 24 March 2014 and was formally completed on 1 May 2014 when the Company was officially re-instated on the ASX.

Under the accounting standard applicable to business acquisitions, AASB 3 Business Combinations, the acquisition of Phoenix Oil and Gas Limited ("POG") by High Peak is required to be accounted for as a reverse acquisition of High Peak by POG. Under this scenario, POG is deemed to be the acquirer and High Peak (formerly Torrens Energy Limited) is deemed to be the subsidiary. Applying the reverse acquisition method of accounting, following the acquisition, the consolidated financial statements are required to represent the continuation of the financial statements of POG and its controlled entities from the date of acquisition.

The impact of the reverse acquisition on each of the primary statements is as follows:

- **Statement of Financial Position**: the 30 June 2014 statement of financial position represents both High Peak (formerly Torrens Energy Limited) and Phoenix as at 30 June 2014.

The 30 June 2013 statement of financial position represents the position of Phoenix only at 30 June 2013.

- **Statement of Profit or Loss and Other Comprehensive Income**: the 30 June 2014 statement of profit or loss and other comprehensive comprises 12 months activities of Phoenix and for High Peak (formerly Torrens Energy Limited) the period from 17 April 2014 to 30 June 2014.

The 30 June 2013 statement of profit or loss and other comprehensive income comprises 12 months of Phoenix activity only.

- **Statement of Changes in Equity**: The 30 June 2014 statement of changes in equity comprises Phoenix's equity balance at 1 July 2013, its profit for the period, and transactions with equity holders for the full 12 month period. It also comprises High Peak (formerly Torrens Energy Limited) profit for the period, and transactions with equity holders for the period from 17 April 2014 to 30 June 2014 and the equity balances of Phoenix and High Peak (formerly Torrens Energy Limited) as at 30 June 2014.

The 30 June 2013 statement of changes in equity comprises changes in equity for the full 12 month period of Phoenix only.

- **Statement of Cash Flows**: The 30 June 2014 statement of cash flows comprises the cash balance of Phoenix at 1 July 2013, the cash transactions of Phoenix for the full 12 month period, and High Peak (formerly Torrens Energy Limited) for the period from 17 April 2014 to 30 June 2014, and the cash balance of Phoenix and High Peak (formerly Torrens Energy Limited) at 30 June 2014.

The 30 June 2014 statement of cash flows comprises 12 months of Phoenix cash transactions.

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 AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(w).

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.

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.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

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) PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

PLANT AND EQUIPMENT

Plant and equipment are measured on a historical cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss component of the statement of comprehensive income during the financial period in which they are incurred.

DEPRECIATION

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the entity commencing from the time the asset is held ready for use as follows:

Plant and equipment	3-5 years
Motor Vehicles	5 years
Leased plant and equipment	8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit and loss component of the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(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.

(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. 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) GOVERNMENT GRANTS

Government grants are assistance by the government in the form of transfers of resources to the Company in return for past or future compliance with certain conditions relating to the operating activities of the Company.

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and the grant will be received.

Government grants are offset against capitalised expenditure over the periods they are receivable as recoupment for expenditure already incurred.

(G) FINANCIAL INSTRUMENTS

RECOGNITION

Financial instruments are initially measured at fair value on trade date, plus transaction costs (except where the instrument is measured at fair value through profit or loss), when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit or loss component of the statement of comprehensive income in the period in which they arise.

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the entity’s intention to hold these investments to maturity. Any held-to-maturity investments held by the entity are stated at amortised cost using the effective interest rate method.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity, with the exception of impairment losses which are recognised in the profit or loss component of the statement of comprehensive income.

FINANCIAL LIABILITIES

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

FAIR VALUE

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

IMPAIRMENT

At each reporting date, the entity assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit or loss component of the statement of comprehensive income.

(H) IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(I) 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 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.

(J) 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 executive directors and executives receive a superannuation guarantee contribution required by the government, which throughout the year was 9.25% (currently 9.5% from 1 July 2014), and do not receive any other retirement benefits.

EQUITY-SETTLED COMPENSATION

The entity often uses 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.

(K) GOODWILL

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any. Goodwill is calculated as the excess of the sum of:

I. The consideration transferred;

II. Any non-controlling interest (determined under either the full goodwill or proportionate interest method); and

III. The acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Refer to Note 9 and 10 for details on the goodwill recognised as a result of the business combination.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in

the determination of the profit or loss on disposal.

(L) TRADE AND OTHER RECEIVABLES

Trade and other receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method, less an allowance for any estimated shortfall in receipt. An estimate of any shortfall in receipt is made when there is objective evidence a loss has been incurred. Bad Debts are written off when identified.

(M) 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.

(N) 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.

(O) 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.

(P) REVENUE

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Royalties are recognised on an accrual basis in accordance with the terms of the relevant agreement (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Royalty agreements that are based on production, sales, and other measures are recognised by reference to the underlying arrangements.

Revenue from the sale of goods is recognised when the company has transferred to the buyer the significant risks and rewards of ownership of the goods.

Revenue from the rendering of a service is recognised by reference to the stage of completion of the contract.

All revenue is stated net of the amount of goods and services tax (GST).

(Q) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the profit or loss component of the statement of comprehensive income in the period in which they are incurred.

(R) 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.

(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 it 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.

(U) NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

- **AASB 10 CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

- **AASB 11 JOINT ARRANGEMENTS**

The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

- **AASB 12 DISCLOSURE OF INTERESTS IN OTHER ENTITIES**

The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

- **AASB 13 FAIR VALUE MEASUREMENT AND AASB 2011-8 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS ARISING FROM AASB 13**

The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

- **AASB 119 EMPLOYEE BENEFITS (SEPTEMBER 2011) AND AASB 2011-10 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS ARISING FROM AASB 119 (SEPTEMBER 2011)**

The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

- **AASB 127 SEPARATE FINANCIAL STATEMENTS (REVISED), AASB 128 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (REISSUED) AND AASB 2011-7 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS ARISING FROM THE CONSOLIDATION AND JOINT ARRANGEMENTS STANDARDS**

The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

- **AASB 2012-2 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS - DISCLOSURES - OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

The consolidated entity has applied AASB 2012-2 from 1 July 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

- **AASB 2012-5 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS ARISING FROM ANNUAL IMPROVEMENTS 2009-2011 CYCLE**

The consolidated entity has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

- **AASB 2012-10 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS - TRANSITION GUIDANCE AND OTHER AMENDMENTS**

The consolidated entity has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine and AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20

The consolidated entity has applied Interpretation 20 and its consequential amendments from 1 July 2013. The Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured. The Interpretation only deals with waste removal costs that are incurred in surface mining activities during the production phase of the mine.

- **AASB 2011-4 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS TO REMOVE INDIVIDUAL KEY MANAGEMENT PERSONNEL DISCLOSURE REQUIREMENT**

The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

(V) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- **AASB 9 FINANCIAL INSTRUMENTS AND ASSOCIATED AMENDING STANDARDS (APPLICABLE FOR ANNUAL REPORTING PERIOD COMMENCING 1 JANUARY 2017)**

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The 2010 revisions introduce additional changes relating to financial liabilities.

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impractical at this stage to provide a reasonable estimate of such impact.

- **OTHER STANDARDS NOT YET APPLICABLE**

These standards are not expected to have a material impact on the entity in the current or future reporting periods:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

(W) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors evaluate estimates and judgments 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

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.

Share-based payment transactions

The Company measures the cost of shares and options issued to employees and third parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of unlisted options is determined by an external valuer using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

2. REVENUE AND OTHER INCOME

	Consolidated 2014 $	2013 $
Receipts from royalty right	316,287	257,739
Interest received from financial institutions	45,895	63,511
Total Revenue and Other Income	362,182	321,250

3. DUE DILIGENCE AND PROFESSIONAL SERVICE FEES

	Consolidated 2014 $	2013 $
Consultancy fees	157,470	117,275
Legal and due diligence fees	358,048	137,118
Accountancy fees	102,189	96,470
	617,707	350,863

4. 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 the one business and geographical segment, being the acquisition of royalty and exploration interests in oil and gas assets predominately in Australia.

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.

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.

INFORMATION ABOUT MAJOR CUSTOMERS

Revenues arising from royalty receipts of $316,287 (2013: $257,739) arose from royalties paid by the operators of the Longtom, Peat, ATP 299 and EP115. These contributed $156,817, $39,378, $106,800 and $13,292 respectively to revenue in 2014 (2013: $155,365, $46,968, $47,001 and $8,405).

5. CASH AND CASH EQUIVALENTS

	Consolidated 2014 $	2013 $
Cash at bank and in hand	6,718,455	1,130,333
	6,718,455	1,130,333

6. INCOME TAX

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

	Year ended 30/06/2014 $	Year ended 30/06/2013 $
Loss from continuing operations	(2,699,013)	(1,033,467)
Income tax benefit calculated at 30%	(809,704)	(310,040)
Effect of non-deductible items	357,293	743
Deferred tax asset not brought to account	452,411	309,297
Income tax recognised in profit or loss	-	-

The tax rate used for the 2014 and 2013 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Deferred tax assets not recognised at the reporting date:

	Year ended 30/06/2014 $	Year ended 30/06/2013 $
Unused tax losses for which no deferred tax asset has been recognised	4,169,614	1,250,433
Temporary differences for which no deferred tax asset/(liability) has been recognised:		
Accruals	(35,731)	(27,018)
Royalty rights	(40,767)	9,429
Borrowing costs	-	54,900
Cost of equity	(602,846)	(238,385)
	(3,490,270)	1,049,359

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.w

There are no deferred tax liabilities.

7. TRADE AND OTHER RECEIVABLES

Current	30/06/2014 $	30/06/2013 $
GST credits receivable	148,369	3,642
Royalty income receivable	66,315	20,655
Other receivables	12,930	227
	227,614	24,524
Non-current		
Deposits and bonds	153,484	10,000
	153,484	10,000

No amounts are past due and no amounts are impaired.

The average credit period on sales of goods is 50 days. No interest is charged on outstanding trade receivables. The Group has not recognised an allowance for doubtful debts of in the 2014 financial year (2013: nil). Allowances for doubtful debts are recognised against trade receivables between 60 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

8. OTHER FINANCIAL ASSETS

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.

Recurring Fair Value Measurement Amounts and the Level of the Fair Value Hierarchy within which the Fair Value Measurements are categorised as follows:

	Fair Value Measurements at 30 June 2014 Using:		
	Quoted Prices in Active Markets for Identical Assets $ (Level 1)	Significant Observable Inputs $ (Level 2)	Significant Unobservable Inputs $ (Level 3)
Investment in options of listed corporation	-	2,927	-

9. INTANGIBLE ASSETS

	30/06/2014 $	30/06/2013 $
Royalty rights	11,573,308	11,968,273
Accumulated amortisation	(792,384)	(580,346)
	10,780,924	11,387,927
Movements in Carrying Amounts		
Opening balance	11,387,927	10,620,054
Additions	107,247	1,027,567
Less amortisation and impairment	(714,250)	(259,694)
Closing balance	10,780,924	11,387,927

SIGNIFICANT INTANGIBLE ASSETS

The Group holds the following royalties over oil and gas interests:

- Longtom (Vic L29, Phoenix 0.3% Gross Overriding Royalty (GOR))
- Peat (Qld PL 101, Phoenix 2.125% Overriding Royalty (ORR))
- Tintaburra (Qld ATP 299 and associated PLs, Phoenix 4.0% Net Profit Interest (NPI))
- QGC Operated CSM permits (Qld PL 171 and ATP 574, Phoenix 2.5% ORR)
- Amadeus (6 NT area royalties, Phoenix 1.0% ORR)
- Browse Basin (WA 314 and 315, Phoenix 0.10% ORR)
- Bass Strait Exploration (Vic P54, Phoenix 0.3% ORR)
- Seychelles (PEC-5B/1, PEC-5B/2 and PEC-5B/3, Phoenix 0.04% ORR)
- Officer Basin WA 468 (Phoenix 0.2% ORR)
- Northern Carnarvon WA-482-P (Phoenix 0.2% ORR)
- Eromanga PEL 512 (Phoenix 1.3% ORR)

AMORTISATION OF INTANGIBLE ASSETS

Amortisation is recognised using the units of production method and is calculated based on the annual production of a royalty interest apportioned over its total proven and probable reserves.

IMPAIRMENT OF INTANGIBLE ASSETS

The Group reviews its intangible assets for impairment annually. In its review for the 2014 financial year, the Group impaired its asset in the Seychelles (Phoenix 0.08% ORR) by $244,869. This was a result of a market indicator of value ascribed when WHL Energy Limited (ASX:WHN) farmed out their interest in the relevant Seychelles blocks to Ophir Energy Limited (LSE:OPHR) and required Phoenix to reduce its interest in the current royalty it owned. The market consideration offered in exchange for the reduction was used to validate the market value of the total royalty against the cost base of its acquisition. The Group notes that this impairment was accounted for in the accounts disclosed in the prospectus and related takeover documentation released in conjunction with the takeover of Phoenix Oil and Gas Limited.

Aside from this the Group has not found anything to indicate that any other royalty interests are impaired.

10. BUSINESS COMBINATIONS

	Country of Incorporation	Percentage Owned %
High Peak Royalties Limited (Legal parent, accounting subsidiary)	Australia	100%

On 17 April 2014, High Peak Royalties Limited wholly acquired Phoenix Oil and Gas Limited and it's controlled entities. As noted in note 1(a), the acquisition was treated as a reverse acquisition as per AASB 3 Business Combinations.

CONSIDERATION TRANSFERRED

	2014 $
Share and option capital issued	10,352,088
	10,352,088

The consideration in a reverse acquisition is deemed to have been incurred by Phoenix Oil and Gas Limited in the form of shares and options issues to shareholders of High Peak Royalties Limited. The acquisition date fair value of the consideration transferred has been determined by reference to the fair value of the issued shares of High Peak Royalties Limited immediately prior to the business combination.

GOODWILL ON ACQUISITION

Purchase consideration (non-cash equity payment)	10,352,088
Net assets acquired in High Peak Royalties Limited at the date of acquisition	(9,398,463)
Goodwill	953,625

ASSETS AND LIABILITIES ASSUMED AT DATE OF ACQUISITION

Current assets	7,992,513
Non-current assets	2,399,110
Total assets	10,391,623

Current liabilities	793,160
Non-Current liabilities	200,000
Total liabilities	993,160
Net assets acquired	9,398,463

NET CASH FLOW ON ACQUISITION OF SUBSIDIARIES

Consideration paid in cash	-
Less: cash and cash equivalent balances acquired	(7,973,412)
	(7,973,412)

Included in the loss for the year is $110,120 attributable to the additional activities of High Peak Royalties Limited. Other income for the year includes $29,491 in respect of High Peak Royalties Limited.

Had the business combination been effected at 1 July 2013, the Revenue from operations for the group would have been unchanged and Other income would have totalled 125,373 and the loss for the year from continuing operations would have increased by $1,339,678 to $4,038,691. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis for this year only. Whilst they are a reference point for comparison in future periods the costs include a number of one off costs which will be non recurring and not representative of future annualised financial performance or profit and loss.

11. GOODWILL

	2014 $	2013 $
Cost	953,625	-
Accumulated impairment losses	(953,625)	-
	-	
Cost		
Balance at beginning of year	-	-
Amounts recognised from business combinations occurring during the year	953,625	-
Balance at end of year	953,625	-
Accumulated impairment losses		
Balance at beginning of year	-	-
Impairment losses recognised in the year	(953,625)	-
Balance at end of year	(953,625)	-

IMPAIRMENT OF GOODWILL

Throughout the year Phoenix Oil and Gas Limited acquired High Peak Royalties Limited (formerly Torrens Energy Limited) for $10,352,088. At the time the transaction took place the net assets acquired totalled $9,398,463 meaning that the additional purchase price of $953,625 represented a goodwill component on purchase.

Since the date of acquisition the valuation of High Peak Royalties Limited has been reviewed in parallel with its listed market value and the Directors have deemed it prudent to recognise only the fair value of the identifiable net assets on acquisition as being relevant to the Company.

12. EXPLORATION EXPENDITURE

	30/06/2014 $	30/06/2013 $
At cost	3,075,655	809,956
Less impairment	-	-
	3,075,655	809,956
Balance at start of year	809,956	809,956
Expenditure incurred during the year	-	-
Asset derecognised on sale of subsidiary	2,265,699	-
Balance at end of year	3,075,655	809,956

Recoverability of the carrying amount of exploration assets recognised on reversed acquisition of High Peak Royalties Limited is dependent upon the successful exploration and sale of resources and/or sale of assets.

13. PROPERTY, PLANT AND EQUIPMENT

	30/06/2014 $	30/06/2013 $
Computer equipment, furniture and exploration equipment	80,486	6,920
Less: Accumulated depreciation	(70,853)	(6,920)
	9,633	-
Balance at beginning of year	-	1,589
Acquisition during the year	9,633	-
Depreciation	-	(1,589)
Balance at end of year	9,633	-

14. TRADE AND OTHER PAYABLES

	30/06/2014 $	30/06/2013 $
Current		
Accounts payable	347,161	41,547
Unearned revenue	13,644	100,792
Other payables	112,857	69,643
	473,662	211,982

15. OTHER FINANCIAL LIABILITIES

	30/06/2014 $	30/06/2013 $
Current		
Accrued interest	-	-
Bank loans#	420,000	400,000
	420,000	400,000
Non-current		
Provisions*	200,000	-
Bank loans#	-	560,000
Borrowing costs##	-	(152,500)
	200,000	407,500
	620,000	807,500

 # During the 2011 financial year Oil & Gas Royalties Pty Ltd, a subsidiary of Phoenix Oil and Gas Limited, entered into a facility agreement with RMB Australia Holdings Limited for loan monies of $1,000,000 inclusive of a facility fee of $130,000.

** The High Peak Royalties Limited Directors have estimated the costs to rehabilitate the 21 wells that have been drilled to date at $200,000. The actual amount of rehabilitation is often negotiated with the relevant Mines and Energy Departments of the States that Torrens Energy (SA) Pty Ltd operated in (to date only South Australia). The range of the estimate is between $200,000 and $1,150,000 based on internal and external sources. The magnitude and extent of rehabilitation has not been finalised and the actual costs may be significantly more than $200,000.*

Borrowing costs comprise of the facility fee of $130,000 and 2 million Phoenix Oil & Gas Limited options issued to RMB as part of the facility agreement valued at $175,000 to total facility related borrowing costs of $305,000. These are reduced from the total facility of $1,000,000 to show the proceeds of borrowing net of facility costs. During the 2014 financial year, the loan deed was amended so that the loan would be fully repaid by June 2014. This loan was fully repaid subsequent to year end, however the borrowing costs were written off at the end of FY 14 as they were no longer being amortised over the life of the loan.

16. ISSUED SHARE CAPITAL

FULLY PAID ORDINARY SHARE CAPITAL

	30/06/2014		30/06/2013	
	No. of shares	$	No. of shares	$
Ordinary shares				
At the beginning of the financial year	123,391,862	15,805,920	111,034,676	12,800,920
Shares issued during the year	-	500,000	12,357,186	3,005,000
Reversal of existing Phoenix shares	(123,391,862)	-	-	-
Existing TEY shares on issue	17,408,353		-	-
Issue of shares pursuant to public offer	24,000,000	6,000,000	-	-
Issue of ordinary shares to acquire Phoenix shares	125,392,439	4,355,785	-	-
Share issue expenses	-	-	-	-
At the end of the financial year	166,800,792	26,661,705	123,391,862	15,805,920

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.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

17. RESERVES

	30/06/2014 $	30/06/2013 $
Share options reserve	-	700,280
Share based payments reserve	-	625,000
	-	1,325,280

SHARE OPTIONS RESERVE

	30/06/2014		30/06/2013	
	No. of options	$	No. of options	$
Share options				
At the beginning of the financial year	7,600,000	700,280	7,600,000	700,280
Options issued during the year			-	-
Reversal of options due to business combinations	(7,600,000)	(700,280)	-	-
Expired during the period	-	-	-	-
At the end of the financial year	-	-	7,600,000	700,280

The share options reserve relates to share options granted by the Company to its employees and Directors under its employee share option plan. The reserve consists wholly of options issued to Directors in 2010 and financier options issued to RMB Resources who provided the bank facility disclosed at Note 15.

Throughout the year the options issued in Phoenix Oil and Gas Limited were transferred to High Peak Royalties Limited (formerly Torrens Energy Limited) in conjunction with the takeover. Replacement options were issued to the relevant option holders at different terms and on a 1 for 10 basis.

As a result of the cancellation of all original Phoenix Oil and Gas Limited options the option reserve is no longer relevant and has been reversed as disclosed in the Statement of Changes in Equity.

SHARE OPTIONS OUTSTANDING AT THE END OF THE YEAR

There were 12,862,012 share options outstanding at the end of the year issued in conjunction with the public offer and takeover of Phoenix Oil and Gas Limited. These options had an exercise price of $0.35 (2013: $0.50). In addition there were 387,395 unlisted employee options on issue to current and prior employees of High Peak Royalties Limited (formerly Torrens Energy Limited) and these options had an exercise price of $0.83. The weighted average remaining contractual life of options on issue at the end of the year was 1,002 days (2013: 637 days).

SHARE BASED PAYMENTS RESERVE

	30/06/2014 $	30/06/2013 $
Balance at beginning of year	625,000	-
Arising on share based payments	(625,000)	625,000
	-	625,000

The share based payments reserve relates to shares issuable to Liberty Petroleum (LPC) for the acquisition overriding royalty interests over Carnarvon Basin permits, as well as increasing Phoenix's existing interest over the Browse Basin permits WA-314-P and WA-315-P, which under the signed acquisition agreement Phoenix was obligated to issue 2.5 million ordinary shares at $0.25 per share.

Throughout the current year Phoenix successfully negotiated with LPC to reduce the number of shares to be issued to 2 million shares. These shares were then subsequently issued in Phoenix and the portion of the reserve related to issued shares was transferred to Issued Capital.

18. ACCUMULATED LOSSES

	Year ended 30/06/2014 $	Year ended 30/06/2013 $
Movements in accumulated losses were as follows:		
Balance at the beginning of the financial year	(4,787,942)	(3,754,475)
Net loss for the year	(2,699,013)	(1,033,467)
Options cancelled	700,280	-
Balance at the end of the financial year	(6,786,675)	(4,787,942)

19. RECONCILIATION OF LOSS FOR THE PERIOD TO NET CASH FLOWS FROM OPERATING ACTIVITES

	Year ended 30/06/2014 $	Year ended 30/06/2013 $
Cash and cash equivalents		
Cash at bank	6,718,455	1,130,333
Cash in hand	-	-
	6,718,455	1,130,333
Cash flows from operating activities		
Loss after income tax	(2,699,013)	(1,033,467)
Depreciation and amortisation expenses	296,040	261,283
Interest and other costs of finance paid	152,500	27,864
Impairment expense	1,186,748	-
Change in operating assets and liabilities		
Decrease/(increase) in receivables	(150,694)	148,195
Increase/(decrease) in accounts payable and accruals	(150,051)	8,051
Net cash flows from operating activities	(1,364,470)	(588,074)

The above includes add back of one off non-cash items expensed in the consolidated statement of profit and loss totalling $1,635,288.

20. KEY MANAGMENT PERSONNEL DISCLOSURES

DETAILS OF KEY MANAGEMENT PERSONNEL

The directors and other members of the key management personnel of the Company during the year were:

Mr A. Wooles	Non-executive Chairman
Mr G. King	Non-executive Director, appointed 1 May 2014
Mr A.R. Carroll	Non-executive Director, appointed 1 May 2014
Mr N.D.R. Hartley	Non-executive Director, appointed 1 May 2014
Mr H McLaughlin	Director
Mr J. Theobald	Non-executive Director, appointed 1 May 2014
Mr D. Eiszele	Non-executive Director, resigned 2 May 2014
Mr W Willesee	Non-executive Director, resigned 2 May 2014

OTHER KEY MANAGEMENT PERSONNEL

Mr S.J. Larkins	Chief Executive Officer, appointed 1 May 2014
Mr J. T. White	Chief Financial Officer, appointed 1 May 2014 Joint Company Secretary, appointed 1 May 2014
Mr R. Hodby	Joint Company Secretary

KEY MANAGEMENT PERSONNEL COMPENSATION

	Year ended 30/06/2014 $	Year ended 30/06/2013 $
Short-term employee benefits	674,037	468,664
Post-employment benefits	38,719	27,366
Share based payments	-	-
	712,756	496,030

Detailed remuneration disclosures are provided in the directors' report on pages 18 to 22.

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 personnel properly reflects that person's duties and responsibilities.

OPTIONS PROVIDED AS REMUNERATION AND SHARES ISSUED ON EXERCISE OF SUCH OPTIONS

Details of options over ordinary shares in the Company provided as remuneration to the Directors of the Company are set out below. The numbers of options over ordinary 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 also set out below.

	Balance at 01/07/2013	Issued during the year pursuant to the takeover transasction	Options exercised	Options expired	Balance at 30/06/2014	Vested and exercisable
	No.	No.	No.	No.	No.	No.
Anthony Wooles	-	3,570,400	-	-	3,570,400	3,570,400
Mr G.J. King	-	96,000	-	-	96,000	96,000
Mr A.R. Carroll	-	240,000	-	-	240,000	240,000
Mr N.D.R. Hartley	-	80,000	-	-	80,000	80,000
Howard McLaughlin	-	36,037	-	-	36,037	36,037
Mr J. Theobald	-	-	-	-	-	-
David Eiszele	-	276,037	-	-	276,037	276,037
Winton Willesee	-	-	-	-		
Total	-	4,298,474	-	-	4,298,474	4,298,474

The options granted carry no dividend or voting rights and, when exercised, each option is convertible into one ordinary share of the Company.

No shares have been issued on the exercise of options during the year.

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 below.

2014	Held	Balance at 01/07/2013	Granted during the year as remuneration	Other changes during the year	Balance at 30/06/2014
		No.	No.	No.	No.
Non-executive directors					
Anthony Wooles	Indirect	-	-	16,964,225	16,964,225
Mr G.J. King	Direct/Indirect	-	-	1,346,966	1,346,966
Mr A.R. Carroll	Direct/Indirect	-	-	9,704,379	9,704,379
Mr N.D.R. Hartley	Direct	-	-	40,000	40,000
Howard McLaughlin	Direct	-	-	200,000	200,000
Mr J. Theobald	-	-	-	-	-
David Eiszele	Indirect	-	-	782,534	782,534
Winton Willesee	-	-	-	-	-
Total		-	-	29,038,104	29,038,104

21. 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 below.

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 30/06/2014 $	Year ended 30/06/2013 $
Australasian Energy Pty Ltd*	13,000	52,000
Traverse Accountants Pty Ltd**	88,584	72,138

** Related party of Mr A.R. Carroll, all services are carried out at an arms' length rate.*
*** Related party of Mr J T White, all services are carried out at an arms' length rate.*

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.

22. COMMITMENTS FOR EXPENDITURE

	30/06/2014 $	30/06/2013 $
Capital expenditure commitments		
Plant and property	-	-
Intangible assets	-	-
Operating lease commitments		
Not later than 1 year	7,200	7,200
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or assets at 30 June 2014.

24. SUBSIDIARIES

Details of the Company's subsidiaries at 30 June 2014 are as follows:

Name of subsidiary	Place of incorporation	Proportion of ownership interest and voting power held	
		30/06/2014	30/06/2013
Torrens Energy (SA) Pty Ltd	Australia	100%	100%
Phoenix Oil and Gas Ltd	Australia	100%	-
Oilco Pty Ltd	Australia	100%	100%
Oil & Gas Royalties Pty Ltd	Australia	100%	100%

25. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Company, its network firms.

	Year ended 30/06/2014 $	Year ended 30/06/2013 $
Audit of financial reports and other audit work under the Corporations Act 2001		
- Deloitte Touche Tohmatsu	-	30,000

	Year ended 30/06/2014 $	Year ended 30/06/2013 $
Stantons International & Associated Entities		
- Audit services	24,227	-
- Other services (Corporate Finance)	17,000	-
	41,227	30,000

26. 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 maximizing 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 2013.

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 the notes 16 and 18 respectively. The Group operates in Australia and none of the Group's entities are subject to externally imposed capital requirements going forward.

CATEGORIES OF FINANCIAL INSTRUMENTS

	2014 & 2013	**30/06/2014**	**30/06/2013**
	Weighted average effective interest rate	**$**	**$**
Financial assets			
Cash and bank balances – floating interest	2.350%	6,510,210	1,114,030
Cash and bank balances – noninterest bearing	-	208,245	16,303
Subtotal: Cash and bank balances		6,718,455	1,130,333
Trade and other receivables	-	381,098	34,524
Other financial assets	-	2,927	-

	2014 & 2013	**30/06/2014**	**30/06/2013**
	Weighted average effective interest rate	**$**	**$**
Financial liabilities			
Cash and bank balances – floating interest	-	473,662	211,982
Cash and bank balances – noninterest bearing	7.645%	420,000	807,500

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.

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

	30/06/2014 $	30/06/2013 $
Security deposit	-	-
Royalty income receivable	66,315	20,655
GST receivable	148,369	3,642
Bonds on deposit	153,484	10,000
Other debtors	12,930	227
	381,098	34,524

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).

	30/06/2014 $	30/06/2013 $
Change in cash and cash equivalents		
Increase in interest rate by 1%	67,185	11,303
Decrease in interest rate by 1%	(67,185)	(11,303)

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 no 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.

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. The Company's operations require it to raise capital on an on-going basis to fund its planned exploration program and to commercialise its tenement assets.

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

2014	Carrying amount $	Contractual cash flow due 1 to 3 months $	Contractual cash flow due 3months to 1 year $	Contractual cash flow due 1 to 5 years $
Current assets				
Trade and other receivables	227,614	227,614	-	-
Non-current assets				
Bonds on deposit	153,484	-	-	153,484

2013				
Current assets				
Trade and other receivables	24,524	24,524	-	-
Non-current assets				
Bonds on deposit	10,000	-	-	10,000

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 ASSETS

2014	Carrying amount $	Contractual cash flow due 1 to 3 months $	Contractual cash flow due 3 months to 1 year $	Contractual cash flow due 1 to 5 years $
Current liabilities				
Accounts payable	347,161	347,161	-	-
Other payables	126,501	126,501		-
Non-current liabilities				
Bank loan (refer note 15)	420,000	420,000	-	-

2013				
Current liabilities				
Accounts payable	41,547	41,547	-	-
Other payables	170,435	94,842	75,593	-
Non-current liabilities				
Bank loan (refer note 15)	960,000	50,000	350,000	407,500

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

27. EARNINGS PER SHARE

From continuing operations	Year ended 30/06/2014 Cents	Year ended 30/06/2013 Cents
Basic earnings per share (loss)	(5.68)	(0.83)
Diluted earnings per share (loss)	(5.68)	(0.83)
	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 earnings per share	47,537,127	124,760,904
Diluted earnings per share	47,537,127	124,760,904

	Year ended 30/06/2014 No.	Year ended 30/06/2013 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	13,249,407	7,600,000

The loss used to calculate earnings per share was $2,699,013 (2013: $1,033,467).

28. SUBSEQUENT EVENTS

On 27 August 2014, High Peak signed a legally binding Share Sale and Purchase Deed with Mosman Oil and Gas Ltd (Mosman) for the sale of OilCo Pty Ltd, a 100% owned subsidiary of HPR.

Sale consideration received has an estimated market value to be same as the shares in Oilco transferred which on date of sale had a book value of $841,376. This will be apportioned across the following replacement assets (less cash) and as a result no gain or loss recognised in the following year:

- $10,000 cash;
- $5,000 re-imbursement contribution to legal fees;
- 2% registered royalty over NT EP 156;
- 2% registered royalty over NT EP(A) 155 if issued.

The net effect of the transaction is that amounts reflected in the current year as Exploration Assets will be reclassified as Intangible royalty assets. Management believes that it is more appropriate to not record these assets (which were disposed before the financials are issued) as an asset held for sale as at 30 June 2014 as the assets were not held for sale as at balance date.

Furthermore there was no extended or active programme to locate a buyer and the assets were subsequently sold predominantly for non cash and non-current consideration and it would be more appropriate for the assets to remain as a non current asset rather than be reclassified as a current asset.

The transaction was consistent with the company's business strategy of royalty creation and acquisition.

With the exception of the above there have not been any events that have arisen in the interval between the end of the financial year and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial periods.

29. PARENT ENTITY DISCLOSURES

FINANCIAL POSITION

	30/06/2014 $	30/06/2013 $
ASSETS		
Total current assets	204,542	896,778
Total non-current assets	11,253,594	11,912,182
Total assets	11,458,136	12,808,960
LIABILITIES		
Total current liabilities	305,817	110,960
Total non-current liabilities	-	-
Total liabilities	305,817	110,960
EQUITY		
Issued capital	16,305,920	15,805,920
Reserves	-	1,325,280
Accumulated losses	(5,153,601)	(4,433,200)
Total equity	11,152,319	12,698,000

FINANCIAL PERFORMANCE

	Year ended 30/06/2014 $	Year ended 30/06/2013| $
Loss for the year	1,420,681	831,282
Total comprehensive loss	1,420,681	831,282

CONTINGENT ASSETS AND LIABILITIES

The Company does not have any contingent assets or liabilities at 30 June 2014.

There are no guarantees or commitments other than those mentioned in the financial report.

The Directors of High Peak Royalties Limited declare that:

(a) in the directors’ opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

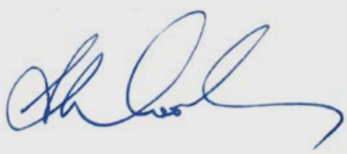
(b) in the directors’ opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;

(c) in the directors’ opinion, the attached financial statements and notes thereto as well as the additional disclosures included in the Directors Report described as audited, are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the entity; and

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Anthony Wooles

Non - Executive Chairman

30 September 2014

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HIGH PEAK ROYALTIES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of High Peak Royalties Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Stantons International

Opinion

In our opinion:

(a) the financial report of High Peak Royalties Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

Other Matters

The financial report of Phoenix Oil and Gas Limited for the year ended 30 June 2013, which was used as the comparative information in the financial report of High Peak Royalties Limited for the year ended 30 June 2014, was audited by another auditor who expressed an unmodified opinion on that financial report on 27 October 2013.

Emphasis of Matter Regarding Carrying Values of Non-Current Assets

Without qualification to the opinion expressed above, attention is drawn to the following matters:

At 30 June 2014, the entity had intangible assets and capitalised exploration and evaluation expenditure of $10,780,924 and $3,075,655 respectively. The carrying value of the intangible asset and capitalised exploration and evaluation expenditure is dependent upon commercial exploitation of these assets and/or sale of these assets to generate sufficient funds at least equivalent to their carrying values. In the event that High Peak Royalties Limited is not successful in commercial exploitation and/or sale of these assets, or does not continue to receive sufficient royalty funding, the realisable value of the Company's non–current assets may be significantly less than book values.

Report on the Remuneration Report

We have audited the remuneration report included in pages 18 to 22 of the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion the remuneration report of High Peak Royalties Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International

Samir Tirodkar
Director

West Perth, Western Australia
30 September 2014

Unless disclosed below, all the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council have been applied by the Company for the entire financial year ended 30 June 2014.

Further information on policies adopted by the Company can be found on the Company's website at www.torrensenergy.com.

BOARD OF DIRECTORS

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 12-15 of the Directors' Report.

The primary role of the Board is to oversee the business activities and management for the benefit of the shareholders. The Board is responsible for, and has the authority to determine all matters relating to, the strategic direction, policies, practices, establishing goals for management and the operation of the Company. The monitoring and ultimate control of the business of the Company is vested in the Board.

The goals of the corporate governance process are to drive shareholder value, ensure a prudential and ethical base to the Company's conduct and activities and ensure compliance with legal and regulatory obligations.

Consistent with these goals, the Board assumes the following responsibilities:

(a) develop initiatives for profit and asset growth;
(b) review the corporate, commercial and financial performance on a regular basis;
(c) act on behalf of, and being accountable to the Shareholders;
(d) identify business risks and implementing actions to manage those risks; and
(e) develop effective corporate systems to assure quality management.

BOARD PROCESS

Whilst at all times the Board retains full responsibility for guiding the Company in discharging its stewardship, it makes use of committees. To this end the Board has established an Audit Committee and a Remuneration Committee. The committees have written mandates and operating procedures, which are reviewed on a regular basis. The Board has established a management framework including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The responsibility for the day-to-day operation and administration is delegated by the Board to the Chief Executve Officer. The Board ensures that the Chief Executive Officer and the management team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Chief Executive Officer. The Company does not currently have any staff other then the Chief Executive Officer.

The roles of Chairman and Chief Executive Officer are not combined. The Chief Executive Officer is accountable to the Board for all authority delegated to the position.

Whilst there is a clear division between the responsibilities of the Board and management, the Board is responsible for ensuring that management objectives are aligned with the expectations and risks identified by the Board.

The full Board meets regularly during the year. The agenda for meetings is prepared in conjunction with the Chairman and the Company Secretary. Standard items include an operations report, financial reports, strategic matters, share register reports, governance and compliance. All items are circulated to the Board in advance.

Each Director has the right of access to all relevant Company information and the right to seek independent professional advice on matters relating to director responsibilities at the expense of the Company, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

In accordance with the constitution of the Company, each Director will offer themselves for re-election by shareholders at least every 3 years. The Board does not specify a maximum term for which a director may hold office.

STRUCTURE OF THE BOARD

Directors are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement. Mr Geoffrey King, Mr Nigel Hartley, Mr Howard McLaughlin and Mr John Theobald are considered to be independent and therefore the majority of the Board are independent.

AUDIT COMMITTEE

The Board has established an Audit Committee which operates under a charter approved by the Board. The Audit Committee Charter and procedures are disclosed on the Company website.

Mr Nigel Hartley and Mr Andrew Carroll perform the role of the Audit Committee at the date of this report.

Mr Hartley and Mr Carroll are independent Non-Executive Directors who are not a chairman of the Board. The Company Secretary and external auditors are invited to assist Mr Hartley and Mr Carroll at their discretion. Performance of the external auditor is reviewed annually. The external auditor is requested to attend the annual general meeting and be available to answer questions about the conduct of the audit and the preparation and content of the audit report.

REMUNERATION COMMITTEE

The Board has established a Remuneration Committee which operates under a charter approved by the Board. Mr Andrew Carroll and Mr Howard McLaughlin perform the role of the Remuneration Committee at the date of this report.

The maximum remuneration of non-executive Directors is subject to shareholder resolution in accordance with the Company Constitution, the Corporations Act and ASX Listing Rules. The apportionment of non-executive Directors remuneration within that maximum will be made by the Board having regard to the inputs and value of contributions by the Remuneration Committee. The current limit, which may only be varied by shareholders in General Meeting, is $450,000 per annum as approved at a general meeting of shareholders on 24 March 2014.

There are no retirement benefits other than the statutory superannuation for non-executive directors.

NOMINATION COMMITTEE

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.

REMUNERATION POLICIES

The Board is responsible for determining and reviewing appropriate compensation arrangements and policies for directors and senior executives. The Board reviews executive packages annually by reference to Company performance, executive performance, and by comparing information from the industry sector, other listed companies and independent advice.

The policy ensures remuneration packages properly reflect each person’s duties and responsibilities, and supports business objectives by remunerating people in a manner that is competitive and can attract and retain people of the highest calibre.

Remuneration for all directors and executives, including all monetary and non-monetary components, are detailed in the Directors’ Report.

The Board expects that the remuneration structure will result in the Company being able to attract and retain the best executives to grow long-term shareholder value.

SECURITIES TRADING POLICY

The Board has formally adopted a Trading Policy Charter which restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security’s prices.

CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION

The Board is committed to continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities including the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Company's operations, the material used in the presentation is released to the ASX. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

The Board aims to ensure that shareholders are kept informed of all major developments affecting the Company. Information is communicated to shareholders through annual and quarterly reports, investor briefings, the Director's address delivered at the Annual General Meeting and notices of all meetings of shareholders and explanatory notes of proposed resolutions.

Shareholders are encouraged at annual general meetings to ask questions of Directors and senior management and also the Company's external auditors, who are required to be in attendance.

DIVERSITY

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, Executive Directors and senior management.

The Consolidated Entity's only employees and contractors during the year were the Board, Chief Executive Officer and Company Secretary. None of these positions were filled by women in 2014 or the prior year 2013.

Payment of bonuses, options and other incentives are reviewed by the Board annually. All bonuses, options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to incentives, bonuses and options, and can recommend changes to the committee recommendations. Any changes must be justified by reference to measurable performance criteria.

SECURITIES TRADING POLICY

The Board has formally adopted a Securities Trading Policy which restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

ASX BEST PRACTICE RECOMMENDATIONS

	ASX BEST PRACTICE RECOMMENDATION	COMMENT
1.	**LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**	
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those function.	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 Executive Director. The charter also includes those tasks delegated to the Chief Executive Officer by the Board.
1.2	Disclose the process for evaluating the performance of senior executives.	The Company's Performance Evaluation Practices Policy sets out the evaluation process for the Board, individual Directors, board committees and senior executives of the Company. A performance evaluation was undertaken following the Board restructure in March 2014.
1.3	Provide the information indicated in Guide to reporting on Principle 1.	
2.	**STRUCTURE THE BOARD TO ADD VALUE**	
2.1	A majority of the board should be independent directors.	During the reporting period the majority of directors were considered independent. The Board considers that its composition is an appropriate blend of skills and expertise relevant to the Company's business.
2.2	The chairperson should be an independent director.	The Chairperson is an independent director.
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	The Chairperson and Chief Executive Officer role are held by different individuals.
2.4	The board should establish a nomination committee.	The Company has a Remuneration Committee however due to the size of the Company, a nomination committee has not been formed.
2.5	Process for evaluating the performance of the board, its committees and individual directors.	The Company's Performance Evaluation Practices Policy sets out the evaluation process for the Board, individual Directors, board committees and senior executives of the Company.
2.6	Provide the information indicated in Guide to reporting on Principle 2.	
3.	**PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING.**	
3.1	Establish a code of conduct as to: (a) the practices necessary to maintain confidence in the company's integrity; (b) the practices necessary to take into account legal obligations and the reasonable expectations of their stakeholders; and (c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	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. A copy of the Code of Conduct has been posted on the Company's website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	At this stage, the Board does not consider it relevant to establish a diversity policy as the Company has no direct employees, other than Board Members, and the Company Secretary. The Board as a whole is responsible for the integrity of the financial reporting.

3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	The Company looks for relevant industry experience when identifying candidates for key positions and employs the best and most suitable people regardless of gender, colour, religion or otherwise.
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	The Company did not employ any women during the year. There are currently no women in senior executive positions of on the board.
3.5	Provide the information indicated in Guide to reporting on Principle 3.	
4.	**SAFEGUARD INTEGRITY IN FINANCIAL REPORTING.**	
4.1	The board should establish an audit committee.	An Audit Committee has been established.
4.2	Structure the audit committee so that it consists of: (a) only non-executive directors; (b) a majority of independent directors; (c) an independent chairperson, who is not chairperson of the board; and (d) at least three members.	The Audit Committee comprises two Non-Executive Directors. The Directors currently serving on the Audit Committee are deemed independent. The Chairperson of the Audit Committee is not the Chairperson of the Board.
4.3	The audit committee should have a formal charter.	The Corporate Governance Policy includes a formal charter for the Audit Committee, as posted on the Company's. 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.
4.4	Provide the information indicated in Guide to reporting on Principle 4.	
5.	**MAKE TIMELY AND BALANCED DISCLOSURE.**	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	The Company 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 is available on the Company's website.
5.2	Provide the information indicated in Guide to reporting on Principle 5.	
6.	**RESPECT THE RIGHTS OF SHAREHOLDERS.**	
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	The Company has a Shareholder Communications Policy in place which sets out the procedures to provide shareholders with relevant information which include identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website and issuing media releases where required. A copy of the Shareholder Communication Policy is available on the Company's website.
6.2	Provide the information indicated in Guide to reporting on Principle 6.	
7.	**RECOGNISE AND MANAGE RISK.**	

7.1	Establish policies on risk oversight and management of material business risk.	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.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and to report to the board on whether those risks are being managed effectively.	The Chief Executive Officer is responsible for the implementation and monitoring of business risk. He is required to report to the board on a monthly basis regarding any identified risks. The risk management and internal control system is reviewed annually, at the completion of the Financial Statements reporting.
7.3	The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) should state to the Board in writing that declaration in accordance with section 295A of the Corporations Act is founded on the Company's risk management, internal compliance and control system is operating efficiently and effectively in all material respects.	The Board will request that the relevant Director and Company Secretary provide such a statement at the relevant time.
7.4	Provide the information indicated in Guide to reporting on Principle 7.	
8.	**REMUNERATE FAIRLY AND RESPONSIBLY.**	
8.1	The board should establish a remuneration committee.	A Remuneration Committee has been established.
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent director; and • has at least three members.	The Remuneration Committee only comprises two Non-Executive Directors. The Directors currently serving on the Remuneration Committee are deemed independent. The Chairperson of the Remuneration Committee is not the Chairperson of the Board.
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	High Peak Royalties Limited's Board has put in place a number of measures to implement this principle. This information is detailed in the Remuneration Report, which forms part of the Directors' Report in this Annual Report.
8.4	Provide the information indicated in Guide to reporting on Principle 8.	

A. DISTRIBUTION OF EQUITY HOLDERS (AS AT 29 SEPTEMBER 2014)

	Fully Paid Ordinary Shares	Listed Options (exercisable at $0.35 on or before 15 April 2017)	Unlisted Options (exercisable at $0.83 on or before 30 June 2015)
1-1,000	428	-	-
1,001-5,000	395	-	-
5,001-10,000	99	20	-
10,001-100,000	331	94	9
100,001-and over	165	16	-
TOTAL	1,418	130	8

B. TOP TWENTY ORDINARY SHAREHOLDERS (AS AT 29 SEPTEMBER 2014)

Name	Number of Ordinary Shares held	%
AEW HOLDINGS PTY LTD <AEW CAPITAL A/C>	20,064,225	12.03
MR ARCHIBALD GEOFFREY LOUDON	12,103,885	7.26
MARTIN PLACE SECURITIES STAFF SUPERANNUATION FUND PTY LTD <MPSSF INVESTMENT A/C>	7,978,686	4.78
PERSHING AUSTRALIA NOMINEES PTY LTD <ARGONAUT ACCOUNT>	6,700,000	4.02
OIL HOLDINGS PTY LTD	6,400,000	3.84
MARTIN PLACE SECURITIES NOMINEES P/L <ALCARDO INVESTMENTS A/C>	6,357,765	3.81
LIBERTY PETROLEUM CORPORATION	5,706,248	3.42
MR ANDREW ROBERT CARROLL + MS KATHERINE JANE RAE CARROLL <CARROLL SUPER PLAN A/C>	4,759,895	2.85
MR PETER TRAIGLE	3,976,192	2.38
MISS ZHENFENG WANG	3,750,000	2.25
CRAFERS PTY LTD <CRAFERS CONNECT S/F A/C>	3,623,660	2.17
CAIRNGLEN INVESTMENTS PTY LTD	2,022,013	1.21
MARTIN PLACE SECURITIES NOMINEES PTY LIMITED <CROWN CREDIT CORPORATION A/C>	1,935,222	1.16
MR ANDREW ROBERT CARROLL	1,902,609	1.14
MS KATHERINE JANE RAE	1,800,000	1.08
AGL ENERGY LIMITED	1,739,095	1.04
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	1,714,286	1.03
ROSELANE NOMINEES PTY LTD <GRAHAM BAILEYS CHILDREN A/C>	1,600,000	0.96
MILRAY SUPERANNUATION PTY LTD <MILRAY SUPER FUND A/C>	1,566,542	0.94
MMCK SUPERANNUATION PTY LTD <MMCK SUPER FUND A/C>	1,245,391	0.75
Total Top 20 Shareholders	97,645,714	58.12
Other Shareholders	69,175,078	41.88
Total ordinary shares on issue	166,800,792	100.00

C. TOP TWENTY LISTED OPTIONHOLDERS (AS AT 29 SEPTEMBER 2014)

Name	Number of Ordinary Shares held	%
AEW HOLDINGS PTY LTD <AEW CAPITAL A/C>	3,570,400	27.76
ARGONAUT INVESTMENTS PTY LTD <ARGONAUT INVEST NO 3 A/C>	2,502,012	19.45
ROSELANE NOMINEES PTY LTD <GRAHAM BAILEYS CHILDREN A/C>	640,000	4.98
OCCASIO HOLDINGS PTY LTD <OCCASIO UNIT A/C>	400,000	3.11
PERSHING AUSTRALIA NOMINEES PTY LTD <ARGONAUT ACCOUNT>	400,000	3.11
MR ANDREW ROBERT CARROLL + MS KATHERINE JANE RAE CARROLL <CARROLL SUPER PLAN A/C>	240,000	1.87
DERWENT NOMINEES PTY LTD <EISZELE SUPER FUND A/C>	240,000	1.87
RMB AUSTRALIA HOLDINGS LIMITED	200,000	1.55
ARELEY KINGS PTY LTD <C FEAR SUPER FUND A/C>	160,000	1.24
BYRNE HOLDINGS PTY LTD	160,000	1.24
MR THOMAS JOSEPH HENDERSON + MRS DEBRA JAYNE HENDERSON <HILLMAN FREYCINET S/F A/C>	160,000	1.24
JARG PTY LTD <KESWICK SUPER FUND A/C>	160,000	1.24
RONALD PACKER + PHILIPPA ANNE SCOTNEY PACKER <CORSAIR SUPER FUND A/C>	160,000	1.24
PALAZZO CORPORATION PTY LTD	160,000	1.24
WALLOON SECURITIES PTY LTD	160,000	1.24
YALABA PTY LTD <THE ADRIANO G FINI A/C>	160,000	1.24
STEVEN JOHN LARKINS + ANN KATHLEEN LARKINS <LARKINS SUPER FUND>	96,000	0.75
G & S DUNSTAN PTY LTD	86,400	0.67
AVONMORE HOLDINGS GROUP LIMITED	80,000	0.62
RICHARD ARMSTRONG CALDOW <LOOSE GOOSE FAMILY A/C>	80,000	0.62
Total Top 20 Shareholders	9,814,812	76.31
Other Shareholders	3,047,200	23.69
Total ordinary shares on issue	12,862,012	100.00

D. NON MARKETABLE PARCELS (AS AT 29 SEPTEMBER 2014)

There are no shareholders holding less than a marketable parcel of shares.

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 29 SEPTEMBER 2014)

9,725,000 ordinary shares restricted till 17 April 2016.

21,315,772 ordinary shares restricted till 17 April 2015

2,582,012 options (exercisable at $0.35 on or before 15 April 2017) restricted til 17 April 2016

H. SUBSTANTIAL SHAREHOLDERS (AS AT 29 SEPTEMBER 2014)

Name	Number of Ordinary Shares held	%
AEW HOLDINGS PTY LTD <AEW CAPITAL >	20,064,225	12.03%
ARCHIBALD GEOFFREY LOUDON	12,103,885	7.33%
ANDREW ROBERT CARROLL	8,954,379	5.37%

I. ON-MARKET BUY BACK

There is no current on market buy back.

J. UNLISTED OPTIONS ON ISSUE (AS AT 29 SEPTEMBER 2014)

Options	Unlisted	Escrowed	Listed	Total	No Holder
Exercisable $0.83, expiring 30/06/15	387,395	-	-	387,395	8
TOTAL	387,395	-	-	387,395	8

HIGHPEAK

Perth
Level 17 Exchange Plaza 2 The Esplanade, Perth WA 6000 Phone: +61 (0) 8 9268 4210

Sydney
Suite 305, 35 Lime Street Sydney NSW 2000 Phone: +61 (0) 2 8296 0011