HIGH PEAK ROYALTIES LIMITED

ABN: 79 118 065 704

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2017

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

Chief Financial Officer

Mr Jarrod White

Company Secretary

Mr Jarrod 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)
Codes:

- ASX: HPR (shares)

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

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

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

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
- HPR USA Inc.

CONTENTS

	Page
Chairman's Report 2017	2
Directors' Report	3
Auditor's Independence Declaration	14
Consolidated Statement of Profit or Loss and Other Comprehensive Income	15
Consolidated Statement of Financial Position	16
Consolidated Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18
Notes to the Financial Statements	19
Directors' Declaration	42
Independent Auditor's Report	43
Corporate Governance Statement	47
ASX Additional Information	51

Dear Shareholders,

I would like to thank you for your investment in the company. FY17 has seen a marked improvement over the prior financial year through a more stable commodity market, investment in the USA oil market and continued cost reduction measures.

The major developments which occurred during the financial year are as follows:

- Several asset sales were recorded in FY17, namely:
  - 50% of High Peak's shareholding of ASX-listed royalty company Royalco Resources (ASX: RCO) was sold in February 2017. This transaction provided a profit to HPR and proceeds of $1,140,232; and
  - Royalty interest PEL 512 was sold for $100,000, having been acquired in 2013 for $80,394.
- Purchase of a further royalty asset in late 2016 on oil acreage in West Texas for $314,637 has already provided $47,331 in revenue to the Group;
- Throughout the year there was a continued review and commercial due diligence on a wide range of potential royalty transactions as the Board continued to work to expand the Company's already extensive royalty portfolio; and
- There was a reduction of the Board from 5 to 3 directors as well as a reduction in management, resulting in overall lower administration expenses and cash outflows.

As a Board, we are committed to increasing the investment value of each shareholder through careful investment opportunities and cost reduction.

We welcome your support as we look to build out the portfolio with a focus on royalty opportunities with near term cash flow characteristics.

Anthony Wooles
Chairman
29 September 2017

The Directors of High Peak Royalties Limited ("HPR/the Company") and its subsidiaries ("the Group") present the annual financial report for the financial year ended 30 June 2017, 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
Geoffrey King	Non-Executive Director and Deputy Chairman
Andrew Carroll	Non-Executive Director
Nigel Hartley	Non-Executive Director (resigned 30 November 2016)
Howard McLaughlin	Non-Executive Director (resigned 30 November 2016)

Chief Financial Officer

Mr Jarrod White

Company Secretary

Mr Jarrod White

BOARD OF DIRECTORS

Mr A. Wooles B Com, Dip App Finance, MBA (Wharton), MAICD, A Fin
Non-Executive Chairman

Mr Wooles is a highly qualified and successful professional who has held executive and advisory roles with leading private and public companies. He also has extensive knowledge of financial and capital markets. In his advisory capacity Mr Wooles has worked closely with companies including BHP Minerals; Coles Myer; Telstra; Coca-Cola Amatil; FAL and Western Power.

His professional qualifications include: a Bachelor of Commerce (Economics) from Deakin University, a Graduate Diploma of Securities Analysis from the Securities Institute of Australia and a MBA (Finance) from the Wharton School of the University of Pennsylvania. He brings significant experience and knowledge in the corporate finance and energy sectors.

Directorships of listed companies now and in the last 3 years

Mr Wooles was appointed as Non-Executive Chairman of ASX listed Company Imdex Limited (ASX: IMD) on 1 July 2016.

Mr G.J. King BA, LLB
Deputy Chairman

Mr King brings to the Company 39 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, was a Director of Singapore Petroleum Company Ltd for 9 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).

J. T. White, B. Bus, CA, CTA
Chief Financial Officer/Company Secretary

Mr White was appointed as Chief Financial Officer and Company Secretary 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 the 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.

Mr White 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.

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	-
Geoffrey King	1,538,148	-
Andy Carroll	9,179,379	-
Nigel Hartley[1]	40,000	-

[1] Represents balance held until date of resignation.

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 2017. 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	Non-Executive Director
Andrew Carroll	Non-Executive Director
Nigel Hartley	Non-Executive Director (resigned 30 November 2016)
Howard McLaughlin	Non-Executive Director (resigned 30 November 2016)

(ii) Executives

Chief Financial Officer and Company Secretary
Mr J. White

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.

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 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. At the date of this report the company has one executive, the Chief Financial Officer (CFO).

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.

REMUNERATION REPORT (AUDITED)

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
  - $37,500 p.a. exclusive of superannuation with no termination benefits;
  - Throughout the year the Board agreed an additional fee of $87,500 to take into account additional management and time related to the development and review of potential royalty acquisitions.

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
  - $40,000 p.a. exclusive of superannuation with no termination benefits;
  - Throughout the year the Board agreed an additional fee of $10,000 to take into account additional management and time related to the development and review of potential royalty acquisitions.

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:
  - $30,000 p.a. exclusive of superannuation with no termination benefits;
  - Throughout the year the Board agreed an additional fee of $45,000 to take into account additional management and time related to the development and review of potential royalty acquisitions.

Nigel Hartley, Non-executive Director (resigned 30 November 2016)

- Term – 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
  - $30,000 p.a. exclusive of superannuation with no termination benefits.

REMUNERATION REPORT (AUDITED)

Howard McLaughlin, Non-executive Director (resigned 30 November 2016)

- 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
  - $30,000 p.a. exclusive of superannuation with no termination benefits.

Jarrod White, CFO and Joint Company Secretary

- Term of agreement – commencing 1 May 2014;
- 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

Due to the size of the company the Board resolved to operate the function of the remuneration committee as a whole. All issues of remuneration and performance management are dealt with by the Board as a whole. This policy will be revisited should the management team or executive of the company materially change.

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 as follows:

REMUNERATION REPORT (AUDITED)

Key Management Personnel Compensation

2017	**Short-term benefits**		**Post-employment benefits**	
Name	**Cash salary and fees**	**Consulting and other fees**	**Superannuation**	**Total**
Directors	**$**	**$**	**$**	**$**
Mr A. Wooles	125,008	-	-	125,008
Mr G.J. King	39,135	4,040	2,633	45,808
Mr A.R. Carroll	56,250	5,000	712	61,962
Mr N.D.R. Hartley[1]	12,500	-	1,662	14,162
Mr H. McLaughlin[1]	12,500	-	712	13,212
Subtotal	**245,393**	**9,040**	**5,719**	**261,152**
Key Management				
Mr J. T White	60,050	-	-	60,050
Total	**305,443**	**9,040**	**5,719**	**320,202**

[1] Represents balance held till date of resignation.

2016	**Short-term benefits**		**Post-employment benefits**	
Name	**Cash salary and fees**	**Consulting and other fees**	**Superannuation**	**Total**
Directors	**$**	**$**	**$**	**$**
Mr A. Wooles	41,063	-	-	41,063
Mr G.J. King	30,000	8,400	2,850	41,250
Mr A.R. Carroll	30,000	-	2,850	32,850
Mr N.D.R. Hartley	30,000	-	2,850	32,850
Mr H. McLaughlin	30,000	-	2,850	32,850
Mr J. Theobald[1]	29,474	-	-	29,474
Subtotal	**190,537**	**8,400**	**11,400**	**210,337**
Key Management				
Mr. S. Larkins[1]	63,886	-	4,699	68,585
Mr S. Fyfe[1]	236,530	-	17,777	254,307
Mr J. T. White	35,860	-	-	35,860
Total	**526,813**	**8,400**	**33,876**	**569,089**

[1] Represents balance held until date of resignation.

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 $13,649 (2016: $14,430).

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

Options Granted as Remuneration
There were no share-based payments made to directors or senior management during the current financial year (2016: NIL). The below table summarises options and shares issued on exercise of such options.

REMUNERATION REPORT (AUDITED)

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

	Balance at 01/07/2016 No.	Issued during the year No.	Options exercised No.	Options expired* No.	Balance at 30/06/2017 No.	Vested and exercisable No.
Mr A. Wooles	3,570,400	-	-	3,570,400	-	-
Mr G.J. King	112,000	-	-	112,000	-	-
Mr A.R. Carroll	240,000	-	-	240,000	-	-
Mr N.D.R. Hartley[1]	96,000	-	-	96,000	-	-
Mr H. McLaughlin[1]	-	-	-	-	-	-
Subtotal	**4,018,400**	**-**	**-**	**4,018,400**	**-**	**-**
Other Key Management Personnel						
Mr J. T. White	16,000	-	-	16,000	-	-
Total	**4,130,400**	**-**	**-**	**4,130,400**	-	**-**

[1] *Represents balance held until date of resignation.*

On 15 April 2017, the options granted above expired. The options granted carried no dividend or voting rights and, when exercised, each option was 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 or senior management are set out below:

	Held	Balance at 01/07/2016 No.	Granted during the year as remuneration No.	Other changes during the year No.	Balance at 30/06/2017 No.
Non-executive directors					
Mr A. Wooles	Direct/Indirect	24,675,765	-	-	24,675,765
Mr G.J. King	Direct/Indirect	1,470,537	-	67,611	1,538,148
Mr A.R. Carroll	Direct/Indirect	9,029,379	-	150,000	9,179,379
Mr N.D.R. Hartley[1]	Direct	40,000	-	-	40,000
Mr H. McLaughlin[1]	Direct	300,000	-	(300,000)	-
Subtotal		**35,515,681**	**-**	**(82,389)**	**35,433,292**
Other Key Management Personnel					
Mr J. T. White	Direct/Indirect	146,012	-	-	146,012
Total		**35,661,693**	**-**	**(82,389)**	**35,579,304**

[1] *Represents balance held until date of resignation.*

[END OF REMUNERATION REPORT]

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

	Directors Meetings	
	Number Eligible to attend	**Number Attended**
Directors		
Anthony Wooles	5	4
Geoffrey King	5	5
Andy Carroll	5	5
Nigel Hartley	3	3
Howard McLaughlin	3	3

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 23 oil and gas projects in Australia and the USA. It is the operator of four geothermal permit interests. Two royalty areas are currently in production and generating income for the Company.

Results from Operations
The total loss after providing for income tax for the year ended 30 June 2017 amounted to $323,654 (2016: $4,614,397).

Note that the prior year loss is inclusive of an impairment charge as a result of a write down of intangible assets totalling $3,142,518 as at 30 June 2016. The company continues to hold the legal contracts to the impaired royalties however has determined that there is no substantive prospect that their carrying value should be revalued up in the current financial year.

Performance Through-out the Year
The revenue of non-operated royalty income continued throughout the year and has been steadily increasing through-out the year to $140,881 (2016: $52,248).

The company ended the financial year with a cash balance of $1,523,065.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

<u>Shares in Royalco Resources Limited</u>
HPR is a significant shareholder in fellow ASX listed Royalty Company - Royalco Resources Ltd (ASX: RCO) (approx. 10.68% shareholding valued at approx. $1.2m). RCO receives income from a 1% interest in the Weeks Petroleum Royalty (equivalent of 0.025% overriding royalty from the entire hydrocarbon production of the main Bass Strait fields operated by Exxon).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS (CONTINUED)

Royalco Resources Limited – Spill Motion Successful

On 24 November 2016, RCO held its 2016 AGM following a first 'strike' against Board remuneration in the 2015 AGM and remuneration report. At the 2016 AGM, RCO recorded a second 'strike' against their 2016 remuneration report and a spill resolution was put to shareholders and carried.

As a result, RCO convened an extraordinary general meeting (Spill Meeting) on 22 February 2017 and subsequent to that meeting there have been Board changes which will hopefully address the long standing inefficiencies and required cost reductions at an RCO level that HPR has continued to advocate since becoming a substantial shareholder.

On 6 March 2017, the sale of 5,630,776 shares in RCO was finalised in return for proceeds of $1,140,232 which was at a price higher than the acquisition price, also represented a premium to the Fitzroy River Corporation Limited (ASX.FZR) takeover offer for RCO.

Texas Acquisition

During the year, the Company acquired a further interest in the US royalties over wells locally operated by New Century for $314,638. The royalties are currently producing and in an area of other investment by High Peak further consolidating the revenue streams.

Sale of PEL 512 royalty interest

In FY17, HPR sold its share 1.3% royalty interest over PEL 512 which was acquired by the company in 2013 for $80,394. The Company has sold this asset for $100,000 representing a profit of 24% above the book value.

Employees
The Company has no employees 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 NIL options on issue.

REVIEW OF OPERATIONS

Royalties

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

Operated – Exploration Licences

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)	2.125	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
WA-482-P	0.20	Quadrant 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
United States (East Texas)	1.00	Silver Tusk and New Century Operating
Weeks Petroleum Royalty (Gippsland Basin) indirect interest via 10.68% shareholding in Royalco Resources (ASX: RCO)	0.0025	ExxonMobil

Geothermal Permits

100% Owned Geothermal Permits (SA GELs 571, 572, 573 and 574)
High Peak holds four geothermal energy licences in South Australia.

During the year ended 30 June 2015 the Company fully impaired its geothermal assets.

In May 2017, the geothermal permits expired. HPR is currently under advanced renewal application discussions with the South Australia government and is confident that the permits will be retained, after negotiations regarding relinquishment areas have been finalised.

Financial Assets
HPR holds 5,630,776 shares in fellow ASX listed Royalty Company - Royalco Resources Ltd (ASX: RCO) (approx. 10.68% shareholding valued at approx. $1.2m).

Share Options
On 15 April 2017, the listed share options on issue under the ASX code "HPRO" expired, leaving a balance of NIL options outstanding.

DIVIDENDS

The Directors of the Company do not recommend the payment of a dividend in respect of the current financial year ended 30 June 2017 (2016: NIL).

AFTER BALANCE DATE EVENTS

No significant events have occurred since balance sheet date.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

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 after appropriate 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

There were no non-audit services provided in the year under review.

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 14 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 47-50 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
Chairman
29 September 2017

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

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F +61 (0) 2 8226 4501

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of High Peak Royalties Ltd for the year ended 30 June 2017, 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.

RSM

RSM AUSTRALIA PARTNERS

GNS

G N Sherwood
Partner

Sydney, NSW
Dated: 29 September 2017

HIGH PEAK ROYALTIES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

		Consolidated	
	Notes	Year ended 30/06/2017 $	Year ended 30/06/2016 $
Revenue	2	**243,038**	187,810
Employee and director expenses		**(290,915)**	(641,940)
Due diligence and professional service expenses	3	**(177,517)**	(334,983)
Occupancy expenses		**(25,063)**	(40,636)
Finance costs		**(4,007)**	(4,650)
Exploration & evaluation expenditure		**-**	(14,935)
Depreciation expense		**-**	(8,452)
Amortisation expense	9	**(39,654)**	(186,357)
Impairment of intangible assets	9	**-**	(3,142,518)
Impairment of financial assets		**(428)**	(35,922)
Costs associated with cancelled acquisition of STEP		**-**	(240,307)
Other expenses		**(26,159)**	(151,507)
Loss on foreign exchange		**(2,949)**	-
LOSS BEFORE INCOME TAX		**(323,654)**	(4,614,397)
Income tax expense	6	**-**	-
LOSS FROM CONTINUING OPERATIONS		**(323,654)**	(4,614,397)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
- Revaluation of available for sale investments	14	**108,625**	-
Total Other Comprehensive Income		**108,625**	-
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(215,029)**	(4,614,397)
Basic and diluted loss per share (cents per share)	24	**(0.13)**	(2.77)

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 2017

	Notes	Consolidated As at 30/06/2017 $	As at 30/06/2016 $
CURRENT ASSETS			
Cash and cash equivalents	5	**1,523,065**	1,058,403
Trade and other receivables	7	**77,358**	37,614
Other financial assets	8	**2,927**	2,926
TOTAL CURRENT ASSETS		**1,603,350**	1,098,943
NON-CURRENT ASSETS			
Trade and other receivables	7	**139,614**	150,263
Available-for-sale financial assets	8	**1,238,771**	2,209,510
Exploration and evaluation expenditure	10	**-**	-
Intangible assets	9	**8,737,986**	8,543,396
TOTAL NON-CURRENT ASSETS		**10,116,371**	10,903,169
TOTAL ASSETS		**11,719,721**	12,002,112
CURRENT LIABILITIES			
Trade and other payables	11	**46,930**	114,292
TOTAL CURRENT LIABILITIES		**46,930**	114,292
NON-CURRENT LIABILITIES			
Provisions	12	**200,000**	200,000
TOTAL NON-CURRENT LIABILITIES		**200,000**	200,000
TOTAL LIABILITIES		**246,930**	314,292
NET ASSETS		**11,472,791**	11,687,820
EQUITY			
Issued capital	13	**26,661,705**	26,661,705
Reserves	14	**108,625**	-
Accumulated losses	15	**(15,297,539)**	(14,973,885)
TOTAL EQUITY		**11,472,791**	11,687,820

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Note	Issued Capital $	Accumulated Losses $	Reserves $	Total $
Balance at 1 July 2015		**26,661,705**	**(10,359,488)**	**21,080**	**16,323,297**
Loss for the year		-	(4,614,397)	-	(4,614,397)
Total Comprehensive Loss			**(4,614,397)**	**-**	**(4,614,397)**
Revaluation of asset revaluation reserve		-	**-**	**(21,080)**	**(21,080)**
Balance at 30 June 2016		**26,661,705**	**(14,973,885)**	**-**	**11,687,820**
Balance at 1 July 2016		**26,661,705**	**(14,973,885)**	**-**	**11,687,820**
Loss for the year		-	(323,654)	-	**(323,654)**
Other comprehensive income	14	-	-	108,625	**108,625**
Total Comprehensive Loss		-	**(323,654)**	**108,625**	**(215,029)**
Balance at 30 June 2017		**26,661,705**	**(15,297,539)**	**108,625**	**11,472,791**

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 2017

	Notes	Consolidated Year ended 2017 $	 Year ended 2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from royalty rights		109,101	102,046
Payments to suppliers and employees		(595,341)	(1,300,236)
Interest received		13,377	20,389
Dividends received		55,238	110,103
Interest and finance costs		(4,007)	(4,650)
Bonds refunded		10,866	-
NET CASH FLOWS USED IN OPERATING ACTIVITIES	16	**(410,766)**	**(1,072,348)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for royalty rights		(314,637)	-
Proceeds from sale of royalty rights		100,000	-
Net proceeds from sale of available for sale assets		1,093,014	-
Costs associated with potential STEP interest		-	(240,307)
Payments for available for sale financial assets		-	(105,812)
NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES		**878,377**	**(346,119)**
NET INCREASE/(DECREASE) IN CASH HELD		467,611	(1,418,467)
Cash at beginning of financial year		1,058,403	2,476,870
Effects of exchange rate changes on cash		(2,949)	-
CASH AT END OF FINANCIAL YEAR	5	**1,523,065**	**1,058,403**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of High Peak Royalties Limited ("the Company") as at 30 June 2017 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.

The financial statements were authorised for issue on 29 September 2017.

(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 (IFRS). 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.

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 Australian Accounting Standards 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(v).

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

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) 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, Plant and Equipment (continued)

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.

(d) 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.

(e) 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 or straight-line basis. 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.

(f) 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.

(g) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments (continued)

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, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity, is included in the net profit or loss for the period.

On disposal, the cumulative fair value adjustments of the related other participations are released from equity and included in the income statement. If a reliable fair value cannot be established, the other participations are recognised at cost. The proceeds from these other participations and the gain or loss upon their disposal are recognized in profit or loss.

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 assesses 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.

(h) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of Tangible and Intangible Assets (Continued)

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.

(i) 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 (AUD) 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.

(j) 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 may use 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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).

(p) 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.

(q) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) 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 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 iti is probable that there are future taxable profits available to the recover the asset.

(s) 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.

(t) New and Amended Standards not yet mandatory or early adopted

At the date of authorisation of the financial statements the following new standards and interpretations have not been early adopted. The below are a list of the standards and the likely impact.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending	Likely impact on initial application
ASB 9 ‘Financial Instruments’ (December 2014)	1 January 2018	30 June 2019	The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity’s preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.
AASB 15 Revenue from Contracts with Customers	1 January 2018	30 June 2019	The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity’s preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.
AASB 16 Leases	1 January 2019	30 June 2020	The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity’s preliminary assessment, the Standard is not expected to have a material impact on the

			transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.
IFRIC 23 Uncertainty Over Income Tax Treatments	1 January 2019	20 June 2020	The entity has not yet assessed the full impact of this Interpretation.

(u) 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.

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.

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. Whilst the company has provided for an estimate of $200,000 for these costs in its financial statements, it can be difficult to reliably estimate these future costs, and there may be a possibility that the actual costs are greater than the amount that has been provided.

High Peak has continued to estimate the cost to rehabilitate the 21 wells at $200,000 and consequently, the provision has remained unchanged from the prior year. The actual amount of the ultimate cost of rehabilitation is often negotiated with the relevant Regulatory Authority of the State in which the Company operated (to date only South Australia). 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.

Management and the Board are of the opinion the costs to rehabilitate the wells will not exceed $200,000. Given the potential range of the expected costs, management have disclosed the additional potential liability of $950,000 as a contingent liability in Note 20 of the financial statements. It is important to point that in the event the liability exceeds the amount provided for, 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.

2. REVENUE AND OTHER INCOME

	Year Ended 30/06/2017 $	Year Ended 30/06/2016 $
Receipts from royalty rights	**140,881**	52,248
Dividends received	**55,238**	110,103
Total Revenue	**196,119**	**162,351**
Interest received from financial institutions	**13,237**	23,940
Profit from sale of royalty	**19,606**	-
Other income	**14,076**	1,519
Total Other Income	**46,919**	**25,459**
Total Income	**243,038**	**187,810**

3. DUE DILIGENCE AND PROFESSIONAL SERVICE FEES

	Year Ended 30/06/2017 $	Year Ended 30/06/2016 $
Consultancy fees	**13,063**	33,019
Legal and due diligence fees	**50,767**	180,606
Accounting and auditing fees	**113,687**	121,358
Total	**177,517**	**334,983**

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.

Segment information

2017	**Australia**	**USA**	**Consolidated**
Revenue	**$**	**$**	**$**
Revenue from continuing operations	105,105	137,933	243,038
Total segment revenue	105,105	137,933	243,038
Segment revenue from continuing operations			243,038
Total segment result	(309,448)	94,419	(215,029)
Net loss before tax from continuing operations			**(215,029)**

4. SEGMENT NOTE (CONTINUED)

2017	Australia	USA	Consolidated
	$	$	$
Segment assets	**10,837,282**	**882,439**	**11,719,721**
Segment liabilities	**246,930**	**-**	**246,930**

2016	Australia	USA	Consolidated
	$	$	$
Revenue from continuing operations	129,487	32,864	162,351
Total segment revenue	129,487	32,864	162,351
Segment revenue from continuing operations			162,351
Total segment result	(4,615,627)	1,230	(4,614,397)
Net loss before tax from continuing operations			**(4,614,397)**
Segment assets	**11,532,234**	**469,878**	**12,002,112**
Segment liabilities	**314,292**	**-**	**314,292**

Information about major customers

During the year ended 30 June 2017, $89,177 (2016: $33,686) of the Group's royalty revenue was derived from the Dillon Fund, representing 63% (2016: 64%) of total royalty revenue.

5. CASH AND CASH EQUIVALENTS

	30/06/2017	30/06/2016
	$	$
Cash at bank and in hand	**1,523,065**	1,058,403
	1,523,065	1,058,403

6. INCOME TAX

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

	Year Ended 30/06/2017	Year Ended 30/06/2016
	$	$
Loss from continuing operations	**(323,654)**	(4,614,397)
Income tax benefit calculated at 27.5% (2016: 28.5%)	**(89,005)**	(1,384,319)
Effect of non-deductible items	**-**	115
Deferred tax asset not brought to account	**89,005**	1,384,204
Income tax recognised in profit or loss	**-**	-

The tax rate used for the 2017 and 2016 reconciliations above is the corporate tax rate of 27.5% and 28.5% respectively, payable by Australian corporate entities on taxable profits under Australian tax law.

6. INCOME TAX (CONTINUED)

Deferred tax assets not recognised at the reporting date:		
Unused tax losses for which no deferred tax asset has been recognised	**4,702,612**	4,983,019
Temporary differences for which no deferred tax asset/(liability) has been recognised:		
Prepayments	**(3,030)**	(2,442)
Accruals	**8,617**	15,840
Accrued income	**(2,323)**	-
Royalty rights	**220,321**	353,260
Revaluation of investments	**-**	10,777
Exploration expenditure	**(118)**	-
Cost of equity	**75,721**	134,800
	5,001,800	5,495,254

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

	30/06/2017	30/06/2016
Current	**$**	**$**
GST credits receivable	**28,138**	23,051
Royalty income receivable	**26,534**	6,422
Other receivables	**22,686**	8,141
	77,358	37,614
Non-current		
Deposits and bonds	**139,614**	150,263
	139,614	150,263

The average credit period on sales of goods is 30 days. No interest is charged on outstanding trade receivables. The Group has not recognised an allowance for doubtful debts in the 2017 financial year (2016: NIL). Allowances for doubtful debts are recognised against trade receivables between 60 days and 120 days based on estimated recoverable 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.

8. OTHER FINANCIAL ASSETS (CONTINUED)

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 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			
2017			
Shares in listed corporation	1,238,771	-	-
Investment in options of a listed company	-	2,927	-
2016			
Shares in listed corporation	2,209,510	-	-
Investment in options of a listed company	-	2,926	-

9. INTANGIBLE ASSETS

	30/06/2017 $	30/06/2016 $
Royalty rights	**13,097,692**	12,863,448
Accumulated amortisation	**(1,217,188)**	(1,177,534)
Accumulated impairment	**(3,142,518)**	(3,142,518)
	8,737,986	8,543,396
Movements in Carrying Amounts		
Opening balance	**8,543,396**	11,872,271
Additions	**314,638**	-
Disposals	**(80,394)**	-
Less amortisation and impairment	**(39,654)**	(3,328,875)
Closing balance	**8,737,986**	8,543,396

The recoverable amount of each royalty interest above for the purposes of testing for impairment was historically determined based on value-in-use calculations. Where measurable, the 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 12 months extrapolated using an estimated growth rate. The cash flows were discounted to account for the time value of money and project variability. For other assets where projected cash flows were more difficult to measure due to their stage of development, value-in-use was based on observable inputs and market transactions or recent activity. Management and the Board determined that there were no impairment indicators in the year under review and consequently no value-in-use modelling was done in this year.

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

- Growth Rate: expected forward production curve of underlying assets as applicable
- Discount Rate: 10%
- Oil Price: $55/BBL USD (2017) then 5 year forward curve
- Gas Price: $2.90gj USD

9. INTANGIBLE ASSETS (CONTINUED)

Where able, management based the value-in-use calculations on budgets for each royalty interest. These budgets used production and volume-related growth rates to project revenue that was linked to the underlying proven and probable resource estimates and reserves of the underlying assets. Costs were calculated taking into account historical gross margins as well as estimated weight average inflation rates over the period. Discount rates were pre-tax and were adjusted to incorporate risks associated with a particular royalty interest. Management had estimated the production start date for royalty interests that had not yet commenced producing.

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)	2.125	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
WA-482-P	0.20	Quadrant 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
United States (East Texas)	1.00	Silver Tusk and New Century Operating
Weeks Petroleum Royalty (Gippsland Basin) indirect interest via 10.68% shareholding in Royalco Resources (ASX: RCO)	0.0025	ExxonMobil

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 year.

10. EXPLORATION AND EVALUATION EXPENDITURE

	30/06/2017 $	30/06/2016 $
At cost	**2,310,699**	2,310,699
Less impairment	**(2,310,699)**	(2,310,699)
	-	-
Balance at start of year	**-**	-
Expenditure incurred during the year	**-**	-
Asset derecognised on sale of subsidiary	**-**	-
Impairment	**-**	-
Balance at end of year	**-**	-

11. TRADE AND OTHER PAYABLES

	30/06/2017 $	30/06/2016 $
Current		
Accounts payable	**7,099**	56,800
Other payables	**39,831**	57,492
	46,930	**114,292**

12. OTHER LIABILITIES

Non-current		
Provision for site rehabilitation	**200,000**	200,000
	200,000	**200,000**

13. ISSUED SHARE CAPITAL

Fully paid ordinary share capital

	30/06/2017		30/06/2016	
Ordinary shares	**No. of shares**	**$**	**No. of shares**	**$**
At the beginning of the financial year	**166,800,792**	**26,661,705**	166,800,792	26,661,705
At the end of the financial year	**166,800,792**	**26,661,705**	166,800,792	26,661,705

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.

14. RESERVES

	30/06/2017 $	30/06/2016 $
Asset revaluation reserve	**108,625**	-
	108,625	-
Movements in Carrying Amounts		
Opening balance	**-**	21,080
Revaluation of available-for-sale assets	**108,625**	(21,080)
Closing balance	**108,625**	-

14. RESERVES (CONTINUED)

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.

15. ACCUMULATED LOSSES

	Year ended 30/06/2017 $	Year ended 30/06/2016 $
Movements in accumulated losses were as follows:		
Balance at the beginning of the financial year	**(14,973,885)**	(10,359,488)
Net loss for the year	**(323,654)**	(4,614,397)
Balance at the end of the financial year	**(15,297,539)**	(14,973,885)

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

	30/06/2017 $	30/06/2016 $
Cash flows from operating activities		
Loss after income tax	**(323,652)**	(4,614,397)
Depreciation and amortisation expenses	**39,654**	194,809
Costs associated with potential STEP interest included in investing activities	**-**	240,307
Receipts from sale of royalties	**80,394**	
Unrealised gain on revaluation of available-for-sale assets	**(108,626)**	-
Impairment expense	**428**	3,178,440
Net loss on exchange differences	**2,949**	-
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**(39,745)**	68,157
Increase/(decrease) in trade and other payables	**(49,702)**	(139,664)
Increase in provision for employee entitlements	**(12,466)**	-
Net cash flows from operating activities	**(410,766)**	1,072,348

17. 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.J. King	Non-executive Director
Mr A.R. Carroll	Non-executive Director
Mr N.D.R. Hartley	Non-executive Director (resigned 30 November 2016)
Mr H. McLaughlin	Non-executive Director (resigned 30 November 2016)

Other key management personnel

Mr J. T. White	Chief Financial Officer Company Secretary

17. KEY MANAGMENT PERSONNEL DISCLOSURES (CONTINUED)

Key management personnel compensation	Year ended 30/06/2017	Year ended 30/06/2016
	$	$
Short-term employee benefits	**314,483**	535,213
Post-employment benefits	**5,719**	33,876
	320,202	569,089

Detailed remuneration disclosures are provided in the remuneration report on pages 5 to 9.

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 persons 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 as follows:

2017	Balance at 01/07/2016	Options exercised	Options expired	Balance at 30/06/2017	Vested and exercisable
	No.	No.	No.	No.	No.
Mr A. Wooles	3,570,400	-	3,570,400	-	-
Mr G.J. King	112,000	-	112,000	-	-
Mr A.R. Carroll	240,000	-	240,000	-	-
Mr N.D.R. Hartley[1]	96,000	-	96,000	-	-
Mr H. McLaughlin[1]	-	-	-	-	-
Other Key Management Personnel					
Mr J. T. White	16,000	-	16,000	-	-
Total	**4,130,400**	**-**	**4,130,400**	**-**	**-**

[1] Represents balance held until date of resignation.

On 15 April 2017, the listed share options on issue under the ASX code "HPRO" expired, leaving a balance of NIL options outstanding.

17. KEY MANAGMENT PERSONNEL DISCLOSURES (CONTINUED)

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 as follows:

2017	Held	Balance at 01/07/2016 No.	Additions No.	Disposals No.	Balance at 30/06/2017 No.
Non-executive directors					
Mr A. Wooles	Direct/Indirect	24,675,765	-	-	24,675,765
Mr G.J. King	Direct/Indirect	1,470,537	67,611	-	1,538,148
Mr A.R. Carroll	Direct/Indirect	9,029,379	150,000	-	9,179,379
Mr N.D.R. Hartley[1]	Direct	40,000	-	-	40,000
Mr H. McLaughlin[1]	Direct	300,000	-	300,000	-
Other Key Management Personnel					
Mr J. T. White	Direct/Indirect	146,012	-	-	146,012
Total		**35,661,693**	**217,611**	**300,000**	**35,579,304**

[1] Represents balance held until date of resignation.

18. 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 as follows:

Trading transactions

During the year, the Company entered into the following trading transactions with related parties that are not members of the Company:

	30/06/2017 $	30/06/2016 $
AEW Capital Pty Ltd[1]	34,982	41,062
Australasian Energy Pty Ltd[2]	5,000	-
Traverse Accountants Pty Ltd[3]	60,050	152,440
G.J King & Associates Pty Ltd[3]	-	8,400

[1]*Related party of Mr H McLaughlin, all services are carried out at an arms' length rate.*
[2]*Related party of Mr J T White, all services are carried out at an arms' length rate.*
[3]*Related party of Mr G J King, 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.

19. COMMITMENTS FOR EXPENDITURE

There were no commitments for expenditure for 2017 (2016: NIL).

20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Assets

The Company has the right to all income from all royalties owned as detailed at Note 9.

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 30 June 2017.

Contingent Liability

The Company has an existing well stock of 21 wells for which it may be liable for rehabilitation costs. High Peak has continued to estimate the cost to rehabilitate the 21 wells at $200,000 and consequently, the provision has remained unchanged from the prior year. 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.

Given the potential range of the expected costs, management have disclosed this additional potential liability of $950,000 as a contingent liability. It is important to point that in the event the liability exceeds the amount provided for, 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.

21. SUBSIDIARIES

Details of the Company’s subsidiaries at 30 June 2017 are as follows:

Name of subsidiary	Place of incorporation	Proportion of ownership interest and voting power held	
		30/06/2017	30/06/2016
Torrens Energy (SA) Pty Ltd	Australia	100%	100%
Phoenix Oil and Gas Pty Ltd	Australia	100%	100%
Oil & Gas Royalties Pty Ltd	Australia	100%	100%
HPR USA Inc	United States of America	100%	100%

22. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Company

	Year ended 30/06/2017 $	Year ended 30/06/2016 $
Audit of financial reports and other audit work under the *Corporations Act 2001*		
Audit services		
- Stantons International	-	53,000
- RSM Australia Partners	42,000	-
	42,000	**53,000**

23. 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.

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 maximising 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 2016.

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 Notes 13 and 15 respectively. The Group operates in Australia and the USA. None of the Group's entities are subject to externally imposed capital requirements going forward.

23. FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments

	2017 & 2016 Weighted average effective interest rate	30/06/2017 $	30/06/2016 $
Financial assets			
Cash and bank balances – floating interest	0.89%	**1,489,551**	884,272
Cash and bank balances – non-interest bearing	-	**33,514**	174,131
Subtotal: Cash and bank balances		**1,523,065**	**1,058,403**
Trade and other receivables	-	**205,304**	187,877
Other financial assets	-	**1,241,698**	2,212,436
Financial liabilities			
Trade and other payables	-	**46,930**	114,292

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.

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

	30/06/2017 $	30/06/2016 $
Royalty income receivable	**26,534**	6,422
GST receivable	**28,138**	23,051
Funds on deposit for security guarantee	**139,614**	150,263
	194,284	**179,736**

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	30/06/2017 $	30/06/2016 $
Change in cash and cash equivalents		
Increase in interest rate by 1%	14,895	8,843
Decrease in interest rate by 1%	(14,895)	(8,843)

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 limited 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.

23. FINANCIAL INSTRUMENTS (CONTINUED)

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	30/06/2017 $	30/06/2016 $
Cash at bank	146,430	46,019
Trade receivable	26,428	6,422

Sensitivity

The Group is primarily exposed to changes in the US/$ exchange rates. The sensitivity of profit of loss to changes in the exchange rates arises mainly from revenue and expenses in HPR USA Inc.

Impact on post tax profit	30/06/2017 $	30/06/2016 $
US/$ exchange rate – increase 5%	4,721	62
US/$ exchange rate – decrease 5%	(4,721)	(62)

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.

Maturity analysis of financial assets

		Contractual cash flow due		
	Carrying amount $	1 to 3 months $	3 months to 1 year $	1 to 5 years $
2017				
Current assets				
Trade and other receivables	54,672	54,672	-	-
Non-current assets				
Funds on deposit for security guarantee	139,614	-	-	139,614
2016				
Current assets				
Trade and other receivables	29,474	29,474	-	-
Non-current assets				
Funds on deposit for security guarantee	150,263	-	-	150,263

23. FINANCIAL INSTRUMENTS (CONTINUED)

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

		Contractual cash flow due		
	Carrying amount	1 to 3 months	3 months to 1 year	1 to 5 years
2017	**$**	**$**	**$**	**$**
Current liabilities				
Accounts payable	7,099	7,099	-	-
Other payables	39,832	39,832	-	-
Non-current liabilities	-	-	-	-
2016				
Current liabilities				
Accounts payable	56,800	56,800	-	-
Other payables	57,492	57,492	-	-
Non-current liabilities	-	-	-	-

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

24. LOSS PER SHARE

	Year ended 30/06/2017	Year ended 30/06/2016
From continuing operations	**Cents**	**Cents**
Basic loss per share	0.13	2.77
Diluted loss per share	0.13	2.77
	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 loss per share	166,800,792	166,800,792
Diluted loss per share	166,800,792	166,800,792

	Year ended 30/06/2017	Year ended 30/06/2016
	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	12,862,012

The loss used to calculate earnings per share was $134,633 (2016: $4,614,397).

25. SUBSEQUENT EVENTS

There were no significant events subsequent to balance date.

26. PARENT ENTITY DISCLOSURES

Financial position	30/06/2017 $	30/06/2016 $
ASSETS		
Total current assets	1,202,229	690,536
Total non-current assets	10,519,998	11,428,456
Total assets	11,822,226	12,118,992
LIABILITIES		
Total current liabilities	42,262	109,600
Total non-current liabilities	200,000	200,000
Total liabilities	242,262	309,600
EQUITY		
Issued capital	48,894,624	48,894,624
Reserves	648,987	540,361
Accumulated losses	(38,063,646)	(37,625,593)
Total equity	11,479,965	11,809,392

Financial performance

	Year ended 30/06/2017 $	Year ended 30/06/2016 $
Loss for the year	(422,871)	(4,310,822)
Total comprehensive loss	(422,871)	(4,310,822)

Guarantees

The Company has not entered into any guarantees, in the current or previous financial years, in relation to the debts of its subsidiaries.

Contingent Asset

Refer to Note 20 for details of contingent assets at 30 June 2017.

Contractual commitments

The Company has no contractual commitment, in the current or previous financial years.

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
Chairman
29 September 2017

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT

To the Members of High Peak Royalties Ltd

Opinion

We have audited the financial report of High Peak Royalties Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 (the Code) that are relevant to our audit of the 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 the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Royalty Rights
Refer to Note 9 in the financial statements</td></tr>
<tr><td>The Group has capitalised mineral royalty rights with a carrying value of $8.7m. We determined this to be a key audit matter due to the size of the carrying value, and because the directors' assessment of impairment involves judgements around the current and long terms prospects of the related exploration activities, the current market conditions, the political climate in the jurisdiction in which the assets exists, the uncertainty over long-term commodity prices, as well as numerous other factors when determining whether there are any impairment indicators for intangible assets.

.</td><td>Our audit procedures in relation to Royalty Rights included:
Obtaining the Royalty Rights register and on a sample basis testing the ownership of the rights to various external and internal supporting documents.
For the additions during the year, testing the valuation and ownership of the rights to external supporting evidence.
Comparing the carrying value of the individual assets in the current year to that of the previous year, and investigating unexpected movements.
Assessing the high level economic inputs used to determine the fair value of royalty rights as at 30 June 2016 and evaluated those economic inputs as at the reporting date so as to identify potential impairment indicators.
Critically evaluated management's assessment of each individual asset in terms of impairment indicators, and considered such evaluation with regards to internal and external documentation available to support such assessment. Management determined that there were no impairment indicators for any of its existing royalty rights, and consequently, no value in use impairment models were prepared.
Where possible, reviewing the ASX announcements for companies in which the royalties relate so as to identify other potential impairment indicators in relation to the assets over which the royalties relate.</td></tr>
<tr><td colspan="2">Provision for Site Rehabilitation and Contingent Liabilities in Relation Thereto
Refer to Note 12 and Note 20 in the Financial Statements</td></tr>
<tr><td>The Company has an existing well stock of 21 wells for which it may be liable for rehabilitation costs. Whilst the company has provided for an estimate of these costs in its financial statements, it can be difficult to reliably estimate these future costs, and there may be a risk that the actual costs are greater than the amount that has been provided.

High Peak has continued to estimate the cost to rehabilitate the 21 wells at $200,000 and consequently, the provision has remained unchanged from the prior year. The actual amount of the ultimate cost of rehabilitation is often negotiated with the relevant Regulatory Authority of</td><td>Our audit procedures in relation to the provision for site rehabilitation included the following:
Obtaining an understanding of the process involved in the determination of the site rehabilitation liability and the related contingent liability.
Reviewed the information contained in the Prospectus when the company was listed in 2014 and evaluated the current provision in relation to the information contained in the Prospectus.
Considered the classification of the provision as a non-current liability having consideration of the expiry date of the Geothermal Exploration Licences as well as the submissions to the South</td></tr>
</table>

the State in which the Company operated (to date only South Australia). The original range of the estimate disclosed in the Prospectus was between $200,000 and $1,150,000 which was based on internal and external sources. Management and the Board are of the opinion the costs to rehabilitate the wells will not exceed $200,000. Given the potential range of the expected costs, management have disclosed the additional potential liability of $950,000 as a contingent liability in Note 19 of the financial statements	Australian Regulatory Authorities around the renewal application for the licences. • Obtaining Management Representations and Board Resolutions in relation to the quantification and completeness of the provision for site rehabilitation and the related contingent liability note. • Assessed the appropriateness of the disclosures included in the Group financial statements in relation to the provision for site rehabilitation as well as the related contingent liability in relation thereto.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 9 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of High Peak Royalties Ltd, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.

RSM

RSM Australia Partners

GNS

G N Sherwood
Partner

RSM Australia
Sydney 29 September2017

Unless disclosed below, all the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council have been applied by the Company for the financial year ended 30 June 2017 and to the date of signing the Director's report.

Further information on policies adopted by the Company can be found on the Company's website at www.highpeak.com.au

ASX Corporate Governance Council Recommendation

Item	ASX Best Practice Recommendation		Comment
1.	**LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**		
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	✓	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 Executives. The charter also includes those tasks delegated to the Chief Financial Officer and the Chief Executive Officer by the Board for the reporting period. As at the date of the report, there is only one executive, the Chief Financial Officer.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	✓	The Company has a formal selection and appointment process for its Directors which is reviewed annually under the directive of the Chairman. When the invitation to become a Director is accepted, the Board will appoint the new Director during the year and that person will then stand for re-election by shareholders at the next annual general meeting. Shareholders are provided with relevant information on the candidates for re-election.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	✓	The Company has a written agreement with each Director and Executive following the Board restructure in March 2014. Terms and conditions of the agreements are included in the Audited remuneration report, which forms part of the directors' report in the annual Report.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	✓	The Corporate Governance Policy's formal charter discloses the Company Secretary's responsibilities.
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	×	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 and Executive Directors/ The Company's employees and contractors during the year were the Board, Chief Executive Officer and Chief Financial Officer/Company Secretary. At the date of the report the Company does not have a Chief Executive Officer appointed due to the restructure of the company from 1 July 2016.
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process	✓	The evaluation process for the Board, individual Directors and Board committees are included in the audited remuneration report, which forms part of the directors' report in the annual report. At the date of this report the Company has 3 Non-executive Directors.

1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	✓	The Company discloses the evaluation process for Company's Senior executives audited remuneration report section of the Annual Report. At the date of this report the Company has one Senior executive, the Chief Financial Officer.
2.	**STRUCTURE THE BOARD TO ADD VALUE**		
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	✓	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.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	✓	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 audited remuneration report, which forms part of the directors' report in the annual report. Further the Chairman regularly reviews the composition of the Board to ensure that the board continues to have the mix of skills and experience necessary for the conduct of the Company's activities. As at the date of this report the Board considers that its composition is an appropriate mix of skills and expertise relevant to the Company's business.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	✓	The audited remuneration report of the annual report pages 3-4 addresses (a), (b) and (c) for each director.
2.4	A majority of the board should be independent directors.	✓	During the reporting period the majority of directors were considered independent.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	✓	The Chairperson and Chief Executive Officer role were held by different individuals for the entire reporting period. At the date of the report the Company does not have a Chief Executive Officer appointed due to the restructure of the company from 1 July 2016. The Chief Financial Officer will assume the day-to-day responsibilities and is a different individual to the Chairman.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	✓	The Company's selection and appointment of Directors' policy, which is reviewed annually includes an induction program. A copy of the policy has been published on the Company's website.
3.	**ACT ETHICALLY AND RESPONSIBLY**		
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	✓	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 published on the Company's website.

4.	**SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**		
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	✓	At this stage the company is not of a size nor has the Board resources to accommodate a membership of three directors on the audit committee. For the reporting period, the Audit Committee comprised of two Non-Executive Directors, the Chief Executive Officer and the Company Secretary. Refer to the Remuneration Report on pages 3-4 for details of experience. The Directors currently serving on the Audit Committee are deemed independent. The Chairperson of the Audit Committee is not the Chairperson of the Board The Corporate Governance Policy includes a formal charter for the Audit Committee, as published on the Company's website. 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.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	✓	At the date of this report, the Company does not have an appointed Chief Executive Officer. In place of an attestation by the CEO, the Chairman will make the declaration required by the section 295A of the Corporation Act and recommended under Recommendation 4.1 and Recommendation 7.2 of the ASX Principles.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	✓	The Company's Corporate Governance Policy has a Shareholder Communications Policy in place which states the requirement for the engagement partner to be present at the annual general meeting. The policy has been published on the Company's website.
5.	**MAKE TIMELY AND BALANCED DISCLOSURE**		
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	✓	The Company's Corporate Governance 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 has been published on the Company's website.
6.	**RESPECT THE RIGHTS OF SECURITY HOLDERS**		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	✓	The Company's Corporate Governance Policy includes a Shareholder Communications Policy which and has been published on the Company's website.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	✓	The Company's Corporate Governance Policy includes a Shareholder Communications Policy which and has been published on the Company's website.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	✓	The Company's Corporate Governance Policy includes a Shareholder Communications Policy which and has been published on the Company's website.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	✓	The Company's Corporate Governance Policy includes a Shareholder Communications Policy which and has been published on the Company's website.

7.	**RECOGNISE AND MANAGE RISK**		
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	✓	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 or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	✓	The risk management and internal control system is reviewed annually, at the completion of the audit of the Company's Financial Statements.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	✓	For the reporting period the Chief Executive Officer was responsible for the implementation and monitoring of business risk. He was required to report to the board on a monthly basis regarding any identified risks. At the date of this report, the Chief Financial Officer has responsibility of the above and will be required to report to Board every two months.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	✓	This information is disclosed in Note 22 – Financial Instruments in the Annual Report.
8.	**REMUNERATE FAIRLY AND RESPONSIBLY**		
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	×	Given the present size of the Company the Board 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 Remuneration Committee Charter. The Board has put in place a number of measures to implement this principle. This information is included in the Company's Corporate Governance Statement and in the remuneration report section, which forms part of the directors' report in this annual report.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	✓	This information is included in the Company's Corporate Governance Statement and has been published on the Company's website.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	×	The company does not have an equity-based remuneration scheme and therefore this recommendation is not applicable.

a) Distribution of Equity Holders (as at 19 September 2017)

Spread of holdings	**Fully Paid Ordinary Shares**
1 - 1,000	396
1,001 - 5,000	311
5,001 - 10,000	72
10,001 - 100,000	224
100,001 - and over	126
TOTAL	**1,129**

b) Top Twenty Ordinary Shareholders (as at 19 September 2017)

Name	**Number of Ordinary Shares held**	**%**
J P MORGAN NOMINEES AUSTRALIA LIMITED	36,881,576	22.11
AEW HOLDINGS PTY LTD <AEW CAPITAL A/C>	18,161,435	10.89
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
NATIONAL NOMINEES LIMITED <DB A/C>	6,325,000	3.79
MR ANDREW ROBERT CARROLL + MS KATHERINE JANE RAE CARROLL <CARROLL SUPER PLAN A/C>	4,759,895	2.85
MR ANTHONY EDWARD WOOLES + MS ALISON LOUISE WOOLES <A & A SUPER A/C>	4,281,540	2.57
MISS ZHENFENG WANG	3,750,000	2.25
MARTIN PLACE SECURITIES STAFF SUPERANNUATION FUND PTY LTD <MPSSF INVESTMENT A/C>	2,097,061	1.26
AEW HOLDINGS PTY LTD <AEW CAPITAL A/C>	1,902,790	1.14
MR ANDREW ROBERT CARROLL	1,902,609	1.14
CRAFERS PTY LTD <CRAFERS CONNECT S/F A/C>	1,825,660	1.09
MR MURRAY JOHN JACOB + MRS SARA CAROLINE JACOB <AQUATICA SUPERFUND A/C>	1,750,000	1.05
THREE ZEBRAS PTY LTD <JUDD FAMILY A/C>	1,700,000	1.02
MR GEOFFREY KEVIN CAMMELL <CAMMELL DISCRETIONARY A/C>	1,550,000	0.93
MR STEVEN JOHN LARKINS + MRS ANN KATHLEEN LARKINS <LARKINS SUPER FUND A/C>	1,456,831	0.87
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,352,543	0.81
MR DAVID CURZON SMITH + MRS DIANE MAURINE SMITH <BADHAM FAMILY A/C>	1,178,086	0.71
AUSTRALASIAN ENERGY PTY LTD	1,125,000	0.67
Total Top 20 Shareholders	**117,558,423**	**70.48**
Other Shareholders	**49,242,369**	**29.52**
Total ordinary shares on issue	**166,800,792**	**100.00**

c) Non marketable parcels (as at 19 September 2017)

There are 789 shareholders holding less than a marketable parcel of shares.

d) Substantial Shareholders (as at 19 September 2017)

The names of substantial shareholders who have notified the Company in accordance with Section 671B of the Corporations Act 2001 are:

Holder Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
J P MORGAN NOMINEES AUSTRALIA LIMITED	36,881,576	22.11
AEW HOLDINGS PTY LTD <AEW CAPITAL A/C>	18,161,435	10.89

e) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

f) Franking Credits

The Company has NIL franking credits.

g) Restricted Securities (as at 19 September 2017)

None

h) On-Market Buy Back

There is no current on market buy back.

i) The name of the Company Secretary is:
Mr Jarrod White

j) Registered Office and Principal Place of Business

C/- Traverse Accountants Pty Ltd
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35 Lime Street
SYDNEY NSW 2000, AUSTRALIA