HIGH PEAK ROYALTIES LIMITED

ABN: 79 118 065 704

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2015

Corporate Directory

High Peak Royalties Limited
ABN: 79 118 065 704

Chairman:

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

Directors:

Anthony Wooles
Geoffrey King
Andrew Carroll
Nigel Hartley
Howard McLaughlin
John Theobold

Chief Executive Officer

Simon Fyfe (appointed 2rd September 2015
Steven Larkins (resigned 1st September 2015)

Chief Financial Officer

Jarrod White

Company Secretaries

Jarrod White
Robert Hodby (resigned 24th April 2015)

Registered Office

C/- Traverse Accountants Pty Ltd
Suite 305, Level 3,
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 AUSTRALIA, 6000

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 (disposed on 27th of August 2014)
- Oil and Gas Royalties Pty Ltd
- Torrens Energy (SA) Pty Ltd
- HPR USA Inc (incorporated 12th December 2014)

CONTENTS

Dear Shareholders,

Thank you for your investment in our company. The current challenging market conditions, especially the recent drop in oil prices, are expected to provide additional opportunities for royalty financing and the acquisition of existing royalties.

The royalty business model is well proven and has created extremely valuable companies in both the US and European markets. It is our ambition to achieve the same across Australia and the Southern Hemisphere.

High Peak holds a wide portfolio of royalty assets and during the year made significant progress including:

- Becoming the largest shareholder ((19.99%) which has increased to 20.94% subsequent to balance date) in ASX-listed royalty company Royalco Resources (ASX: RCO). Royalco Resources holds a collection of royalty interests across Australia and overseas including 1% of the Weeks Petroleum Royalty (a 2.5% overriding royalty covering all production from the world class Bass Strait fields in the Gippsland Basin jointly owned by ExxonMobil and BHP Billiton);

- Acquiring a portfolio of royalties in Texas in a newly established subsidiary HPR USA Inc which provides High Peak Royalties with a platform to take advantage of any opportunities that may arise in the United States;

- Providing exposure to the Carnarvon Basin over which High Peak Royalties has a 0.2% overriding royalty (WA-482-P) which contains the Levitt prospect and is an exciting new area with a multi-billion barrel unrisked prospective resource;

- Monitoring developments around the 2.5% overriding royalty interests in the Surat Basin which are over permits that are 100% owned by the QCLNG Joint Venture (a subsidiary of Royal Dutch Shell). The project is the world's first to convert coal seam gas into liquefied natural gas (LNG) and has exported over 2mt so far, and commenced construction on the second train. Phase 1 will be a 2 train 8.5mtpa project supplied by reserves and resources from the company's coal seam gas acreage of which your company's permits are a part. The project is underpinned by Asia Pacific customer sales agreements totalling nearly 10mtpa.

Our commitment is to deliver real value to our shareholders through building out our business model and at all times maintaining prudent cost and risk management. We welcome your support as we focus on royalty opportunities with near term cash flow characteristics.

Anthony Wooles
Non-Executive Chairman
30 September 2015

The Directors of High Peak Royalties Limited ("HPR/the Company") and its subsidiaries present the annual financial report for financial year ended 30 June 2015, and the independent audit report thereon.

DIRECTORS

The names and details of the Directors of the 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 (appointed
Geoffrey King	Deputy Chairman, Non-Executive Director
Andrew Carroll	Non-Executive Director
Nigel Hartley	Non-Executive Director
Howard McLaughlin	Non-Executive Director
John Theobold	Non-Executive Director

Chief Executive Officer

Mr Simon Fyfe was appointed as Chief Executive Officer after balance date on 2 September 2015.
Mr Steven Larkins acted as Chief Executive Officer of HPR on 1 May 2014 and resigned on 1 September 2015.

Chief Financial Officer

Mr Jarrod White is the Chief Financial Officer of the Group.

Joint Company Secretaries

Mr Jarrod White was acting as Joint Company Secretary. Mr White continues as the sole Company Secretary of HPR subsequent to Robert Hodby's resignation from the company.

Mr Robert Hodby resigned as Joint Company Secretary on the 23 April 2015.

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 and Chairman of Bhagwan Marine. 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 a director of Vermilion Oil and Gas Australia Pty Ltd and was a director of Singapore Petroleum Company Ltd for nine years and Executive Chairman and Director of Cue Energy Resources Limited (ASX:CUE) until recently.

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 (formerly 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.

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 35 years' experience in the natural resources sector. Most recently he was the CEO of Anglo Pacific Group plc a London listed royalty company and Chairman of Canadian based First Coal Corporation. Mr Theobald has also served on the board of several junior companies and has worked for major companies which include Anglo American Corporation of South Africa Ltd, Iscor Ltd and SCR-Sibelco SA.

Directorships of Listed Companies Now and in the last three years
Mr Theobald was a director of Anglo Pacific Group plc.

CHIEF EXECUTIVE OFFICER
Simon Fyfe, BBus, Grad Dip App Finance

Simon has had an active involvement in the growth of various resources and industrial ASX Listed and private companies. He was an Executive Director of Bight Petroleum Corp an International corporate focussed on offshore exploration in the Great Australian Bight where he was involved in joint venture negotiations, capital raising and operational planning and execution. He was formerly an Executive Director of ASX Listed Verus Investments which was restructured and recapitalised and pursued oil and gas exploration, an Executive Director of Pacific Ethanol Corp involved in trading, off take negotiation, marketing and energy project structuring, a Director of SRS insurance group (Australia's largest Lloyd's of London underwriting agency), and an Investment analyst, CFO and Company Secretary for an ASX Listed Investment Company Clime Investment Ltd.

CHIEF FINANCIAL OFFICER
Jarrod Travers White, B. Bus, CA, CTA

Mr White was appointed as Company Secretary and Chief Financial Officer of the Group on 1 May 2014. He has had a continued involvement with the High Peak Royalties Limited asset portfolio since its incorporation in 2008 and has been the appointed Corporate Advisor to wholly owned Phoenix Oil and Gas Limited since this time (and was appointed CFO from 2010).

Mr White is a Chartered Accountant and Director of Traverse Accountants Pty Ltd, a Corporate Advisory and Chartered Accounting Firm. In conjunction with his Corporate Advisory roles at Traverse Mr White has been appointed Company Secretary and Chief Financial Officer of several other listed entities that operate on the Australian Stock Exchange and London Stock Exchange and has a sound knowledge of corporate governance and compliance.

Jarrod has also been an advisor to a wide range of capital raisings, IPO's and reverse takeover transactions and has a focus on working with growing Companies in the exploration and technology space.

COMPANY SECRETARIES

- Jarrod Travers White, B. Bus, CA, CTA
- Mr Robert Hodby B.Com, CPA (resigned 23 April 2015)

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	24,675,765	3,570,400
Geoffrey King	1,470,537	112,000
Andy Carroll	8,954,379	240,000
Nigel Hartley	40,000	96,000
Howard McLaughlin	300,000	-
John Theobald	-	-

REMUNERATION REPORT (AUDITED)
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 2015. 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	Non-Executive Chairman
Geoffrey King	Deputy Chairman, Non-Executive Director
Andrew Carroll	Non-Executive Director
Nigel Hartley	Non-Executive Director
Howard McLaughlin	Non-Executive Director
John Theobold	Non-Executive Director

(ii) Executives
Chief Executive Officer
Mr Simon Fyfe was appointed as Chief Executive Officer after balance date on 2 September 2015.
Mr Steven Larkins was appointed as Chief Executive Officer on 1 May 2014. Mr Larkins resigned on 1 September 2015.

Chief Financial Officer
Mr Jarrod White is the Chief Financial Officer of the Group.

Joint Company Secretaries
Mr Jarrod White
Mr Robert Hodby resigned 23 April 2015

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 $200,000 payable as per a board resolution announced in April 2015.

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 and retire by rotation. 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.

The Board has agreed to reduce directors' fees by 25% from 1 April 2015.

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
    - 1 July 2014 – 31 March 2015 $50,000 p.a. exclusive of superannuation with no termination benefits.
    - 1 April 2015 – 30 June 2015 $37,500 p.a. 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
    - 1 July 2014 – 31 March 2015 $40,000 p.a. exclusive of superannuation with no termination benefits.
    - 1 April 2015 – 30 June 2015 $30,000 p.a. 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:
    - 1 July 2014 – 31 March 2015 $40,000 p.a. exclusive of superannuation with no termination benefits.
    - 1 April 2015 – 30 June 2015 $30,000 p.a. exclusive of superannuation with no termination benefits.

Nigel Hartley, Non-executive Director

- Term of **a**greement – 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
  - 1 July 2014 – 31 March 2015 $40,000 p.a. exclusive of superannuation with no termination benefits.
  - 1 April 2015 – 30 June 2015 $30,000 p.a. 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
  - 1 July 2014 – 31 March 2015 $40,000 p.a. exclusive of superannuation with no termination benefits.
  - 1 April 2015 – 30 June 2015 $30,000 p.a. 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
  - 1 July 2014 – 31 March 2015 $40,000 p.a. exclusive of superannuation with no termination benefits.
  - 1 April 2015 – 30 June 2015 $30,000 p.a. exclusive of superannuation with no termination benefits.

Simon Fyfe, CEO (appointed 2nd September 2015)

- Term of agreement – commencing 2nd September 2015;
- Annual salary $260,000 plus superannuation at the statutory rate, paid monthly;
- Short Term Incentive (STI) based on achieving goals related to growth of the business payable in cash;
- Probationary period – four months;
- Termination subject to one month's notice within probationary period;
- Termination subject to two months' notice after probationary period;

Steven Larkins, CEO (resigned 1st September 2015)

- 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 (resigned 23 April 2015)

- Term of agreement – resigned 23 April 2015;
- 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

2015	Short-term benefits		Post-employment benefits	
Name	Cash salary and fees	Consulting and other fees	Superannuation	Total
Directors	**$**	**$**	**$**	**$**
Mr A Wooles	51,328	-	-	51,328
Mr G.J. King	37,500	-	3,563	41,063
Mr A.R. Carroll	37,500	-	3,563	41,063
Mr N.D.R. Hartley	37,500	-	3,563	41,063
Mr H. McLaughlin	38,373	13,750	2,690	54,813
Mr J Theobold	41,063	-	-	41,063
Sub-total	**243,264**	**13,750**	**13,379**	**270,393**
Key Management				
Mr. S Larkins	141,552	-	13,448	155,000
Mr R. Hodby	26,000	-	-	26,000
Mr J. T White	32,532	-	-	32,532
Total	**443,348**	**13,750**	**26,827**	**483,925**

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**
Key Management				
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**

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 $15,540.

Options Granted as Remuneration

There were no share based payments made to directors or senior management during the current financial year (2014: NIL). The below table summarises options and shares issued on exercise of such options.

Details of options over ordinary shares in the Company are set out below:

	Balance at 01/07/2014	Issued during the year	Options exercised	Options expired*	Balance at 30/06/2015	Vested and exercisable
	No.	No.	No.	No.	No.	No.
Mr A. Wooles	3,570,400	-	-	-	3,570,400	3,570,400
Mr G.J. King	112,000	-	-	-	112,000	112,000
Mr A.R. Carroll	240,000	-	-	-	240,000	240,000
Mr N.D.R. Hartley	96,000	-	-	-	96,000	96,000
Mr H McLaughlin	36,037	-	-	(36,037)*	-	-
Mr J. Theobald	-	-	-	-	-	-
Total	**4,054,437**			**(36,037)**	**4,018,400**	**4,018,400**

* Options granted on the 20th of February 2010, lapsed on the 30th of June 2015 without being exercised.

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.

Shareholding Movements

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

	Held	Balance at 01/07/2014	Granted during the year as remuneration	Other changes during the year	Balance at 30/06/2015
		No.	No.	No.	No.
Non-executive directors					
Mr A. Wooles	Indirect	16,964,225	-	7,711,540	24,675,765
Mr G.J. King	Direct/Indirect	1,470,537	-	-	1,470,537
Mr A.R. Carroll	Direct/Indirect	9,704,379	-	(750,000)	8,954,379
Mr N.D.R. Hartley	Direct	40,000	-	-	40,000
Mr H McLaughlin	Direct	200,000	-	100,000	300,000
Mr J. Theobald		-	-	-	-
Total		**28,379,141**	**-**	**7,061,540**	**35,440,681**

Loans to Key Management Personnel
There were no loans to or from KMP throughout the year.

[END OF REMUNERATION REPORT]

Meetings of Directors

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

	Directors Meetings		Audit Committee Meetings	
	Number Eligible to attend	Number Attended	Number Eligible to attend	Number Attended
Directors				
Anthony Wooles	12	12	-	-
Geoffrey King	12	11	-	-
Andy Carroll	12	10	1	1
Nigel Hartley	12	10	1	1
Howard McLaughlin	12	12	-	-
John Theobald	12	12	-	-

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 25 oil and gas projects in Australia, USA and the Seychelles. It is the operator of five geothermal permit interests. Five royalty areas are in production and generating income for the Company.

Results from Operations

The total comprehensive loss after providing for income tax for the year ended 30 June 2015 amounted to $3,551,733. (2014: $2,699,013). Noted that the current year loss is inclusive of an impairment charge as a result of the write off of the Company's geothermal assets of $2,310,699 as at 30 June 2015.

Performance Throughout the Year

The revenue of non-operated royalty income continued throughout the year and decreased by $120,772 to $195,515 (2014: $316,287). The company ended the financial year with a cash balance of $2,476,870.

CHANGES IN STATE OF AFFAIRS

During the year, the following changes occurred within the Group:

Disposal of Oilco Pty Ltd

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 had 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 was apportioned across the following replacement assets (less cash) and as a result no gain or loss was recognised in the financial year:

- $10,000 cash and $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 was that amounts reflected in the current year as exploration assets would be reclassified as intangible royalty assets.

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

HPR USA Inc and Dillon Fund Royalties

During the financial year, the Group incorporated the wholly own subsidiary HPR USA Inc in the USA to acquire the royalties from the Dillon Fund.

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.

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 12,862,012 options on issue.

REVIEW OF OPERATIONS

Royalties

High Peak continued to manage the diverse portfolio of royalty interests which includes the following:

Permit / Location	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	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
Weeks Petroleum Royalty (Gippsland Basin) indirect interest via 19.99% shareholding in Royalco Resources (ASX: RCO)	0.005	ExxonMobil

Geothermal Permits

High Peak holds five geothermal energy licences covering 21,681km² in South Australia.

The Directors of High Peak have reviewed the carrying value of its project areas on the basis of the following conditions:

- That the exploration and evaluation expenditures may not be recouped through successful development or by its sale; and
- The geothermal assets are considered to be non-core to the company's overall operational focus. Further expenditures of the company outside of maintaining the title of the assets is not likely; and
- Continued tenure of the assets is only to provide for a sale process/divestment opportunity over the tenements in return for consideration which would include a royalty over those assets as aligned with the core business of the Company.

As a result of the above considerations it is the view of High Peak that the value of the Company's geothermal assets of $2,310,699 as at 30 June 2015 should be fully impaired which makes up the majority of the current year loss after providing for income tax of $3,572,813.

Share Options

At the date of this report, listed share options on issue under the ASX code "HPRO" are as follows:

Grant Date	Date of Expiry	Exercise Price	Number Options	Number of Options Listed on ASX
17/04/2014	15/04/2017	$0.35	12,862,012	12,862,012
TOTAL			12,862,012	**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 2015 (2014: 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 occurred:

- Mr Steven Larkins resigned as Chief Executive Officer on 1 September 2015.
- Mr Simon Fyfe was appointed as Chief Executive Officer on 2 September 2015.

<u>Additional Purchase of Shares in Royalco Resources Limited (ASX: RCO)</u>

- Between the period of 25 August 2015 to 22 September 2015, the Group acquired additional shares in Royalco Resources Limited (ASX: RCO) at a cost of $105,865. Since balance date, the number of shares have increased from 10,540,000 (19.99%) to 11,047,552 (20.95%).

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 2015 has been received and can be found on page 16 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 51-59 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 2015

Stantons International Audit and Consulting Pty Ltd
trading as
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30 September 2015

Board of Directors
High Peak Royalties Limited
C/- Traverse Accountants Pty Ltd
Suite 305, Level 3
35 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 2015, 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 R Tirodkar
Director

Liability limited by a scheme approved
under Professional Standards Legislation

Member of Russell Bedford International
Russell Bedford

HIGH PEAK ROYALTIES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Consolidated Year ended 30/06/2015 $	 Year ended 30/06/2014 $
Total Revenue	2	248,215	316,287
Employee and director expenses		(537,071)	(575,238)
Due diligence and professional service expenses	3	(445,912)	(617,707)
Occupancy expenses		(29,589)	(7,700)
Finance costs		(4,732)	(218,036)
Exploration & evaluation expenditure		(36,154)	(2,350)
Depreciation expense		(2,391)	(1,570)
Amortisation expense		(198,793)	(294,470)
Stamp duty from reverse merger		(191,914)	-
Impairment	12	(2,310,699)	(1,186,748)
Other expenses		(196,261)	(157,376)
Other income	2	132,488	45,895
LOSS BEFORE INCOME TAX		(3,572,813)	(2,699,013)
Income Tax Expense	6	-	-
LOSS FROM CONTINUING OPERATIONS		**(3,572,813)**	**(2,699,013)**
Other Comprehensive Income		-	-
- Items that will not be reclassified subsequently to profit or loss		-	-
- Items that may be reclassified subsequently to profit or loss	17	21,080	-
Total Other Comprehensive Income		21,080	-
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(3,551,733)**	**(2,699,013)**
Basic and diluted loss per share (cents per share)	27	(2.13)	(5.68)

The above consolidated 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 2015

	Notes	Consolidated Year ended 30/06/2015 $	Year ended 30/06/2014 $
CURRENT ASSETS			
Cash and cash equivalents	5	2,476,870	6,718,455
Trade and other receivables	7	109,323	227,614
Other financial assets	8	2,926	2,927
TOTAL CURRENT ASSETS		**2,589,119**	**6,948,996**
NON-CURRENT ASSETS			
Trade and other receivables	7	146,711	153,484
Available-for-sale financial assets	8	2,160,700	-
Intangible assets	9	11,872,271	10,780,924
Exploration and evaluation expenditure	12	-	3,075,655
Property, plant and equipment	13	8,452	9,633
TOTAL NON-CURRENT ASSETS		**14,188,134**	**14,019,696**
TOTAL ASSETS		**16,777,253**	**20,968,692**
CURRENT LIABILITIES			
Trade and other payables	14	253,956	473,662
Other financial liabilities	15	-	420,000
TOTAL CURRENT LIABILITIES		**253,956**	**893,662**
NON-CURRENT LIABILITIES			
Provision	15	200,000	200,000
TOTAL NON-CURRENT LIABILITIES		**200,000**	**200,000**
TOTAL LIABILITIES		**453,956**	**1,093,662**
NET ASSETS		**16,323,297**	**19,875,030**
EQUITY			
Issued capital	16	26,661,705	26,661,705
Reserves	17	21,080	-
Accumulated losses	18	(10,359,488)	(6,786,675)
TOTAL EQUITY		**16,323,297**	**19,875,030**

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

HIGH PEAK ROYALTIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2015

	Share Capital Ordinary $	Accumulated Losses $	Reserves $	Total $
BALANCE AT 1 JULY 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
Share based payments	-	700,280	(700,280)	-
BALANCE AT 30 JUNE 2014	**26,661,705**	**(6,786,675)**	**-**	**19,875,030**
Loss for the Year	-	(3,572,813)	-	(3,572,813)
Other comprehensive income	-	-	21,080	21,080
Total Comprehensive Loss	-	(3,572,813)	21,080	(3,551,733)
Shares Issued during the year	-	-	-	-
BALANCE AT 30 JUNE 2015	**26,661,705**	**(10,359,488)**	**21,080**	**16,323,297**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Consolidated 2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from royalty rights		223,540	178,978
Payments to suppliers and employees		(1,333,748)	(1,535,043)
Interest received		92,841	70,888
Dividends received		52,700	-
Interest and finance costs		(4,732)	(57,530)
Exploration expenses		(36,154)	(21,763)
NET CASH FLOWS (USED IN)OPERATING ACTIVITIES	19	**(1,005,553)**	**(1,364,470)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for royalty rights		(448,764)	(107,248)
Payments for exploration assets		(45,000)	-
Payments for available for sale financial assets		(2,139,620)	-
Payments for property, plant and equipment		(1,210)	
Payments for/refunds of stamp duty		(191,914)	46,912
Proceeds from Seychelles Termination Agreement		-	11,819
Proceeds from sale of subsidiary		10,476	-
Cash held by subsidiary at acquisition		-	7,978,412
NET CASH FLOWS GENERATED BY/(USED IN) INVESTING ACTIVITIES		**(2,816,032)**	**7,929,895**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cost of raising share equity		-	(437,303)
Repayment of borrowing facilities		(420,000)	(540,000)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		**(420,000)**	**(977,303)**
NET (DECREASE)/ INCREASE IN CASH HELD		(4,241,585)	5,588,122
Cash at beginning of financial year		6,718,455	1,130,333
CASH AT END OF FINANCIAL YEAR		**2,476,870**	**6,718,455**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of High Peak Royalties Limited ("High Peak") as at 30 June 2015 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.
- **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.
- **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.

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.

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) Going Concern

These financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. As at 30 June 2015, the Group had a cash balance of $2.5m.

The directors continue to actively manage the levels of the expenditure as incurred by the Group. Should the directors undertake a significant transaction or incur other expenditure, they will ensure that sufficient funding is in place before committing to the costs.

The directors have reviewed the Group's overall position and outlook in respect of the matters identified above and are of the opinion that the use of the going concern basis is appropriate in these circumstances.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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 9.5%, 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.

(l) 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;
iv. 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 10 and 11 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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).

(r) 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.

(s) 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.

(t) 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.

(u) 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.

(v) New and Amended Standards Adopted by the Group

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 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014.

The adoption of these amendments has not had a material impact on the Group as the amendments merely clarify the existing requirements in AASB 132.

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.

The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities

The amendments in AASB 2013-5 provide an exception to consolidation to investment entities and require them to measure unconsolidated subsidiaries at fair value through profit or loss in accordance with AASB 9 Financial Instruments (or AASB 139 Financial Instruments: Recognition and Measurement where AASB 9 has not yet been adopted). The amendments also introduce new disclosure requirements for investment entities that have subsidiaries.

These amendments apply to investment entities, whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Examples of entities which might qualify as investment entities would include Australian superannuation entities, listed investment companies, pooled investment trusts and Federal, State and Territory fund management authorities.

AASB 2013-5 is applicable to annual reporting periods beginning on or after 1 January 2014.

This Standard has not had any impact on the Group as it does not meet the definition of an ‘investment entity’ in order to apply this consolidation exception.

AASB 2014-1 Amendments to Australian Accounting Standards

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

- clarify that the definition of a ‘related party’ includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)
- amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2011-2013 Cycle clarify that an entity should assess whether an acquired property is an investment property under AASB 140 Investment Property and perform a separate assessment under AASB 3 Business Combinations to determine whether the acquisition of the investment property constitutes a business combination.

Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014.

The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

(w) 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*

  There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(x) 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 and taking into account the terms and conditions upon which the instruments were granted.

Intangible Assets
Refer to Note 9 on key estimates relating to amounts of carrying values of intangibles (royalty rights).

	Year Ended 30/06/2015 $	Year Ended 30/06/2014 $
2. REVENUE AND OTHER INCOME		
Receipts from royalty rights	195,515	316,287
Dividend Received from RCO	52,700	-
Total Revenue	**248,215**	**316,287**
Interest received from financial institutions	96,068	45,895
Gain on disposal of subsidiary	31,420	-
Other income	5,000	-
Total Other Income	**132,488**	**45,895**
Total Revenue and Other Income	**380,703**	**362,182**

3. DUE DILIGENCE AND PROFESSIONAL SERVICE FEES

Consultancy fees	182,663	157,470
Legal and due diligence fees	129,154	358,048
Accountancy fees	134,095	102,189
Total	**445,912**	**617,707**

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 one business and two geographical segments, being the acquisition of royalty and exploration interests in oil and gas assets predominately in Australia and the USA.

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.

4. SEGMENT NOTE (CONTINUED)

Information about major customers

Revenues arising from royalty receipts of $195,515 (2014: $316,287) arose from royalties paid by the operators of the Longtom, Surprise West, ATP 299 and the Dillon Fund. These contributed $95,173, $12,746, $67,740 and $19,856 respectively to revenue in 2015 (2014: $156,817, $39,378, $106,800 and $13,292).

5. CASH AND CASH EQUIVALENTS

	Consolidated	
	30/06/2015	30/06/2014
	$	$
Cash at bank and in hand	2,476,870	6,718,455
	2,476,870	**6,718,455**

6. INCOME TAX

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

	Year Ended 30/06/2015	Year Ended 30/06/2014
	$	$
Loss from continuing operations	(3,572,813)	(2,699,013)
Income tax benefit calculated at 30%	(1,071,844)	(809,704)
Effect of non-deductible items	49	357,293
Deferred tax asset not brought to account	1,071,795	452,411
Income tax recognised in profit or loss	**-**	**-**

The tax rate used for the 2015 and 2014 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:

Unused tax losses for which no deferred tax asset has been recognised	4,516,149	4,169,614
Temporary differences for which no deferred tax asset/(liability) has been recognised:		
Prepayments	(5,358)	-
Accruals	19,432	(35,731)
Royalty rights	297,353	(40,767)
Exploration expenditure	(13,500)	-
Cost of equity	(108,995)	(602,846)
	4,705,081	**3,490,270**

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. There are no deferred tax liabilities.

7. TRADE AND OTHER RECEIVABLES

	30/06/2015	30/06/2014
Current	**$**	**$**
GST credits receivable	35,242	148,369
Royalty income receivable	52,708	66,315
Other receivables	21,373	12,930
	109,323	**227,614**
Non-current		
Deposits and bonds	146,711	153,484
	146,711	**153,484**

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 2015 financial year (2014: 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 2015 Using:		
	Quoted Prices in Active Markets for Identical Assets $ (Level 1)	Significant Observable Inputs $ (Level 2)	Significant Unobservable Inputs $ (Level 3)
Available-for-Sale Financial Assets			
Shares in listed corporation	2,160,700	-	-
Investment in options of listed corporation	-	2,926	-

9. INTANGIBLE ASSETS

	30/06/2015	30/06/2014
	$	**$**
Royalty rights	12,863,448	11,573,308
Accumulated amortisation	(991,177)	(792,384)
	11,872,271	**10,780,924**
Movements in Carrying Amounts		
Opening balance	10,780,924	11,387,927
Additions	448,764	107,247
Reclassification from Exploration Expenditure on sale of subsidiary	841,376	-
Less amortisation and impairment	(198,793)	(714,250)
Closing balance	**11,872,271**	**10,780,924**

9. INTANGIBLE ASSETS (CONTINUED)

The recoverable amount of each royalty interests above for the purposes of testing for impairment is determined based on value-in-use calculations. Value in-use is calculated based on the present value of cash flow projections over a 10 year period or expected life of project (whichever is longer) with the period extending beyond five years extrapolated using an estimated growth rate. The cash flows are discounted to account for the time value of money and project variability.

The following key assumptions were used in the value-in-use calculations:

- Growth Rate: expected forward production curve of underlying assets as applicable
- Discount Rate: 10-11%
- Oil Price: $50-$85

Management has based the value-in-use calculations on budgets for each royalty interest. These budgets use production and volume related growth rates to project revenue that are linked to the underlying proven and probable resource estimates and reserves of the underlying assets. Costs are calculated taking into account historical gross margins as well as estimated weight average inflation rates over the period. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular royalty interest.

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))
- United States 0.20% to 0.40% Royalty Interests in Texas.
- 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)
- EP156 and EP(A)155 (Phoenix 2% 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 which 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)

11. GOODWILL

	30/06/2015	30/06/2014
	$	$
Cost	953,625	953,625
Accumulated impairment losses	(953,625)	(953,625)
	-	-

11. GOODWILL (CONTINUED)

	30/06/2015	30/06/2014
Cost	**$**	**$**
Balance at beginning of year	953,625	-
Amounts recognised from business combinations occurring during the year	-	953,625
Balance at end of year	953,625	953,625
Accumulated impairment losses		
Balance at beginning of year	(953,625)	-
Impairment losses recognised in the year	-	(953,625)
Balance at end of year	(953,625)	(953,625)

Impairment of goodwill

In the 2014 financial 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

At cost	2,310,699	3,075,655
Less impairment	(2,310,699)	-
	-	3,075,655
Balance at start of year	3,075,655	809,956
Expenditure incurred during the year	45,000	-
Asset derecognised on sale of subsidiary	(809,956)	2,265,699
Impairment	(2,310,699)	**-**
Balance at end of year	**-**	**3,075,655**

The Directors of HPR reviewed the carrying value of the Company's exploration assets and determined that these assets as at 30 June 2015 should be fully impaired to NIL.

The decision to fully impair the Group's Exploration and Evaluation assets were based on the following considerations:

- The exploration and evaluation expenditures are not expected to be recouped through successful development or by its sale;
- The geothermal assets are considered to be non-core to the company's overall operational focus. Further expenditures of the company outside of maintaining the title of the assets are not likely; and
- Continued tenure of the assets is only to provide for a sale process/divestment opportunity over the tenements in return for consideration which would include a royalty over those assets as aligned with the core business of the Company.

It should be noted that whilst an active sale process has been contemplated the company does not consider the assets as 'held for sale' whilst it continues to review the market for suitable potential counter parties.

13. PROPERTY, PLANT AND EQUIPMENT

	30/06/2015 $	30/06/2014 $
Computer equipment, furniture and exploration equipment	81,696	80,486
Less: Accumulated depreciation	(73,244)	(70,853)
	8,452	**9,633**
Balance at beginning of year	9,633	-
Acquisition during the year	1,210	9,633
Depreciation	(2,391)	-
Balance at end of year	**8,452**	**9,633**

14. TRADE AND OTHER PAYABLES

Current		
Accounts payable	168,752	360,805
Other payables	85,204	112,857
	253,956	**473,662**

15. OTHER FINANCIAL LIABILITIES

Current		
Bank loans#	-	420,000
	-	**420,000**
Non-current		
Provisions*	200,000	200,000
	200,000	**200,000**
	200,000	**620,000**

** The High Peak Royalties Limited Directors have estimated the costs to rehabilitate the 21 Geothermal 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.*

 # During the 2011 financial year Oil and Gas Royalties Pty Ltd, a subsidiary of Phoenix Oil and Gas Pty Ltd (formerly LTD), entered into a facility agreement with RMB Australia Holdings Limited. The outstanding balance of the facility agreement has been fully paid during the 2015 financial year.

16. ISSUED SHARE CAPITAL

Fully paid ordinary share capital

	30/06/2015		30/06/2014	
Ordinary shares	**No. of shares**	**$**	**No. of shares**	**$**
At the beginning of the financial year	166,800,792	26,661,705	123,391,862	15,805,920
Shares issued during the year	-	-	-	500,000
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
At the end of the financial year	166,800,792	26,661,705	**166,800,792**	**26,661,705**

16. ISSUED SHARE CAPITAL (CONTINUED)

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

	30/06/2015 $	30/06/2014 $
Revaluation reserve	21,080	-
	21,080	**-**

Changes in the fair value of investments classified as available-for-sale financial assets are taken to the available-for-sale investments revaluation reserve. Amounts are recognised in profit and loss when the associated assets are sold or impaired.

	30/06/2015		30/06/2014	
	No. of options	**$**	**No. of options**	**$**
Share options				
At the beginning of the financial year	-	-	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	**-**	**-**	**-**	**-**

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 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.

<u>Share options outstanding at the end of the year</u>

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 (2014: $0.35). In addition there were 387,395 unlisted employee options on issue to current and prior employees of High Peak Royalties Limited these options had an exercise price of $0.83 and lapsed on the 30th June 2015. The weighted average remaining contractual life of options on issue at the end of the year was 656 days (2014: 1002 days).

17. RESERVES (CONTINUED)

Share based payments reserve

	30/06/2015	30/06/2014
Balance at beginning of year	-	625,000
Arising on share based payments	-	(625,000)
	-	**-**

The share based payments in the 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.

In 2014 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 30/06/2015 $	Year ended 30/06/2014 $
Movements in accumulated losses were as follows:		
Balance at the beginning of the financial year	(6,786,675)	(4,787,942)
Net loss for the year	(3,572,813)	(2,699,013)
Options cancelled	-	700,280
Balance at the end of the financial year	**(10,359,488)**	**(6,786,675)**

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

Cash and cash equivalents		
Cash at bank	2,476,870	6,718,455
Cash in hand	-	-
	2,476,870	**6,718,455**
Cash flows from operating activities		
Loss after income tax	(3,572,813)	(2,699,013)
Gain on sale of subsidiary	(31,420)	-
Depreciation and amortisation expenses	201,184	296,040
Interest and other costs of finance paid	-	152,500
Impairment expense	2,310,699	1,186,748
Stamp Duty	191,914	-
Change in operating assets and liabilities		
Decrease/(increase) in receivables	114,589	(150,694)
Increase/(decrease) in accounts payable and accruals	(219,706)	(150,051)
Net cash flows from operating activities	**(1,005,553)**	**(1,364,470)**

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
Mr A.R. Carroll	Non-executive Director
Mr N.D.R. Hartley	Non-executive Director
Mr H McLaughlin	Non-executive Director
Mr J. Theobald	Non-executive Director

Other key management personnel

Mr S.J. Larkins	Chief Executive Officer, resigned 1 September 2015
Mr J. T. White	Chief Financial Officer Company Secretary
Mr R. Hodby	Joint Company Secretary, resigned 23 April 2015

Key management personnel compensation	Year ended 30/06/2015 $	Year ended 30/06/2014 $
Short-term employee benefits	457,098	674,037
Post-employment benefits	26,827	38,719
	483,925	**712,756**

Detailed remuneration disclosures are provided in the directors' report on pages 6 to 11.

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.

2015	Balance at 01/07/2014 No.	Issued during the year pursuant to the takeover transaction No.	Options exercised No.	Options expired** No.	Balance at 30/06/2015 No.	Vested and exercisable No.
Mr A.E. Wooles	3,570,400	-	-	-	3,570,400	3,570,400
Mr G.J. King	112,000	-	-	-	112,000	112,000
Mr A.R. Carroll	240,000	-	-	-	240,000	240,000
Mr N.D.R. Hartley	96,000	-	-	-	96,000	80,000
Mr H McLaughlin	36,037	-	-	36,037	-	-
Mr J. Theobald	-	-	-	-	-	-
Other Key Management Personnel						
Mr S.J. Larkins	96,000	-	-	-	96,000	96,000
Mr J.T White	16,000	-	-	-	16,000	16,000
Total	**4,166,437**	**-**	**-**	**36,037**	**4,130,400**	**4,130,400**

20. KEY MANAGMENT PERSONNEL DISCLOSURES (CONTINUED)

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.

2015	Held	Balance at 01/07/2014 No.	Granted during the year as remuneration No.	Other changes during the year No.	Balance at 30/06/2015 No.
Non-executive directors					
Anthony Wooles	Indirect	16,964,225	-	7,711,540	24,675,765
Geoffrey King	Direct/Indirect	1,470,537	-	-	1,470,537
Andrew Carroll	Direct/Indirect	9,704,379	-	(750,000)	8,954,379
Nigel Hartley	Direct	40,000	-	-	40,000
Howard McLaughlin	Direct	200,000	-	100,000	300,000
John Theobald		-	-	-	-
Other Key Management Personnel					
Steven Larkins	Indirect	400,000	-	-	400,000
Jarrod White	Direct/Indirect	146,012	-	-	146,012
Total		**28,925,153**	**-**	**7,061,540**	**35,986,693**

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:

	30/06/2015 $	30/06/2014 $
Australasian Energy Pty Ltd[1]	-	13,000
Contour E & P[2]	13,951	-
Traverse Accountants Pty Ltd[3]	145,506	88,584

[1] *Related party of Mr A Carroll, all services are carried out at an arms' length rate.*

[2] *Related party of Mr H McLaughlin, all services are carried out at an arms' length rate.*

[3] *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

	30/06/2015 $	30/06/2014 $
Capital expenditure commitments		
Plant and property	-	-
Intangible assets	-	-
Operating lease commitments		
Not later than 1 year	-	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 2015.

24. SUBSIDIARIES

Details of the Company's subsidiaries at 30 June 2015 are as follows:

Name of subsidiary	Place of incorporation	Proportion of ownership interest and voting power held 30/06/2015	30/06/2014
Torrens Energy (SA) Pty Ltd	Australia	100%	100%
Phoenix Oil and Gas Pty Ltd	Australia	100%	100%
Oilco Pty Ltd	Australia	-	100%
Oil & Gas Royalties Pty Ltd	Australia	100%	100%
HPR USA Inc	United States of America	100%	-

Disposal of Oilco Pty Ltd

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.

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 30/06/2015 $	Year ended 30/06/2014 $
Audit of financial reports and other audit work under the *Corporations Act 2001*		
Stantons International & Associated Entities		
- Audit services	60,210	24,227
- Other services (Corporate Finance)	-	17,000
	60,210	**41,227**

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.

26 FINANCIAL INSTRUMENTS (CONTINUED)

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 2014.

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

	2015 & 2014 Weighted average effective interest rate	**30/06/2015 $**	**30/06/2014 $**
Financial assets			
Cash and bank balances – floating interest	2.23%	2,113,608	6,510,210
Cash and bank balances – noninterest bearing	-	363,262	208,245
Subtotal: Cash and bank balances		**2,476,870**	**6,718,455**
Trade and other receivables	-	256,034	381,098
Other financial assets	-	2,163,626	2,927

	2015 & 2014 Weighted average effective interest rate	**30/06/2015 $**	**30/06/2014 $**
Financial liabilities			
Trade and other payables	-	253,956	473,662
Other financial liabilities	0.023%	-	420,000

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.

26. FINANCIAL INSTRUMENTS (CONTINUED)

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

	30/06/2015	30/06/2014
	$	$
Royalty income receivable	52,708	66,315
GST receivable	35,242	148,369
Bonds on deposit	146,711	153,484
Other debtors	3,513	12,930
	238,174	**381,098**

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).

Interest rate risk	**30/06/2015**	**30/06/2014**
	$	$
Change in cash and cash equivalents		
Increase in interest rate by 1%	21,136	67,185
Decrease in interest rate by 1%	(21,136)	(67,185)

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.

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.

26. FINANCIAL INSTRUMENTS (CONTINUED)

Maturity analysis of financial assets

	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
	$	$	$	$
2015				
Current assets				
Trade and other receivables	91,463	91,463	-	-
Non-current assets				
Bonds on deposit	146,711	-	-	146,711
2014				
Current assets				
Trade and other receivables	227,614	227,614	-	-
Non-current assets				
Bonds on deposit	153,484	-	-	153,484

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 liabilities

	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
2015	$	$	$	$
Current liabilities				
Accounts payable	168,752	168,752	-	-
Other payables	85,204	85,204	-	-
Non-current liabilities				
	-	-	-	-
2014				
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	-	-

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

	Year ended 30/06/2015	Year ended 30/06/2014
From continuing operations	**Cents**	**Cents**
Basic earnings per share (loss)	(2.13)	(5.68)
Diluted earnings per share (loss)	(2.13)	(5.68)
	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	166,800,792	47,537,127
Diluted earnings per share	166,800,792	47,537,127

	Year ended 30/06/2015	Year ended 30/06/2014
	No.	**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	12,862,012	13,249,407

The loss used to calculate earnings per share was $3,572,813 (2014: $2,699,013).

28. SUBSEQUENT EVENTS

Subsequent to balance date the Company had the following material events occurred:

- Mr Steven Larkins resigned as Chief Executive Officer on 1 September 2015;
- Mr Simon Fyfe was appointed as Chief Executive Officer on 2 September 2015.

Additional Purchase of Shares in Royalco Resources Limited (ASX: RCO)

- Between the period of 25 August 2015 to 22 September 2015, the Group acquired additional shares in Royalco Resources Limited (ASX: RCO) at a cost of $105,865. Since balance date, the number of shares have increased from 10,540,000 (19.99%) to 11,047,552 (20.95%).

29. PARENT ENTITY DISCLOSURES

Financial position	30/06/2015 $	30/06/2014 $
ASSETS		
Total current assets	2,233,884	6,454,125
Total non-current assets	14,582,228	34,605,876
Total assets	16,816,112	41,060,001
LIABILITIES		
Total current liabilities	250,270	142,002
Total non-current liabilities	200,000	200,000
Total liabilities	450,270	342,002
EQUITY		
Issued capital	48,894,624	48,894,624
Reserves	561,442	540,362
Accumulated losses	(33,090,224)	(8,716,987)
Total equity	16,365,842	40,717,999

Financial performance

	Year ended 30/06/2015 $	Year ended 30/06/2014 $
Loss for the year	(24,373,237)	(110,120)
Total comprehensive loss	(24,352,157)	(110,120)

Contingent assets and liabilities

The Company does not have any contingent assets or liabilities at 30 June 2015.

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

DIRECTORS' DECLARATION

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 2015

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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 2015, 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 2015 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).

Emphasis of Matter Regarding Carrying Values of Non-Current Assets

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

At 30 June 2015, the company had intangible assets of $11,872,271. The carrying value of the intangible asset is dependent upon successful 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 the underlying operator of the royalty assets is not successful in commercial exploitation of these assets, or does not continue to maintain the permits that royalty assets are held over, 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 6 to 11 of the directors' report for the year ended 30 June 2015. 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 2015 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 Audit and Consulting Pty Ltd

Samir Tirodkar
Director

West Perth, Western Australia
30 September 2015

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 2015.

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 3-4 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 Executive 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 than 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 is $200,000 per annum as The Board agreed to reduce directors' fees by 25% from 1st of April 2015.

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 2015 or the prior year 2014.

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

Item	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.

3.2	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 2015)

	Fully Paid Ordinary Shares	Listed Options (exercisable at $0.35 on or before 15 April 2017)
1 - 1,000	415	-
1,001 - 5,000	352	-
5,001 - 10,000	89	20
10,001 - 100,000	285	92
100,001 - and over	153	16
TOTAL	**1,294**	**128**

b) Top Twenty Ordinary Shareholders (as at 29 September 2015)

Name	Number of Ordinary Shares held	%
AEW HOLDINGS PTY LTD <AEW CAPITAL A/C>	24,675,765	14.79
J P MORGAN NOMINEES AUSTRALIA LIMITED	21,806,536	13.07
MR ARCHIBALD GEOFFREY LOUDON	12,103,885	7.26
PERMENENT NOMINEE PTY LTD	7,096,747	4.25
MARTIN PLACE SECURITIES NOMINEES P/L <ALCARDO INVESTMENTS A/C>	6,357,765	3.81
PERSHING AUSTRALIA NOMINEES PTY LTD <ARGONAUT ACCOUNT>	5,000,000	3.00
MR ANDREW ROBERT CARROLL + MS KATHERINE JANE RAE CARROLL <CARROLL SUPER PLAN A/C>	4,759,895	2.85
MARTIN PLACE SECURITIES STAFF SUPERANNUATION FUND PTY LTD <MPSSF INVESTMENT A/C>	4,516,070	2.71
MISS ZHENFENG WANG	3,750,000	2.25
CRAFERS PTY LTD <CRAFERS CONNECT S/F A/C>	3,325,660	1.99
MR ANDREW ROBERT CARROLL	1,902,609	1.14
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	1,714,286	1.03
THREE ZEBRAS PTY LTD <JUDD FAMILY A/C>	1,700,000	1.02
ROSELANE NOMINEES PTY LTD <GRAHAM BAILEYS CHILDREN A/C>	1,600,000	0.96
MILRAY SUPERANNUATION PTY LTD <MILRAY SUPER FUND A/C>	1,342,542	0.80
AUSTRALASIAN ENERGY PTY LTD	1,125,000	0.67
NATIONAL NOMINEES LIMITED <DB A/C>	1,100,000	0.66
ENTRUST ARIZONA FBO JOHN RUSSELL LUKE IRA	1,078,571	0.65
DEIDRON PTY LTD <SOUTHONS PHARMACY S/F A/C>	1,075,175	0.64
MS KATHERINE JANE RAE	1,050,000	0.63
Total Top 20 Shareholders	**107,080,506**	**64.18**
Other Shareholders	**59,720,286**	**35.82**
Total ordinary shares on issue	**166,800,792**	**100.00**