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Australian Securities Exchange

Acquisition of Royalty Interests in Texas

High Peak Royalties Limited has entered into a binding agreement with The Dillon Fund for the purchase of royalty interests in Harrison, Midland and Willacy Counties, Texas. The Dillon Fund is a non-profit foundation based in New York.

The royalties (both overriding royalty interests and non-participating royalty interests) are less than 1% (0.2% to 0.4%) in 43 active wells spread across three different basins. The term of the overriding royalty interests will be dependent on the term of the underlying leases (typically held by production) whilst the term of the non-participating royalty interests are normally perpetual.

The agreement provides High Peak Royalties with the ability to terminate the agreement if title defects cause the value of the royalties to be reduced by more than 20%. If less than 20% then the purchase price shall be reduced by the same percentage.

Royalty income is primarily from natural gas production. The effective date of the conveyance and assignment of the royalties is 1 January 2015. Accordingly High Peak Royalties will generate cash-flow from the royalty interests from the start of calendar 2015.

Purchase consideration is US\$350,000 to be funded from existing cash reserves.

Basin / Operator Exposure

The Harrison County (East Texas Basin) wells are operated by Sabine Oil and Gas (OTC BB: FSTO). Sabine recently merged with Forest Oil and its largest shareholder is First Reserve, the energy focused private equity firm.

The Midland County (Permian Basin) wells are operated by Pioneer Natural Resources (NYSE: PXD).

The Willacy County (Texas Gulf Coast Basin) wells are operated by Wagner Oil Company. Wagner is a private oil and gas acquisition, exploration and development company based in Fort Worth that operates primarily in Texas and Louisiana.

Transaction Rationale

This acquisition is important as it marks the first acquisition of royalties by High Peak Royalties in the United States. Having a Director based in Dallas (Howard McLaughlin) makes High Peak Royalties well positioned to review and assess opportunities in this very active market for oil and gas royalties. High Peak Royalties has incorporated a US subsidiary for the acquisition of these royalty interests.



The recent correction in energy prices has provided a market dislocation that will create more opportunities. High Peak Royalties intends to actively pursue additional royalties in the United States.

High Peak Royalties was attracted to this asset because the royalty income is primarily from natural gas production. US Natural Gas provides important portfolio diversification as it is non-correlated to the domestic gas price on the East Coast of Australia.

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About High Peak Royalties:

High Peak Royalties is Australia's leading oil and gas royalty company, with royalties covering 23 producing areas and high potential exploration areas in Australia, the United States and the Seychelles. High Peak's royalty 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:

Permit / Location	Royalty Interest (%)	Operated By
PL171 ATP 574P	2.50	Queensland Gas / BG Group
ATP 299P Petroleum Leases: PL29, PL38, PL39, PL52, PL57, PL95, PL169, PL170, PL293, PL294, PL295 and PL298	3.6/4.0	Santos
Peat Gas Field (PL101)	2.13	Origin Energy
Surprise Oil Field (PL6)	1.00	Central Petroleum
Longtom Gas Field (VIC/L29 and VIC/P54)	0.30	Nexus Energy
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	Apache Corporation
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