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16 June 2015

Australian Securities Exchange

High Peak Royalties Mid Quarter Update

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.

The Company is providing this mid quarter update to inform investors of recent activity on some of these projects.

Highlights noted in this update include the following;-

- The proposed Northern Territory-East Coast pipeline would provide a catalyst to rerate 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.
- The Levitt-1 exploration well is expected to commence drilling during June 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.

New Opportunities

Distressed asset sales in the United States have not been as frequent as might have been expected. Upstream M&A deals in Oil & Gas in North America are down 94% year on year after 2014's record levels.

The delayed fallout from the collapse in oil prices appears to be due to North American capital markets that are willing to provide additional debt and equity in the short term and producer hedging strategies that will roll off in 2016.

Moody's Investors Service reported last month that the 12 month default rate forecast for Oil & Gas companies rated B2 or below in the Exploration and Production sector is estimated to more than double in the year ahead. The next round of bank debt renegotiations for smaller US oil companies typically take place in September and could prove to be a catalyst for more activity.

Since relisting in May 2014, High Peak Royalties has reviewed over 50 potential transactions (existing royalties, royalty financings and corporate opportunities) with an aggregate deal value exceeding $300M. Desk top due diligence has been undertaken on 35 opportunities (aggregate deal value circa $200M). High Peak Royalties has progressed to non-binding bid documentation on 8 assets and closed on 2 acquisitions (Texas oil and gas royalties and a 19.99% stake in Royalco Resources).

A recent focus has been the gold royalty space where we have done desk top due diligence on 9 opportunities (aggregate deal value circa $47M) and progressed to non-binding bid documentation on 3 assets.

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

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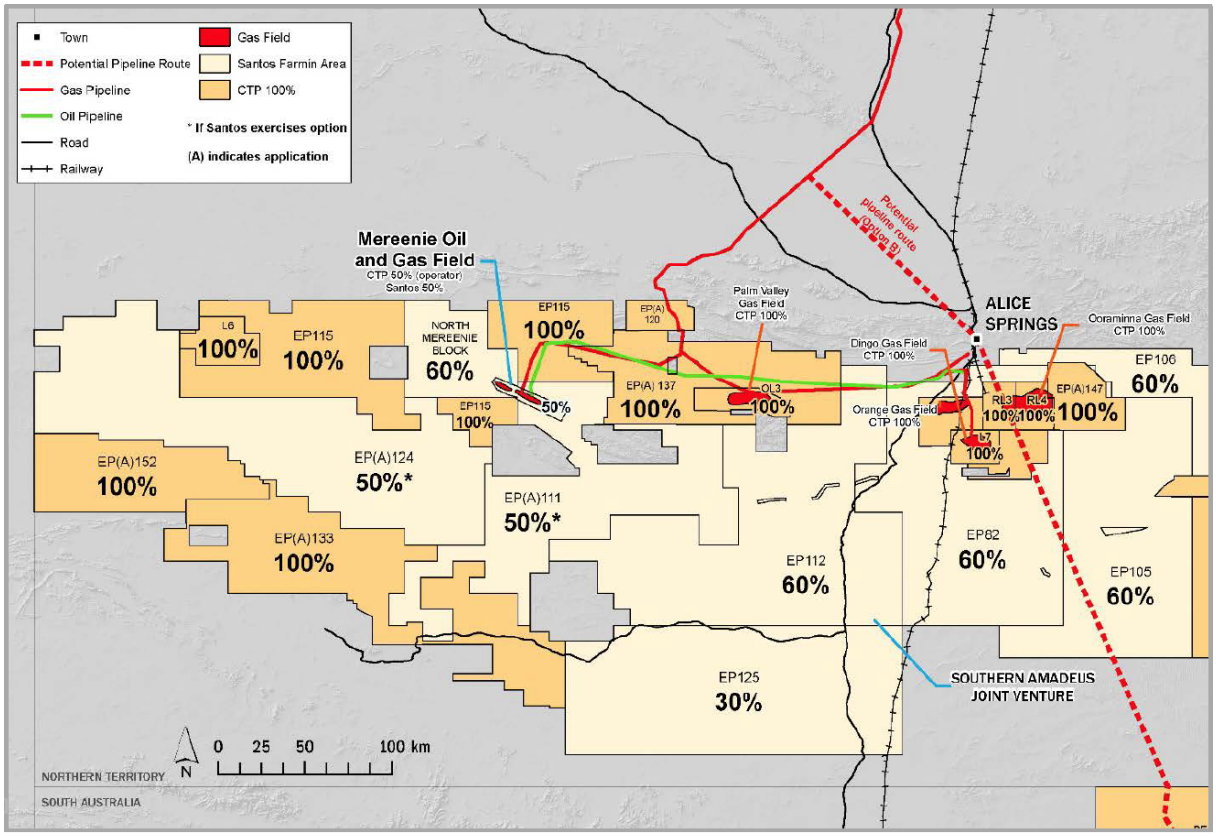
Amadeus Basin

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 Northern Territory-East Coast gas pipeline (referred to as NEGI).

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)

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Carnarvon Basin

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

The Levitt-1 exploration well is expected to commence drilling during June 2015 ("Ocean America" semi-submersible drill rig contracted). The well is targeting an un-risked gross prospective resource best estimate of 220mmbls. 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). The transaction was completed on 5 June 2015.

(Karoon Gas (ASX: KAR) March 2015 Quarterly Report / Quadrant Energy Media Release- 5 June 2015)

Officer Basin

EP468 operated by Paltar Petroleum
2.0% Overriding Royalty Interest

The closing date for Paltar Petroleum's back door listing via Nation Energy (OTCQB: NEGY) has been extended to 15 July 2015 to allow for structural considerations and government approval of any transfer of the Australian exploration permits (including EP468).

(Nation Energy Form 10K- Annual Report for the Fiscal Year ended 31 March 2015)

Seychelles

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

The Joint Venture plans on holding further meetings with the regulator PetroSeychelles during Q2 2015 to discuss the seismic interpretation results and potential drilling options.

Ophir Energy has a drill / drop decision to make on or before 31 July 2015.

(WHL Energy (ASX: WHN) March 2015 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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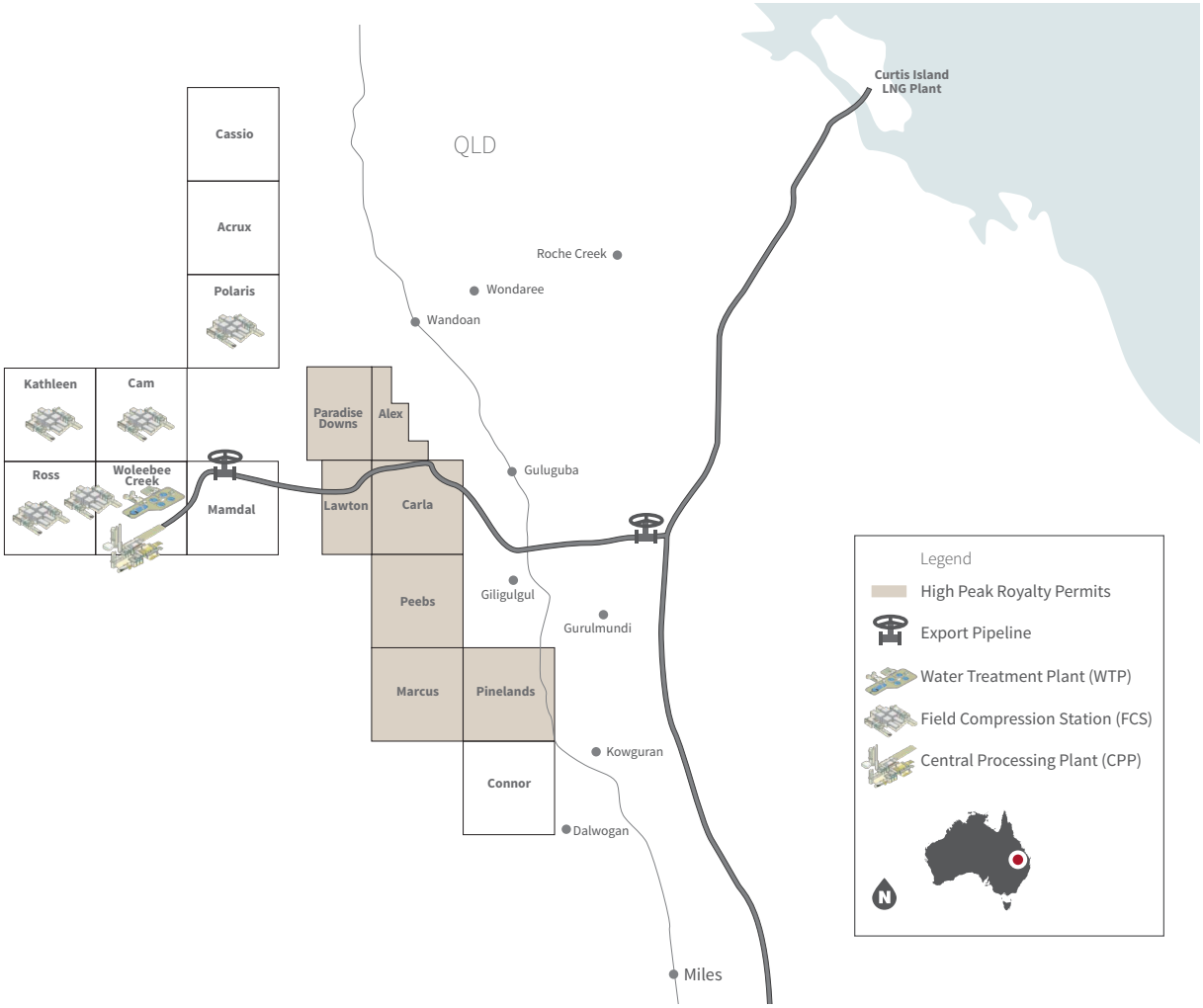
Surat Basin

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

Phase 1 (initial construction) of 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) .



Construction and commissioning of Train 2 is scheduled for completion in Q3 2015 which will be supplied by the Northern Gas Field. Plateau production of 8 million tonnes per year is scheduled for mid-2016.

A Financial Investment Decision for Phase 2 which will 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.

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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 Petroleum Leases: PL29, PL38, PL39, PL52, PL57, PL95, PL169, PL170, PL293, PL294, PL295 and PL298	3.6/4.0	Santos
Peat Gas Field (PL101)	2.13	Origin Energy
Surprise Oil Field (PL6)	1.00	Central Petroleum
Longtom Gas Field (VIC/L29 and VIC/P54)	0.30	Seven Group Holdings
WA-314-P	0.10	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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