



1 July 2014

Australian Securities Exchange

### Mid Quarter Market Update

High Peak Royalties Limited (ASX : HPR) has royalties over 18 oil and gas projects in Australia and the Seychelles. There is significant activity on many of these projects, and a market update will be provided regularly in addition to the Quarterly Activities Reports to inform investors of relevant events. Developments noted in this Update include the following:-

- **High Peak's revenue will increase by its 1% overriding royalty over production from Central Petroleum's Surprise Oil Field;**
- **High Peak also has a 1% overriding royalty over the significant Helium discovery at Mt Kitty recently made by the Santos / Central Petroleum Joint Venture in the Amadeus Basin;**
- **Karoon Gas's announced sale of a 40% equity interest in the Browse Basin permits to Origin Energy for up to US\$800m will benefit High Peak's 0.1% overriding royalty over the northern portion of the Poseidon discovery (WA-315-P);**
- **High Peak has a 0.2% overriding royalty over the Carnarvon Basin permit (WA-482-P) into which Apache Corporation has farmed-in for ~US\$70M;**
- **High Peak does not anticipate that there will be any disruptions to royalty payments from the Longtom Gas Field arising from Nexus Energy being placed in administration;**
- **The Seychelles project (High Peak overriding royalty of 0.0375%) was progressed with a farm-out to Ophir Energy and commencement of a 3D Seismic Survey.**

## **Amadeus Basin**

***Surprise Oil Field (PL6) operated by Central Petroleum (ASX:CTP)***

***Mt Kitty prospect (EP115) operated by Santos (ASX: STO)***

### ***1.0% Overriding Royalty Interest***

Key points from recent announcements by Central Petroleum (ASX:CTP) in relation to projects in the Amadeus Basin where it has project interests over which High Peak has royalty interests are set out below:

- Surprise West well commenced production in mid-March and production now stabilised in the range of 225-250bopd;
- Surprise East rig delayed due to commitments but may become available shortly;
- Mt Kitty exploration well reach programmed total depth in April 2014 and flowed gas at 500,000scf per day however evaluation incomplete due to rig incident;
- Mt Kitty preliminary gas composition results also indicated higher than expected helium at circa 9% and hydrogen at circa 11%;
- Given helium sells around \$100/mcf (nearly twenty times natural gas) Central Petroleum has been evaluating the prospect of helium extraction and sales at the well head through portable membrane technology.

High Peak anticipates its first royalty payment for its royalty interests over Surprise West to be received in the September quarter. Surprise West will be the fourth cash flow paying royalty in High Peak's portfolio.

Mt Kitty appears to be a world class Helium discovery and High Peak looks forward to the results of further testing to be undertaken on the prospect.

### **100% owned exploration permit interests (EP156 and EP(A)155)**

High Peak has entered into a non-binding Term Sheet to sell its 100% owned subsidiary Oilco Pty Ltd which holds High Peak's Northern Territory permit interests, being Exploration Permit EP156 and EP(A)155 in the Amadeus Basin. High Peak will retain a 2% overriding royalty over the permit areas as consideration for vending the shares in Oilco Pty Ltd and if completed this transaction would take the total royalty portfolio exposure to 20 projects.

## **Browse Basin**

***WA-314-P (operated by Karoon Gas (ASX:KAR))***

***WA-315-P (operated by ConocoPhillips)***

### ***0.1% Overriding Royalty Interest***

Key points from recent announcements by Karoon Gas (ASX:KAR) in relation to projects in the Browse Basin where it has project interests and where High Peak has royalty interests are set out below:

- The sale of Karoon Gas' 40% equity interest in WA-315-P and WA-398-P to Origin Energy (ASX : ORG) for up to US\$800M (plus additional milestone payments). (Source- KAR ASX Announcement- 2 June 2014);
- Processing and interpretation results from the Kraken 3D survey conducted over WA-314-P are expected over the coming months.

High Peak believes that the sale to Origin Energy highlights the attractiveness of the Poseidon gas discovery to an end user in the current gas market environment. High Peak has a royalty over WA-315-P which encompasses the Northern portion of the Poseidon gas discovery.

## **Carnarvon Basin**

***WA-482-P (to be operated by Apache)***

### ***0.2% Overriding Royalty Interest***

Key points from recent announcements by Karoon Gas (ASX:KAR) in relation to projects in the Carnarvon Basin where it has a project interest and where High Peak has a royalty interests are set out below:

- Apache's first exploration well is scheduled for the June half 2015;
- New Chrysalids 3D seismic survey preliminary interpretation is encouraging, highlighting additional leads (not included in the current un-risked prospective resource estimates) (Source- KAR Corporate Review- 2 June 2014).

The Apache farm-in is a strong validation of High Peak's assessment of the prospectivity of the Block and also provides an additional layer of optionality to the royalty portfolio.

## **Gippsland Basin**

### **Longtom Gas Field (VIC/L29 and VIC/P54) operated by Nexus Energy (ASX:NXS)**

#### **0.3% Overriding Royalty Interest**

Key points from recent announcements by Nexus Energy (ASX:NXS) in relation to projects in the Gippsland Basin where it has a project interest and where High Peak has royalty interests are set out below:

- Nexus Energy Limited (ASX : NXS) appointed Administrators on 12 June 2014 following the non-approval of a scheme of arrangement with Seven Group Holdings Limited;
- The boards of directors of the NXS subsidiaries will be working with the Voluntary Administrators (McGrath Nicol) and Seven Group Holdings Limited to put in place funding arrangements to enable the Longtom, Crux and Echuca projects to continue with minimal interruption.

(Source- McGrath Nicol Media Release- 12 June 2014)

High Peak continues to receive royalty payments over the Longtom Gas Field and does not anticipate that there will be any interruption to royalty payments as the Longtom Gas Field is operated by a subsidiary of NXS. **Seychelles**

### **Seychelles Exploration Blocks (PEC-5B/1, PEC-5B/2 and PEC-5B/3) operated by Ophir Energy (LSE : OPHR)**

#### **0.04% Overriding Royalty Interest**

Key points from recent announcements by WHL Energy (ASX : WHN) in relation to a project in the Seychelles where it has a project interest and where High Peak has royalty interests are set out below:

- Ophir Energy has contracted Dolphin Geophysical to undertake the 1500km<sup>2</sup> Junon 3D seismic survey over the Junon trend;
- The survey is targeted to commence on 28 June and will take 30 – 40 days to complete;
- The Junon 3D seismic survey is designed to mature a number of prospects for drilling on the Junon trend in the east of the acreage, an area high graded by WHL Energy's geological studies;
- As part of the farm-in agreement Ophir Energy will fully fund the initial 1,500km<sup>2</sup> 3D seismic acquisition programme up to a total of US\$17M and 90% of the costs of the first well capped at US\$30M (if it exercises the option to proceed to drill).

The Ophir Energy farm-in is a strong validation of High Peak's assessment of the prospectivity of the Seychelles. The 3D seismic survey should provide a drilling target that will be attractive enough to Ophir Energy.

## New Opportunities

High Peak continues to review new opportunities to acquire or create royalties over promising resource projects with a focus on near term cash flow.

For further information please contact:

Steven Larkins  
Chief Executive Officer  
Ph: +61 2 8296 0011  
Email: [steven.larkins@highpeak.com.au](mailto:steven.larkins@highpeak.com.au)

## About High Peak Royalties:

High Peak is Australia's leading oil and gas royalty company, with 18 royalties covering producing areas and high potential exploration areas in Australia 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:-

Royalty	Overriding 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 VICP54 Pty Ltd
WA-314-P and 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