



High Peak Royalties Limited

ABN: 79 118 065 704

**Half-Year Financial Report
31 December 2021**

HIGH PEAK ROYALTIES LIMITED

CORPORATE DIRECTORY

High Peak Royalties Limited

ABN: 79 118 065 704

Chairman

David Croll (Non-Executive Director)

Directors

James Knowles (Non-Executive Director)
Anthony Wooles (Non-Executive Director)

Chief Financial Officer

Jarrold White

Company Secretary

Jarrold White

Registered Office

C/- Traverse Accountants Pty Ltd
Suite 305, Level 3,
35 Lime Street
SYDNEY NSW 2000, AUSTRALIA

Principal Place of Business

C/- Traverse Accountants Pty Ltd
Suite 305, Level 3
35 Lime Street
SYDNEY NSW 2000, AUSTRALIA

Securities Quoted

Australian Securities Exchange Ltd (ASX)
Code: HPR

Share Registry

Computershare Investor Services
Level 11
172 St Georges Terrace
PERTH WA AUSTRALIA, 6000

Website

<http://www.highpeak.com.au>

Auditors

RSM Australia Partners
Level 13, 60 Castlereagh Street
Sydney NSW 2000

Bankers

National Australia Bank
345 George Street
SYDNEY NSW 2000, AUSTRALIA

Macquarie Bank Limited
1 Martin Place
SYDNEY NSW 2000, AUSTRALIA

Westpac Banking Corporation
109 St Georges Terrace
PERTH WA 6000, AUSTRALIA

High Peak Royalties Limited Group Structure

High Peak Royalties Limited (ACN 118 065 704) has the following subsidiaries:

- Phoenix Oil and Gas Limited
- Oil and Gas Royalties Pty Ltd
- Torrens Energy (SA) Pty Ltd
- Geo Capital Pty Ltd
- HPR USA Inc.
- Planet Gas USA Inc.

HIGH PEAK ROYALTIES LIMITED

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HIGH PEAK ROYALTIES LIMITED

DIRECTORS REPORT CONTINUED

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of High Peak Royalties Limited (HPR) (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

DIRECTORS

The following persons were directors of High Peak Royalties Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

David Croll	Interim Chairman, appointed 30 November 2021
	Non-Executive Director, appointed 30 August 2021,
Anthony Wooles	Non-Executive Director
James Knowles	Non-Executive Director, appointed 30 August 2021
Geoffrey King	Interim Chairman, Non-Executive Director, resigned as 30 November 2021
Andrew Carroll	Non-Executive Director, resigned as 30 November 2021

Chief Financial Officer

Jarrold White

Joint Company Secretary

Jarrold White

REVIEW OF OPERATIONS

Principal Activities

The Company continually seeks and reviews growth opportunities including the acquisition of additional royalties.

The Company has royalties over 20 oil and gas permits in Australia, over 2,000 wells in the USA and is the operator of four geothermal permit interests. In the HY22 period, 8 royalties were generating income for the Company with some royalties on exploration permits expected to provide income in due course (subject to discovery and development) with the potential for additional revenue from development resulting in increased production on existing areas.

High Peak's Macquarie Bank Facility through wholly owned subsidiary Planet Gas USA Inc. provides a potential source of funding for further growth and acquisitions of scale.

Review of Operations

The net loss for the consolidated entity after providing for income tax for the half year ended 31 December 2021 amounted to \$75,128 (2020: \$304,880).

Revenue from non-operated royalty income throughout the half-year ended 31 December 2021 increased to \$437,375 (2020: \$183,824)

The company ended the half year with a cash balance of \$735,796 (June 2021: \$761,794) after repayment of US\$250,000 of principal owed to Macquarie Bank Limited under its financing facility, and following a successful capital raise in October 2021, which included subsequent support from Directors in December 2021 following approval at the November 2021 AGM.

HIGH PEAK ROYALTIES LIMITED

DIRECTORS REPORT CONTINUED

REVIEW OF OPERATIONS CONTINUED

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/ Shell
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)	0.30	Seven Group Holdings
WA-90-R / WA-91-R (formerly WA-315-P) Poseidon Field	0.10	Santos
EP(A)111, EP115, EP(A)120 and EP(A) 124	1.00	Central Petroleum
EP112, EP115NM and EP125	1.00	Santos
WA-482-P	0.20	Santos
EP(A)155	2.00	Mosman Oil and Gas
Planet Gas USA Inc. Royalties	3.00	Empire Energy
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
United States (East Texas)	1.00	Silver Tusk and New Century Operating
ML 04/244 and ML 04/249 Admiral Bay, Canning Basin	1.5% GOR 1.5% NSR	Metalcity Ltd
Royalty over Hydrogen Sales including Catalysts	1%	ScimTek Hydrogen Pty Ltd
Licence/Location	Ownership %	Approximate Area in km ²
GEL 571 South Australia	100	1,845.23
GEL 572 South Australia	100	1,764.20
GEL 573 South Australia	100	1,180.49
GEL 574 South Australia	100	1,139.26

HIGH PEAK ROYALTIES LIMITED

DIRECTORS REPORT CONTINUED

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes to the state of affairs of the consolidated entity during the financial half-year.

EVENTS SUBSEQUENT TO BALANCE DATE

There were no significant events subsequent to balance date.

AUDITORS INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included within these financial statements on page 5.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

Signed in accordance with a resolution of directors.

On behalf of the directors:



Mr David Croll
Non-executive Interim Chairman
15 March 2022

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000

GPO Box 5138 Sydney NSW 2001

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of High Peak Royalties Limited for the half year ended 31 December 2021, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



C J HUME
Partner

Sydney Australia

Dated: 15 March 2022

HIGH PEAK ROYALTIES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2021

		CONSOLIDATED	
	Notes	Half-year ended 31 December 2021 \$	Half-year ended 31 December 2020 \$
Revenue from continuing operations			
Revenue	2	437,375	183,824
Other income		478	11,164
Expenses			
Employee and director expenses		(110,362)	(104,999)
Due diligence and professional service expenses		(156,954)	(198,767)
Occupancy expenses		(11,100)	(11,100)
Finance costs		(59,513)	(71,062)
Amortisation expense		(157,230)	(98,392)
Marketing expenses		(8,749)	(8,250)
Other expenses		(9,976)	(6,200)
Gain/(Loss) on foreign exchange		903	(1,098)
Loss before income tax expense		(75,128)	(304,880)
Income tax expense		-	-
Loss after income tax expense for the period		(75,128)	(304,880)
Other comprehensive income			
- Foreign currency translation		5,853	7,088
Total other comprehensive income/(loss) for the period		5,853	7,088
Total comprehensive loss for the period		(69,275)	(297,792)
Loss attributable to:			
Members of High Peak Royalties Limited		(69,275)	(297,792)
Basic and diluted loss per share (cents per share)		(0.04)	(0.16)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

HIGH PEAK ROYALTIES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		CONSOLIDATED	
	Notes	As at 31 December 2021 \$	As at 30 June 2021 \$
Assets			
Current Assets			
Cash and cash equivalents		735,796	761,794
Trade and other receivables		257,602	146,424
Total Current Assets		993,398	908,218
Non-Current Assets			
Trade and other receivables		150,081	149,827
Financial assets		463	463
Exploration and evaluation expenditure	3	-	-
Intangible assets	4	10,250,532	9,939,193
Total Non-Current Assets		10,401,076	10,089,483
Total Assets		11,394,474	10,997,701
Liabilities			
Current Liabilities			
Trade and other payables		89,169	92,949
Borrowings	5	344,542	332,535
Total Current Liabilities		433,711	425,484
Non-Current Liabilities			
Borrowings	5	1,378,170	1,662,676
Total Non-Current Liabilities		1,378,170	1,662,676
Total Liabilities		1,811,881	2,088,160
Net Assets		9,582,593	8,909,541
Equity			
Issued capital	6	28,468,917	27,726,590
Reserves		4,034	(1,819)
Accumulated losses		(18,890,358)	(18,815,230)
Total Equity		9,582,593	8,909,541

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
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
Balance at 1 July 2020		27,726,590	(17,518,393)	(153)	10,208,044
Loss after income tax expense for the period		-	(304,880)	-	(304,880)
Other comprehensive income for the period		-	-	7,088	7,088
Total comprehensive loss for the period		-	(304,880)	7,088	(297,792)
Balance at 31 December 2020	6	27,726,590	(17,823,273)	6,935	9,910,252
Balance at 1 July 2021		27,726,590	(18,815,230)	(1,819)	8,909,541
Loss after income tax expense for the period		-	(75,128)	-	(75,128)
Other comprehensive income for the period		-	-	5,853	5,853
Total comprehensive loss for the period		-	(75,128)	5,853	(69,275)
Shares issued (net of costs)		742,327	-	-	742,327
Balance at 31 December 2021	6	28,468,917	(18,890,358)	4,034	9,582,593

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

HIGH PEAK ROYALTIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

		CONSOLIDATED	
	Notes	Half Year Ended 31 December 2021 \$	Half Year Ended 31 December 2020 \$
Cash flows from operating activities			
Receipts from royalty rights		320,159	188,234
Payments to suppliers and employees		(288,097)	(275,887)
Interest received		74	174
Interest and finance costs		(65,650)	(122,937)
Exploration expenses		-	-
Net cash used in operating activities		(33,514)	(210,416)
Cash flows from investing activities			
Payments for royalty rights		(400,000)	(249,411)
Payments for available for sale financial assets		-	(111)
Net cash used in investing activities		(400,000)	(249,522)
Cash flows from financing activities			
Shares issued (net of costs)		742,327	-
Repayment of borrowings	5	(341,567)	(336,473)
Net cash used in investing activities		400,760	(336,473)
Net decrease in cash and cash equivalents		(32,754)	(796,411)
Cash at the beginning of the financial period		761,794	1,843,070
Effect of exchange rate changes on cash		6,756	(20,405)
Cash at end of the period		735,796	1,026,254

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

HIGH PEAK ROYALTIES LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These condensed general purpose financial statements represent those of High Peak Royalties Limited ("High Peak") for the interim half-year reporting period ended 31 December 2021 and its controlled entities (the "consolidated group" or "group") and have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. 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*.

These condensed general purpose financial statements do not include all the notes of the type normally included in annual financial statements. These financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution of directors on 15 March 2022.

(b) 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 consolidated entity 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 consolidated entity'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.

Intangible assets – royalty rights

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. There is significant judgement required on the part of the Management and the Board in determining whether there are any impairment indicators with regards to royalty rights. To this extent they have considered the high level financial indices, the exploration activities of the underlying assets, the current market conditions, the political climate in the jurisdiction in which the assets exists, as well as numerous other factors when considering asset impairments. Management and the Board have determined that there were no impairment indicators for any of the individual underlying assets, and consequently it has not been necessary to fair value any of the intangible assets using a value-in-use model.

HIGH PEAK ROYALTIES LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provision for Site Rehabilitation and Contingent Liabilities

The Company has an existing well stock of 21 wells for which it may be liable for rehabilitation costs. The company had historically provided for an estimate of \$200,000 for these costs in its financial statements. Having reconsidered the position, the management team have concluded the obligation is not wholly within the control of the company and is contingent on a future event being the final inspection when the permit is relinquished. In addition, it is questionable whether the potential obligation can be measured with sufficient reliability. It is quite possible that no outflow of resources will be required to fulfill obligations around the site rehabilitation. The original range of the estimate disclosed in the Prospectus when the company listed in 2014 was between \$200,000 and \$1,150,000 which was based on internal and external sources at that time. This is no longer considered reliable. It is important to note that in the event that a liability exists, the effect on the profit and loss will initially be nil due the fact that the cost to restore the site will initially be capitalised into the cost of the asset, and then re-assessed for potential impairment.

(c) New and revised accounting requirements applicable to the current half- year reporting period

There were no new or revised Accounting Standards and Interpretations in the current half-year reporting period.

(e) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

As disclosed in the half-year financial report, the Group incurred a loss after tax of \$75,128 (2020: loss of \$304,880) and had net cash outflows from operating and investing activities of \$33,514 and \$400,000 respectively for the half year ended 31 December 2021. As at that date the Group had net current assets of \$559,687.

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- As described in Note 5, the Group has a US\$15m facility which is currently drawn down to the extent of US\$1,250,000. The facility expires on 7 December 2024, with further repayments being required on the following basis:
 - 7 December 2022 - US\$250,000;
 - 7 December 2023 - US\$250,000;
 - 7 December 2024 - US\$750,000;
- The directors are confident that the ongoing payments required will either be met by the receipt of royalty revenues exceeding operational outflows, or alternative funding sourced either by way of equity or debt;
- As described in Note 4, the Group has intangible assets carried at a value of \$10,250,532 as at 31 December 2021, consisting of royalty rights over various oil and gas interests. Some of this portfolio could potentially be sold if the need arose for any reason.
- The Company has the ability to raise additional share capital pursuant to the Corporations Act.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

HIGH PEAK ROYALTIES LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR

ENDED 31 DECEMBER 2021

2. 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.

Segment information

31 December 2021

	Australia	USA	Consolidated
Revenue	\$	\$	\$
Revenue	125,780	312,073	437,853
Total segment revenue	125,780	312,073	437,853
Segment revenue			437,853
Total segment result	(214,213)	139,085	(75,128)
Net loss before tax			(75,128)
Segment assets	8,496,867	2,897,607	11,394,474
Segment liabilities	63,273	1,748,608	1,811,881

31 December 2020

	Australia	USA	Consolidated
Revenue	\$	\$	\$
Revenue	37,455	157,533	194,988
Total segment revenue	37,455	157,533	194,988
Segment revenue			194,988
Total segment result	(261,236)	(43,644)	(304,880)
Net loss before tax			(304,880)

30 June 2021

Segment assets	7,691,810	3,305,891	10,997,701
Segment liabilities	66,254	2,021,906	2,088,160

HIGH PEAK ROYALTIES LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR

ENDED 31 DECEMBER 2021

3. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2021	30 June 2021
	\$	\$
At cost	2,310,699	2,310,699
Less impairment	(2,310,699)	(2,310,699)
	-	-
Balance at start of period	-	-
Balance at end of period	-	-

4. INTANGIBLE ASSETS

	31 December 2021	30 June 2021
	\$	\$
Royalty rights	17,660,068	17,260,068
Accumulated amortisation	(2,044,371)	(1,887,141)
Accumulated impairment	(5,297,212)	(5,297,212)
Foreign exchange movement on opening balance	(67,953)	(136,522)
	10,250,532	9,939,193
Movements in Carrying Amounts		
Opening balance	9,939,193	11,002,027
Additions	400,000	249,411
Less		
Amortisation expense	(157,230)	(278,106)
Foreign exchange movement on opening balance	68,569	(191,718)
Impairment expense	-	(842,421)
Closing balance	10,250,532	9,939,193

Significant intangible assets

The Group holds the following royalties over oil and gas interests:

Permit / Location	Royalty Interest (%)	Operated By
PL 171 and ATP 574P	2.50	Queensland Gas/BG Group/ Shell
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)	0.30	Seven Group Holdings
WA-90-R / WA-91-R (formerly WA-315-P) Poseidon Field	0.10	Santos
EP(A)111, EP115, EP(A)120 and EP(A) 124	1.00	Central Petroleum
EP112, EP115NM and EP125	1.00	Santos
WA-482-P	0.20	Santos
EP(A)155	2.00	Mosman Oil and Gas

HIGH PEAK ROYALTIES LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR

ENDED 31 DECEMBER 2021

4. INTANGIBLE ASSETS (CONTINUED)

Permit / Location	Royalty Interest (%)	Operated By
Planet Gas USA Inc. Royalties	3.00	Empire Energy
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
United States (East Texas)	1.00	Silver Tusk and New Century Operating
ML 04/244 and ML 04/249 Admiral Bay, Canning Basin	1.5% GOR 1.5% NSR	Metalcity Ltd
Royalty over Hydrogen Sales including Catalysts	1%	ScimTek Hydrogen Pty Ltd
Licence/Location	Ownership %	Approximate Area in km2
GEL 571 South Australia	100	1,845.23
GEL 572 South Australia	100	1,764.20
GEL 573 South Australia	100	1,180.49
GEL 574 South Australia	100	1,139.26

Amortisation of intangible assets

Amortisation is recognised under two methods:

1. The units of production method, which is calculated based on the annual production of a royalty interest and is apportioned over its total proven and probable reserves and;
2. The straight line basis method, which is calculated over the estimated field life of the asset.

Impairment of intangible assets

The Group reviews its intangible assets for impairment each reporting period.

The Group has not found anything to indicate that any royalty interests are impaired for the current financial period.

5. BORROWINGS

	31 December 2021	30 June 2021
	\$	\$
Bank loan facility – current portion	344,542	332,535
Bank loan facility – non-current portion	1,378,170	1,662,676
	1,722,712	1,995,211
Movements in Carrying Amounts		
Opening balance	1,995,211	2,549,905
Additions	-	-
Less		
Repayments	(341,567)	(332,535)
Impact of foreign exchange	69,068	(222,159)
Closing balance	1,722,712	1,995,211

On 7 December 2018, the Company wholly acquired the assets of Planet Gas USA, Inc. The acquisition involved the assumption of Planet Gas USA, Inc's Macquarie Bank Loan facility which at the time of the acquisition was AU\$3,886,425 in drawn balance. The total loan facility has a ceiling of US\$15 million.

HIGH PEAK ROYALTIES LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Key terms of the facility are as follows:

- Drawn Balance at Reporting Period - US\$1,250,000;
- Facility Limit US\$15,000,000 (AUD: \$21,150,000);
- Facility Fees:
 - Interest charged: Libor plus 5.5%
- No other facility fees
- Standard parent company guarantees
- The facility expires on 7 December 2024, with principal repayments being required on the following basis:
 - 7 December 2022 - US\$250,000;
 - 7 December 2023 - US\$250,000;
 - 7 December 2024 - US\$750,000;
- Remaining Term Unless Extended: 7 December 2024.

6. ISSUED SHARE CAPITAL

Fully paid ordinary share capital

	31 December 2021		30 June 2021	
	No. of shares	\$	No. of shares	\$
Ordinary shares				
At the beginning of the period	188,956,399	27,726,590	188,956,399	27,726,590
Shares issued (net of costs)	20,000,000	742,327	-	-
At the end of the financial period	208,956,399	28,468,917	188,956,399	27,726,590

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

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.

7. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Assets

The Company has the right to all income from all royalties owned as detailed at Note 5.

With respect to the contingent commitment to make payment on receipt of royalties from PL171 and ATP574, the Company also acknowledges its contingent right to the receipt of royalty income from these permits, and for that matter all other royalty interests owned.

There are no other contingent assets as at 31 December 2021.

Contingent Liability

The Company has an existing well stock of 21 wells for which it may be liable for rehabilitation costs. The company had historically provided for an estimate of \$200,000 for these costs in its financial statements. Having reconsidered the position, the management team have concluded the obligation is not wholly within the control of the company and is contingent on a future event being the final inspection when the permit is relinquished. In addition, it is questionable whether the potential obligation can be measured with sufficient reliability. It is quite possible that no outflow of resources will be required to fulfill and obligations around the site rehabilitation. To this extent, the provision has been

HIGH PEAK ROYALTIES LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR

ENDED 31 DECEMBER 2021

released to other income. The original range of the estimate disclosed in the Prospectus when the company listed in 2014 was between \$200,000 and \$1,150,000 which was based on internal and external sources at that time. It is important to note that in the event that a liability exists, the effect on the profit and loss will initially be nil due the fact that the cost to restore the site will initially be capitalised into the cost of the asset, and then re-assessed for potential impairment.

Pursuant to the originating agreement dated 5 December 2009, Phoenix Oil and Gas is obliged to pay, \$1,000,000 within 30 days of Commercial Production from PL 171. Under the same agreement, Phoenix Oil and Gas is also obliged to pay, \$1,000,000 within 30 days of Commercial Production from ATP 574P.

Commercial Production in both instances is defined as when the first royalty payment is received from the operator of the permit as a result of gas sales from that permit. At balance date Commercial Production is not foreseeable within the coming financial year.

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

8. SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2021 are as follows:

Name of subsidiary	Place of incorporation	Proportion of ownership interest and voting power held	
		31 December 2021	30 June 2021
Torrens Energy (SA) Pty Ltd	Australia	100%	100%
Phoenix Oil and Gas Ltd	Australia	100%	100%
Oil & Gas Royalties Pty Ltd	Australia	100%	100%
GEO Capital Pty Ltd	Australia	100%	0%
HPR USA Inc.	United States of America	100%	100%
Planet Gas USA, Inc.	United States of America	100%	100%

9. SUBSEQUENT EVENTS

There were no significant events subsequent to balance date.

HIGH PEAK ROYALTIES LIMITED

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 as set out on pages 6 to 16 comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements.

Signed in accordance with a resolution of the directors made pursuant to s303 (5) (a) of the Corporations Act 2001.

On behalf of the Directors:



Mr David Croll
Non-executive Interim Chairman
15 March 2022

RSM Australia Partners

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of High Peak Royalties Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of High Peak Royalties Limited which comprises the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, 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 half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of High Peak Royalties Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of High Peak Royalties Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Responsibility of the Directors' for the Financial Report

The directors of the High Peak Royalties Limited are responsible for the preparation of the half-year 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 those charged with governance determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



C J HUME

Partner

RSM Australia Partners

Sydney, 15 March 2022