

31 July 2015

Australian Securities Exchange

High Peak Royalties June Quarterly Activities Report

High Peak Royalties Limited (ASX: HPR) is Australia's leading oil and gas royalty company, with exposure to royalties covering 24 producing areas and high potential exploration areas in Australia, the United States and the Seychelles.

Highlights noted in this update include the following:-

- The Levitt-1 exploration well in WA-482-P spudded on 4 July 2015. The well is targeting an un-risked gross prospective resource best estimate of 220mmbls. A positive outcome on this well would have a material impact on the value of High Peak Royalties' 0.2% overriding royalty interest over the entire 13,539 square kilometre permit.
- The proposed Northern Territory-East Coast pipeline provides a catalyst to re-rate the value of High Peak's royalties over a large portion of the Amadeus Basin.
- Santos has been granted an option to acquire a 50% interest in EP(A) 111 and EP(A) 124 by Central Petroleum as part of Central Petroleum's broader deal with Santos to acquire 50% of the Mereenie Oil & Gas Field. High Peak Royalties has a 1.0% overriding royalty over these exploration permit applications.

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New Opportunities

High Peak has been encouraged by an increase in the number of oil and gas royalty packages for sale in the United States. The recent slide in the West Texas Crude Oil price from US\$60 to below US\$50 is retesting the lows from the initial collapse in prices from US\$100.



As previously noted the delayed fallout from the collapse in oil prices was due to North American capital markets that had been willing to provide additional debt and equity and producer hedging strategies that will roll off in 2016.

The capital markets now appear to be tightening with this recent slide below US\$50 which may provide a catalyst for more oil and gas companies to sell non-core assets (such as royalties) to satisfy banking covenants, many of which will be up for review next month.

Since relisting in May 2014, High Peak Royalties has reviewed over 60 potential transactions (existing royalties, royalty financings and corporate opportunities) with an aggregate deal value exceeding \$300M. Desk top due diligence has been undertaken on 36 opportunities (aggregate deal value exceeding \$200M). High Peak Royalties has progressed to non-binding bid documentation on 9 assets and closed on 2 acquisitions (Texas oil and gas royalties and a 19.99% stake in Royalco Resources).

Other commodity exposures reviewed have included gold, copper, iron ore, mineral sands, tungsten, silver, nickel, electricity (geothermal and wind) and uranium.

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Amadeus Basin

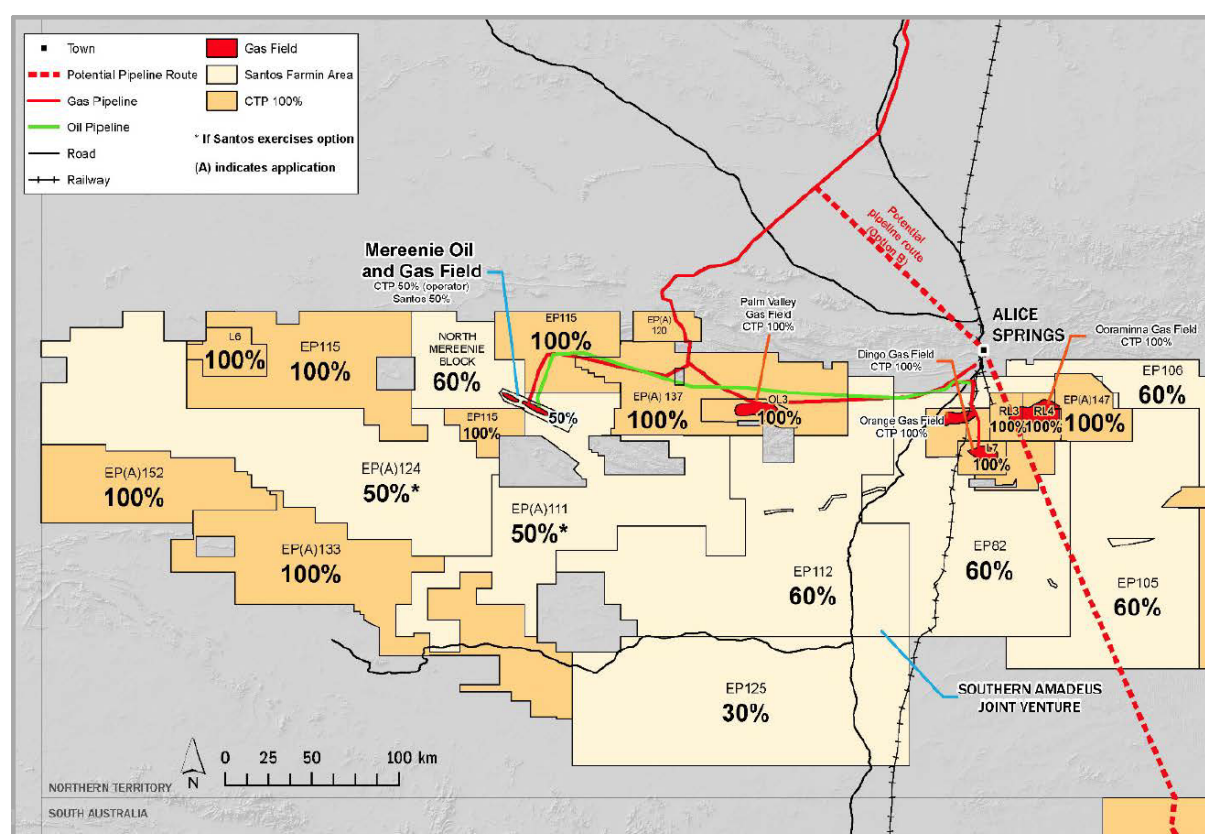
EP(A) 111 and EP(A) 124 operated by Central Petroleum (ASX: CTP)

1.0% Overriding Royalty Interest

As part of a broader transaction announced on 4 June 2015 whereby Central Petroleum (Central) acquired a 50% interest in the Mereenie Oil & Gas Field from Santos (ASX: STO), Central also granted an option to Santos to acquire a 50% interest in EP(A) 111 and EP(A) 124. Presumably Santos holds a favourable view of the unconventional prospectivity of the permit areas to have included them in the transaction with Central.

Central noted that the acquisition of the 50% interest in the Mereenie Oil & Gas Field will significantly increase Central's operations and enable Central and Santos to maximise the amount of gas available for the proposed North East Gas Interconnect pipeline (referred to as NEGI). NEGI construction tender proposals are due to close in October 2015. Completion of the NEGI pipeline is expected in 2019 when the East Coast Australian domestic gas market is expected to be in short supply.

Central Petroleum Managing Director, Richard Cottee, said: "Should NEGI occur, not only will it significantly re-rate our vast exploration acreage in the Amadeus Basin but also our interest in the producing fields". The value of High Peak's royalties over a large proportion of the Amadeus Basin should also be a beneficiary of any NEGI re-rating.



(Central Petroleum ASX Announcement 4 June 2015- Central Acquires 50% of Mereenie Oil & Gas Field and Operatorship from Santos / 28 July 2015- Developing Unconventional Gas Conference – CTP Presentation).

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Amadeus Basin cont..

EP156 operated by Mosman Oil and Gas (LON: MSMN)
2.0% Overriding Royalty Interest

Mosman Oil and Gas recently reported that, “results from recent activity in EP 156 have identified significant potential in a formation which has not previously been considered, which has the potential to increase the prospectivity and hence the value of that permit.”

(Mosman Oil and Gas – Operations Update 13 July 2015).

Carnarvon Basin

WA-482-P operated by Quadrant Energy
0.2% Overriding Royalty Interest

The high impact Levitt-1 exploration well was spudded on 4 July 2015. Karoon Gas’ latest Progress Report noted that the well was at 2,099 metres. Total depth is expected to be reached during early August 2015.

The well is targeting an un-risked gross prospective resource best estimate of 220mmbbls. High Peak Royalties has a 0.2% overriding royalty interest over the entire 13,539 square kilometre permit.

The permit contains a multi-billion barrel prospective oil resource in six prospects which covers a third of the permit area. Acquisition of a regional third party 3D seismic survey is underway with 5,256 square kilometres of the survey being shot over the eastern part of the permit.

Quadrant Energy was established by a consortium of private equity funds managed by Macquarie Capital (ASX: MQG) and Brookfield Asset Management (NYSE: BAM) to acquire Apache Energy’s remaining West Australian assets (including Apache’s 50% interest in WA-482-P).

(Karoon Gas (ASX: KAR) March 2015 Quarterly Report and Levitt-1 Exploration Well Progress Reports No 1 (6 July 2015) and No 2 (20 July 2015) / Quadrant Energy Media Release- 5 June 2015).

Cooper Basin

PEL 512 operated by Discovery Energy (OTCMKTS: DENR)
1.3% Overriding Royalty Interest

On 13 July 2015, Discovery Energy received confirmation from the Department for Mineral Resources and Energy in South Australia that the Company’s application for a further six month suspension of the work commitment relating to PEL 512 was successful.

As further extended, the Company’s remaining work commitments are as set out below:

- Year 2 ending 27 April 2016- Conduct a new 3D seismic survey totalling at least 100 kilometres.
- Year 3 ending 27 April 2017- Acquire new 2D seismic data totalling at least 100 kilometres, acquire 3D seismic totalling at least 200 square kilometres.
- Year 4 ending 27 April 2018- Acquire new 3D seismic data totalling at least 200 square kilometres and drill two wells.
- Year 5 ending 27 April 2019- Drill three wells.

(Discovery Energy Form 10Q- 15 July 2015).

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Gippsland Basin

Longtom Gas Field (VIC/L29 and VIC/P54) operated by Seven Group Holdings (ASX: SVW) ***0.3% Overriding Royalty Interest***

Santos noted in its Second Quarter Activities Report that “during the quarter, gas supply to the Orbost gas plant from the Nexus-owned Longtom gas field ceased. The Orbost gas plant will be placed on care and maintenance.”

There have been no announcements with respect to this development from the Operator Seven Group Holdings to ASX.

(Santos Second Quarter Activities Report- 17 July 2015).

Officer Basin

EP468 operated by Paltar Petroleum ***2.0% Overriding Royalty Interest***

The proposed back door listing of Paltar Petroleum Limited via Nation Energy Inc (OTCMKTS: NEGY) has been restructured. It is now a two stage process with Earn-In Agreements executed in respect of EP468 (and Paltar’s other permits) in exchange for shares in Paltar Petroleum.

Nation Australia (a 100% owned subsidiary) is required to perform all necessary work and make all necessary expenditure to keep EP468 in full force and effect until a production licence is granted. Nation Australia is able to terminate the Earn-In Agreement after 3 permit years.

Paltar Petroleum is the Operator under the Earn-In Agreement.

(Nation Energy Inc Form DEF14A (7 July 2015) / FORM 8-K (24 July 2015)).

Seychelles Exploration Blocks

(PEC-5B/1, PEC-5B/2 and PEC-5B/3) operated by Ophir Energy (LON: OPHR) ***0.04% Overriding Royalty Interest****

Ophir is currently interpreting the latest Junon 3D seismic data with a decision on whether to participate in the drilling phase by the end of the year (previously expected by 31 July 2015).

(WHL Energy (ASX: WHN) June Quarterly Activities Report).

*(the royalty interest is only in respect of WHL Energy’s 25% equity position, that is, High Peak Royalties is entitled to a 0.15% overriding royalty interest over WHL Energy’s 25% equity position in the permits).

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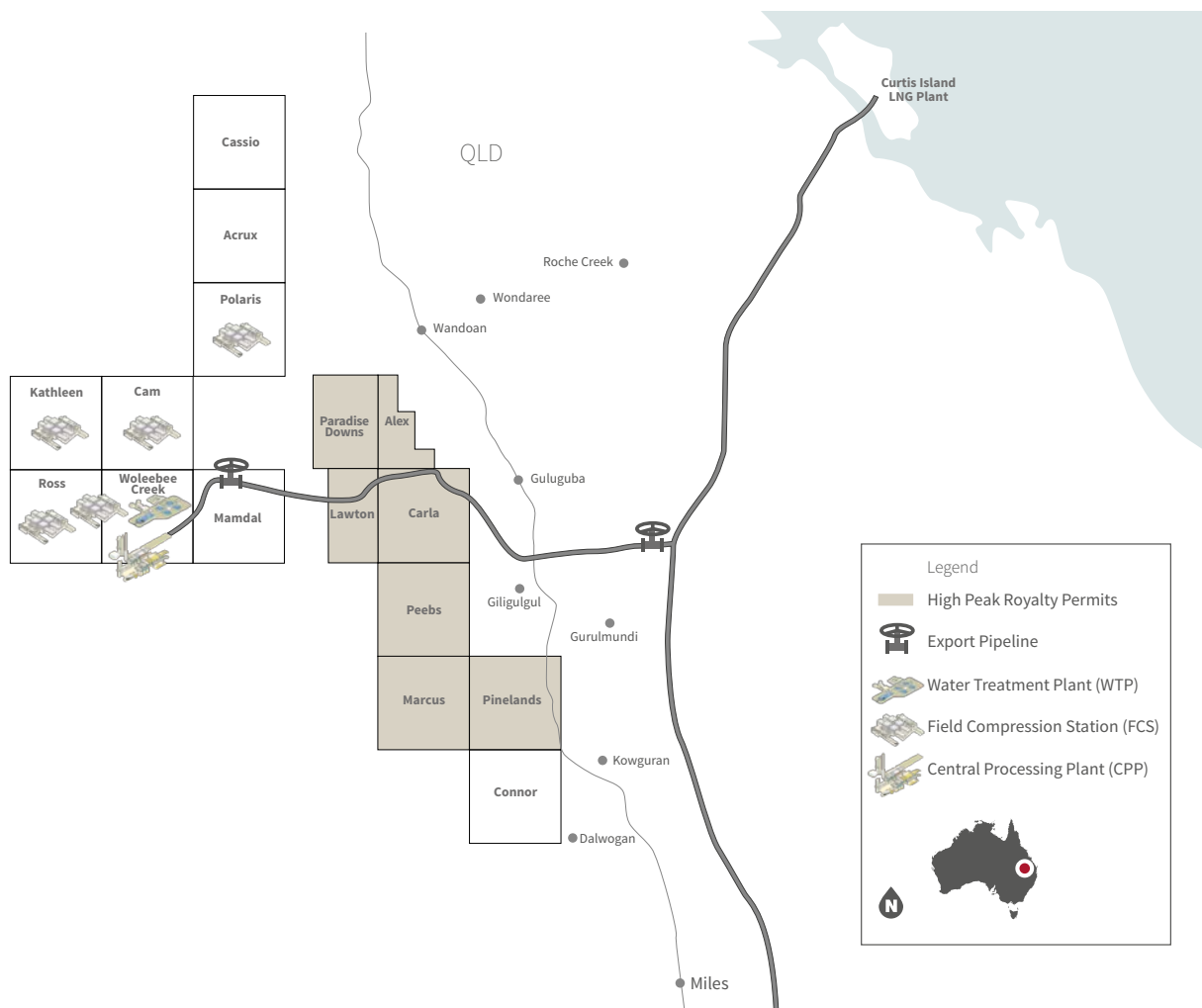
Surat Basin

PL 171 and ATP 574P operated by QGC / BG Group Plc (LON: BG) 2.5% Overriding Royalty Interest

Phase 1 (initial construction) of the QCLNG development is nearing completion.

Infrastructure now installed in the Northern Gas Field includes:-

- Central Processing Plant (Woleebee Creek),
- Northern Water Treatment Plant (Woleebee Creek), and
- Five Field Compressor Stations (Polaris, Kathleen, Cam, Ross and Woleebee Creek).



BG Group recently announced that QCLNG had loaded its first LNG from the second production train at Curtis Island.

A Financial Investment Decision for Phase 2 which should include construction of the Field Compressor Stations for the High Peak royalty blocks (PL171 / ATP574) is expected in 2015.

PL 171 and ATP 574P are located in the Northern Gas Field in the proximity of the Woleebee Creek Processing Plant.

Royal Dutch Shell's (LON: RDSB) agreed takeover of the BG Group is expected to complete early 2016.

(BG Group Release- BG Group ships first LNG from QCLNG Train 2 in Australia- 13 July 2015).

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Geothermal Permits

100% Owned Geothermal Permits (SA GELs 571, 572, 573, 574 and 559, GELA 266 and NT GEPA 27824)

High Peak Royalties received approval in February 2015 from the Department for Manufacturing, Innovation, Trade, Resources and Energy, South Australia with respect to a work program variation for GELs 571-574 removing the need to drill for the remainder of the licence term until 2017.

As previously advised the current intention is to vend the geothermal permits and to retain a royalty as was achieved with the wholly owned petroleum exploration permit interests in the NT.

Schedule of Tenements

As at 30 June 2015

Ministry ID	Holder	Ownership	Project, Location
GEL571	Torrens Energy (SA) Pty Ltd	100%	Port Pirie
GEL572	Torrens Energy (SA) Pty Ltd	100%	Parachilna
GEL573	Torrens Energy (SA) Pty Ltd	100%	Adelaide
GEL574	Torrens Energy (SA) Pty Ltd	100%	Port Augusta
GEL 559	Torrens Energy (SA) Pty Ltd	100%	Mulgaria

Number disposed during the quarter

Nil

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About High Peak Royalties

High Peak Royalties is Australia's leading oil and gas royalty company, with exposure to 24 royalties in Australia, the United States and the Seychelles. High Peak Royalties' portfolio covers production, development and exploration projects and features high quality project operators, including some of the world's leading oil and gas companies.

The company's portfolio includes:-

Royalty	Royalty Interest (%)	Operated By
PL 171 and ATP 574P	2.50	Queensland Gas / BG Group
ATP 299P	3.6/4.0	Santos
Petroleum Leases: PL29, PL38, PL39, PL52, PL57, PL95, PL169, PL170, PL293, PL294, PL295 and PL298		
Peat Gas Field (PL101)	2.13	Origin Energy
Surprise Oil Field (PL6)	1.00	Central Petroleum
Longtom Gas Field (VIC/L29 and VIC/P54)	0.30	Seven Group Holdings
WA-314-P	0.10	Karoon Gas
WA-315-P	0.10	ConocoPhillips
EP(A)111, EP115, EP(A)120 and EP(A) 124	1.00	Central Petroleum
EP112, EP115NM and EP125	1.00	Santos
PEL512	1.30	Discovery Energy
WA-482-P	0.20	Quadrant Energy
Seychelles (PEC-5B/1, PEC-5B/2 and PEC-5B/3)*	0.04	Ophir Energy
WA-EP468	2.00	Paltar Petroleum
EP156 and EP(A)155	2.00	Mosman Oil and Gas
United States (East Texas, Permian and Texas Gulf Coast Basins)	0.20 to 0.40	Sabine Oil and Gas, Pioneer Natural Resources and Wagner Oil Company
Weeks Petroleum Royalty (Gippsland Basin) indirect interest via 19.99% shareholding in Royalco Resources (ASX: RCO)	0.005	ExxonMobil

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