BUY

Current Price	$0.086
Valuation	$0.32

Ticker:		HPR
Sector:		Energy
Shares on Issue (m):		166.8
Market Cap ($m):		14.3
Net Cash ($m)*:		2.7
Enterprise Value ($m):		11.7
* Argonaut estimate		
52 wk High/Low:	$0.20	$0.09
12m Av Daily Vol (m):		0.11

Key Metrics

	14F	15E	16E
P/E (x)	-5.3	-9.1	-9.4
EV/EBIT (x)	-4.3	-7.6	-8.4

Financials:

	14F	15E	16E
Revenue ($m)	0.3	0.3	0.5
EBIT ($m)	-2.7	-1.5	-1.4
NPAT ($m)	-2.7	-1.6	-1.5
Net Assets ($m)	19.9	18.7	18.7
Op CF ($m)	-1.4	-1.3	-1.3

Per Share Data:

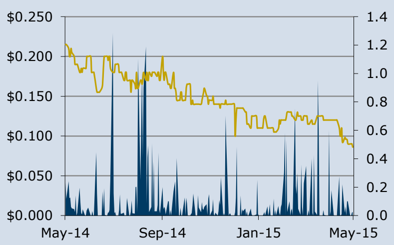
EPS (cps)	-1.6	-0.9	-0.9
CFPS (cps)	-0.8	-0.8	-0.8

In A$ unless otherwise stated

Key Shareholders

	Shares (m)	%
AEW Holdings Pty Ltd	20.4	12.2
Geoff Loudon	12.1	7.3
Andrew Carroll	9.0	5.4
Pershing (Argonaut)	8.0	4.8
Permenent Nom	7.1	4.3

Share Price Graph



Friday, 8 May 2015

High Peak Royalties

Surat Basin Royalties Underpin Value

Analyst | Philipp M-O Kin

Quick Read

High Peak Royalties (HPR) has royalty interests in 24 oil and gas projects in Australia, Seychelles and the United States. The Company's key assets are its overriding royalty interests (ORRI) over coal seam gas (CSG) permits PL 171 and ATP 574 earmarked for the QCLNG project located on Curtis Island, Queensland.

The royalty model adopted by HPR enables it to hold a portfolio across exploration, pre-production and producing projects benefiting from project revenue (currently 5 projects are in production) without the requisite capital and operational cost obligations. HRP has minimal overhead costs and is supported by an experienced management team who continue to seek further royalty and growth opportunities. BUY, Target price $0.32/ps.

Event & Impact | Positive

Key assets have a high probability of development. While HPR generates moderate revenue from 5 producing assets, the bulk of value sits in Permits PL 171 and ATP 574 which HPR has a 2.5% ORRI. The permits are 100% owned by the QCLNG partners and are slated for the QCLNG project with anticipated first gas production in Jan 2018 and 2019 respectively. When the assets come online they will generate a steady income stream of ~A$700k and ~A$1.1m per month for PL 171 & PL 574. Refer page 4.

Low fixed costs with minimal capital spend. HPR does not take an asset level equity position protecting it from exploration, development, operating costs and taxes.

Activity still going ahead. In WA 482P (HPR 0.2%) the Apache operated Levitt-1 exploration well is scheduled to spud June 2015 targeting an unrisked gross prospective resources of 220mmbls. In Vic L29 (HPR 0.3%) Seven Group Holdings (SVW) are assessing development options for the Longtom Gas Field including drilling of Longtom 5.

Broad spread of project types and location. HPR has royalties covering oil and gas production, development and exploration with the company looking to diversify into hard rock. The hydrocarbon portfolio includes both conventional and non-conventional developments including coal seam gas (CSG) destined for LNG production.

Recommendation

Our NPV for HPR comes to $0.32/ps representing a significant premium to the current share price. The valuation is most sensitive to production timing of the PL 171 & PL 574 permits, oil prices and exchange rate fluctuations. Should the BG Group-operated CSG projects be brought forward one year the valuation increases by 12% to A$0.36/ps. We initiate with a BUY recommendation and $0.32/ps valuation.

High Peak Resources Limited HPR.AU

Equities Research

Analyst: Philipp M-O Kin

Recommendation	**BUY**
Current Price	**$0.09**
Target Price	**$0.32**

Sector	**Energy**
Issued Capital (m)	**167**
Options on issue (m)	**13.2**
Market Cap (m)	**$14.3**
Updated	**08-May-2015**

***note: financial forecasts are unrisked**

Profit & Loss 31 Decei ($m)	2014A	2015E	2016E	2017E
Total Revenue	0.3	0.3	0.5	0.4
Employee and director expenses	(0.6)	(0.5)	(0.6)	(0.6)
Due diligence / Professional service	(0.6)	(0.6)	(0.6)	(0.6)
Occupancy expenses	(0.0)	(0.0)	(0.0)	(0.0)
Finance costs	(0.2)	(0.0)	(0.0)	(0.0)
Exploration and evaluation expenses	(0.0)	(0.0)	(0.0)	(0.0)
Depreciation Expense	(0.0)	(0.0)	(0.0)	(0.0)
Amortisation expense	(0.3)	(0.3)	(0.3)	(0.3)
Impairment	(1.2)	0.0	0.0	0.0
Other expenses	(0.2)	(0.5)	(0.6)	(0.6)
Other income	0.0	0.2	0.2	0.2
LOSS BEFORE INCOME TAX	**(2.7)**	**(1.5)**	**(1.4)**	**(1.6)**
Income Tax Expense	0.0	(0.0)	(0.1)	(0.1)
LOSS FROM CONTINUING OPERATIONS	**(2.7)**	**(1.6)**	**(1.5)**	**(1.7)**
Other Comprehensive Income	0.0	0.0	0.0	0.0
Other Items	0.0	0.0	0.0	0.0
NPAT	**(2.7)**	**(1.6)**	**(1.5)**	**(1.7)**

Cash Flow ($m)	2014A	2015E	2016E	2017E
Receipts from royalty rights	0.2	0.3	0.5	0.4
Payments to suppliers and employees	(1.5)	(1.4)	(1.4)	(1.5)
Interest received	0.1	0.1	0.0	0.0
Interest and finance costs	(0.1)	(0.0)	0.0	(0.0)
exploration and evaluation expenses	(0.0)	0.0	0.0	0.0
Other	0.0	(0.3)	(0.4)	(0.4)
Net cash provided by operating activities	**(1.4)**	**(1.3)**	**(1.3)**	**(1.5)**
Cash flows from investing activities	0.0	0.0	0.0	0.0
Payments for royalty rights	(0.1)	(0.5)	0.0	0.0
Cash held by subsidiary at acquisition	8.0	0.0	0.0	0.0
Intangibles	0.0	(0.1)	(0.1)	(0.1)
Net cash used in investing activities	**7.9**	**(0.5)**	**(0.1)**	**(0.1)**
Cash flows from financing activities	0.0	0.0	0.0	0.0
Proceeds from the issue of share capital	0.0	0.0	0.0	0.0
Cost of raising share equity	(0.4)	0.0	0.0	0.0
Borrowing / (Repayment) facilities	(0.5)	(0.4)	0.0	2.0
Net cash provided by financing activities	**(1.0)**	**(0.4)**	**0.0**	**2.0**
Net Increase/decrease in cash held	**5.6**	**(4.4)**	**(1.4)**	**0.4**
Cash at the beginning of the period	1.1	6.7	2.3	0.9
Effect of exchange rate fluctuations	0.0	0.0	0.0	0.0
Cash at the end of the period	**6.7**	**2.3**	**0.9**	**1.3**

Balance Sheet ($m)	2014A	2015E	2016E	2017E
Total Current Assets	6.9	5.6	1.1	1.5
Total Non-Current Assets	14.0	13.6	18.5	20.1
Total Current Liabilities	0.9	0.3	0.6	0.6
Total Non-Current Liablities	0.2	0.2	0.3	2.4
Total Equity	19.9	18.7	18.7	18.7

Production Summary	2014A	2015E	2016E	2017E
Average Gas Price (A$/mcf)	4.0	4.0	4.0	4.0
Average LNG Netback Price (A$m/mcf)	7.95	5.78	6.75	7.36
Average Condensate Price (US$/bbl)	101	67	52	58
Average Oil Price (US$/bbl)	113	75	58	64
WACC %	10	10	10	10
USD/AUD Exchange Rate	0.90	0.82	0.79	0.79

Key Shareholders	Shares (m)	%
AEW Holdings Pty Ltd	20.39	12.23%
Geoff Loudon	12.10	7.26%
Andrew Carroll	9.00	5.40%
Pershing (Argonaut)	8.00	4.80%
Permanent Nom	7.10	4.26%

Financial Ratios	2014A	2015E	2016E	2017E
Reported Earnings				
Net Profit ($m)	(2.7)	(1.6)	(1.5)	(1.7)
EPS (cents)	(1.6)	(0.9)	(0.9)	(1.0)
EPS Growth (%)	-	-	-	N/A
PER (x)	(5.3)	(9.1)	N/A	(8.6)
Normalised Earnings				
Net Profit ($m)	(2.7)	(1.6)	(1.5)	(1.7)
EPS (cents)	(1.6)	(0.9)	(0.9)	(1.0)
EPS Growth (%)	-	-	-	9%
PER (x)	(5.3)	(9.1)	(9.4)	(8.6)
Cashflow				
Operating Cashflow ($m)	(1.4)	(1.3)	(1.3)	(1.5)
CFPS (cents)	(0.8)	(0.8)	(0.8)	(0.9)
PCF (x)	(10.5)	(10.7)	(11.2)	(9.5)

Financial Ratios	2014A	2015E	2016E	2017E
Balance Sheet Ratios				
Total Debt / Equity (%)	0.0%	0.0%	0.0%	10.7%
Profitability Ratios				
Net Profit Margin (%)	-853%	-619%	-318%	-429%
Return on Assets (%)	-13%	-8%	-8%	-8%
Return on Equity (%)	-14%	-8%	-8%	-9%

Asset	Operator	Royalty %	POS	Status	Start Date	NPV A$m
Vic L 29 (Longtom)	Seven Group Holdings	0.30%	100.00%	Producing	1-Jan-10	0.005
WA 315 (Poseidon)	ConocoPhillips	0.10%	10.00%	Discovery	1-Jan-20	0.005
WA 314	Karoon Gas	0.10%	10.00%	Exploration	1-Oct-20	0.004
Vic P 54	Seven Group Holdings	0.30%	10.00%	Exploration	1-Jan-16	0.003
CSM PL 101	Origin Energy	2.13%	100.00%	Producing	1-Jan-15	0.002
CSM PL 171	Queensland Gas / BG Group	2.50%	50.00%	CSM-LNG	1-Apr-18	0.125
CSM ATP 574	Queensland Gas / BG Group	2.50%	50.00%	CSM-LNG	1-Jan-19	0.172
NPI ATP 299P	Santos	4.00%	100.00%	4% NPI	1-Jul-11	0.004
Seychelles	Ophir Energy	0.04%	10.00%	Exploration	1-Jan-20	0.003
EPA 111 (NT)	Central Petroleum	1.00%	10.00%	Exploration	1-Oct-19	0.000
EPA 112 (NT)	Santos	1.00%	10.00%	Exploration	1-Oct-19	0.000
EPA 115 (NT) / PL 6 (Surprise)	Central Petroleum	1.00%	100.00%	Producing	1-Jan-14	0.001
EPA 115 NM (NT)	Santos	1.00%	10.00%	Exploration	1-Oct-19	0.000
EPA 120 (NT)	Central Petroleum	1.00%	10.00%	Exploration	1-Oct-19	0.000
EPA 124 (NT)	Central Petroleum	1.00%	10.00%	Exploration	1-Oct-19	0.000
EPA 125 (NT)	Santos	1.00%	10.00%	Exploration	1-Oct-19	0.000
EPA 155 (NT)	Mosman Oil and Gas	100%	-	Exploration	1-Jan-23	0.000
EP 156 (NT)	Mosman Oil and Gas	100%	-	Exploration	1-Oct-24	0.000
EP 468 (WA)	Paltar Petroleum	2.00%	-	Exploration	1-Jan-23	0.000
PEL 512	Discovery Energy	1.30%	-	Exploration	n/a	0.000
WA-482-P	Apache Corporation	0.20%	-	Exploration	n/a	0.000
US (East Texas, Permian)	Sabine Oil and Gas, Pioneer Natu	0.2%-0.4%	100.00%	Producing	1-Jan-15	0.003
TOTAL						**0.33**

	Ownership	NPV A$	NPV A$/ps
Ownership of Royalco (RCO)	19.99%	1.84	0.01
Cash		2.67	0.02
Debt		0.00	0.00
Admin & Overheads		-5.36	-0.03
Total			**0.32**

Directors	
Anthony Wooles	Non-Executive Chairman
Geoffrey King	Non-Executive Deputy Chairman
Steven Larkins	Chief Executive Officer
Andrew Carroll	Independent Non-Executive Director
Nigel Hartley	Independent Non-Executive Director
John Theobald	Independent Non-Executive Director
Howard McLaughlin	Independent Non-Executive Director

Asset Assumptions and Valuation

We have conducted a DCF valuation of the future royalty income of all the assets in the HPR portfolio.

We have conducted a DCF valuation of the future royalty income of all the assets in the HPR portfolio. The table below highlights our asset assumptions and valuation over each of HPR's royalties.

We have been conservative in assigning the probability of success factor (POS) to each project, primarily to account for the main disadvantage a royalty company such as HPR face in that it has no input or influence on development timing. They are effectively "at the mercy" of the operator.

As such, each asset carries with it a substantial risk from an exploration, development and revenue perspective.

Table 1: Asset assumptions and valuation

Asset	Operator	Royalty %	POS	Status	Start Date	NPV A$m	NPV A$/ps
PRODUCING							
CSM PL 101	Origin Energy	2.13%	100%	Producing	1-Jan-15	0.36	0.002
EPA 115 (NT) / PL 6 (Surprise)	Central Petroleum	1.00%	100%	Producing	1-Jan-14	0.20	0.001
US (East Texas, Permian and Texas Gulf Coast Basins)	Sabine Oil and Gas, Pioneer Natural Resources and Wagner Oil Company	0.2%-0.4%	100%	Producing	1-Jan-15	0.56	0.003
Vic L 29 (Longtom)	Seven Group Holdings	0.30%	100%	Producing	1-Jan-10	0.89	0.005
NPI ATP 299P	Santos	4.00%	100%	4% NPI	1-Jul-11	0.65	0.004
CSG-LNG							
CSM PL 171	Queensland Gas / BG Group	2.50%	50%	CSG-LNG	1-Apr-18	20.91	0.125
CSM ATP 574	Queensland Gas / BG Group	2.50%	50%	CSG-LNG	1-Jan-19	28.61	0.172
EXPLORATION							
WA 315 (Poseidon)	ConocoPhillips	0.10%	10%	Exploration	1-Jan-20	0.80	0.003
WA 314 (Browse Discovery)	Karoon Gas	0.10%	10%	Exploration	1-Oct-20	0.61	0.002
Vic P 54	Seven Group Holdings	0.30%	10%	Exploration	1-Jan-16	0.57	0.003
Seychelles	Ophir Energy	0.04%	10%	Exploration	1-Jan-20	0.43	0.005
EPA 111 (NT)	Central Petroleum	1.00%	10%	Exploration	1-Oct-19	0.01	0.000
EPA 112 (NT)	Santos	1.00%	10%	Exploration	1-Oct-19	0.01	0.000
EPA 115 NM	Santos	1.00%	10%	Exploration	1-Oct-19	0.01	0.000
EPA 120 (NT)	Central Petroleum	1.00%	10%	Exploration	1-Oct-19	0.01	0.000
EPA 124 (NT)	Central Petroleum	1.00%	10%	Exploration	1-Oct-19	0.01	0.000
EPA 125 (NT)	Santos	1.00%	10%	Exploration	1-Oct-19	0.01	0.000
EPA 155 (NT)	Mosman Oil and Gas	100%	-	Exploration	1-Jan-23	0.00	0.000
EP 156 (NT)	Mosman Oil and Gas	100%	-	Exploration	1-Oct-24	0.00	0.000
EP 468 (WA)	Paltar Petroleum	2.00%	-	Exploration	1-Jan-23	0.00	0.000
PEL 512	Discovery Energy	1.30%	-	Exploration	n/a	0.00	0.000
WA-482-P	Apache Corporation	0.20%	-	Exploration	n/a	0.00	0.000
TOTAL						**54.63**	**0.33**
		Ownership				**NPV A$**	**NPV A$/ps**
Ownership of Royalco (RCO)		19.99%				1.84	0.01
Cash						2.67	0.02
Debt						0.00	0.00
Admin & Overheads						-5.36	-0.03
Total						**53.78**	**0.32**

Source: Argonaut estimates

Highest Value Assets – Surat Basin CSG (PL 171 & ATP 574P)

The Surat Basin CSG royalties (PL 171 & ATP 574P) are the highest value assets in the HPR portfolio.

As shown in the table above the Surat Basin CSG royalties (PL 171 & ATP 574P) are the highest value assets in the HPR portfolio.

The QGC/BG (now Shell) operated PL 171 & ATP 574 CSG permits are contiguous with a total area of 407km^2 and will supply the QCLNG project in Gladstone which is currently producing ~4.1 million tonne per annum (mmtpa) of LNG at Gladstone. Train 1 is producing with the start-up of the Train 2 scheduled for Q3 2015. Full production of 8.5 mmtpa is expected by Q2 2016.

The QGC/BG/Shell operated PL 171 & ATP 574 CSG permits are contiguous with a total area of 407km^2 and will supply the QCLNG project in Gladstone which is currently producing ~4.1 million tonne per annum.

BG Group, in its 2014 full year results presentation highlighted that the Woleebee Creek Central Processing Plant in the Northern Gas Field would be commissioned ahead of Train 2 start-up. PL 171 and ATP 574P are located in the Northern Gas Field in the proximity of the Woleebee Creek Processing Plant.

Surat Basin CSG projects PL 171 and ATP 574P

Table 2: Surat Basin CSG Project (PL171/ ATP 574P)

Permits	PL 171, ATP 574
Area	407km^2
Owner/Operator	Queensland Gas Company Limited/BG Group/ Shell (75% - PL 171; 65.625% - ATP 574P)
Overriding Royalty Interest	2.5%

Source: HPR Limited

The table below states our development assumptions and value per share for each permit royalty. The combined valuation of PL 171 & ATP 574 with a 50% POS comes to A$0.30/ps representing 92% of our HPR valuation. Argonaut estimates production, thus royalty stream, will commence in 2018 for PL 171 and 2019 for ATP574.

Combined valuation of PL 171 & ATP 574 with a 50% POS comes to A$0.30/ps representing 92% of our HPR valuation.

Table 3: Surat Basin CSG Asset Assumptions

	PL 171	ATP 574
Total volume produced (PJ)	800	1,200
First Gas	1-Jan-18	1-Jan-19
Royalty Rate	2.5%	2.5%
Possibility of Success	50%	50%
Discount rate	10%	10%
Value per share	A$0.125	A$0.172

Source: Argonaut

Previously Senex Energy (SXY) held minority interests of 20% and 30% in PL 171 and ATP 574P. In September 2014 these interests were transferred to QCLNG JV in exchange for 100% interest and operatorship of western Surat Basin permit ATP 795, ATP 767 and ATP 889. We view this as a positive for HPR as it removed uncertainty regarding the QCLNG JV's commitment to develop the assets. In addition we view a 100% owned asset being easier and more attractive to develop than one with multiple owners.

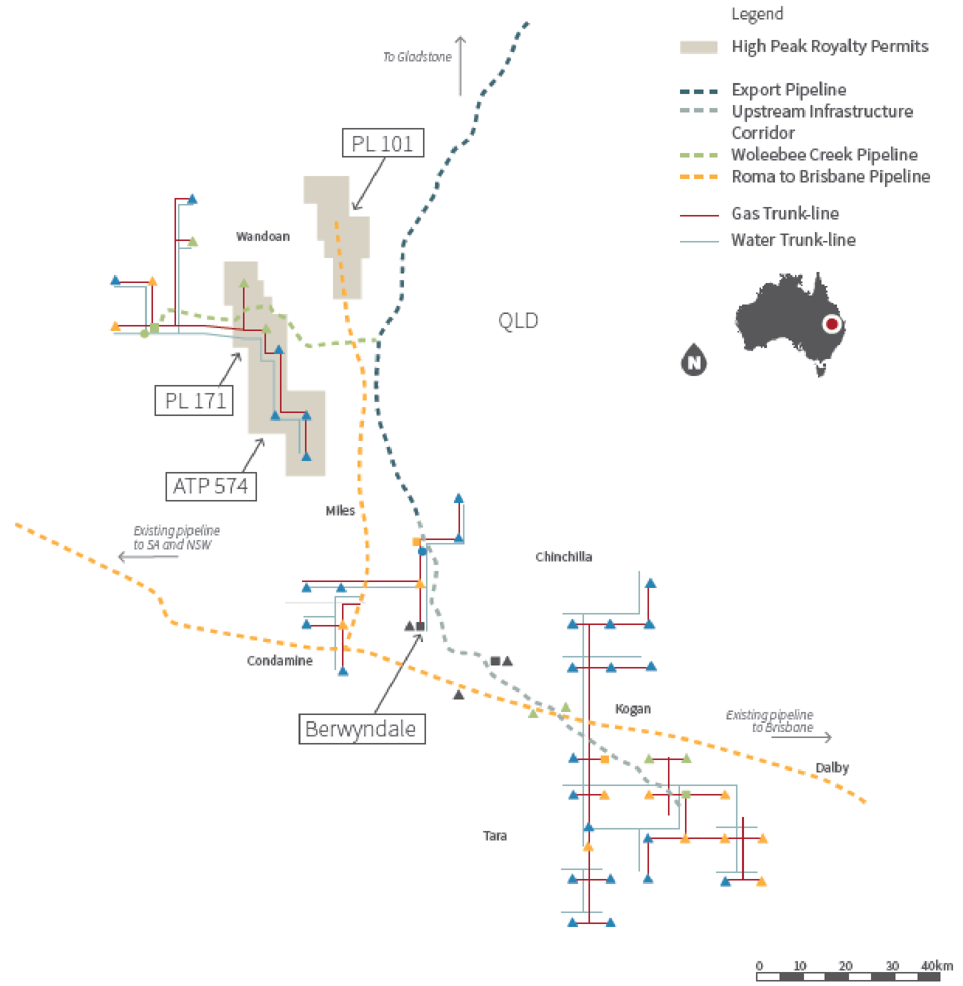
On 7 April 2015 Oil and gas major Royal Dutch Shell Plc agreed to buy BG Group Plc for ~£47b (A$90 billion)…

…allowing it to take control of a A$26b LNG processing plant in Queensland.

Argonaut do not anticipate it will affect the development and timeline of PL 171 and ATP 574P.

On 7 April 2015 Oil and Gas major Royal Dutch Shell Plc agreed to buy BG Group Plc for ~£47b (A$90 billion), making it Europe's largest oil company and the pre-eminent player in global natural gas. This acquisition will allow Shell to take control of the A$26b LNG processing plant in Queensland and we view it as a vote of confidence in Queensland's $63 billion LNG export industry. Argonaut do not anticipate the acquisition will affect the development timeline of PL 171 and ATP 574P.

Figure 1: Surat Basin CSG Project (PL 171/ ATP 574P)



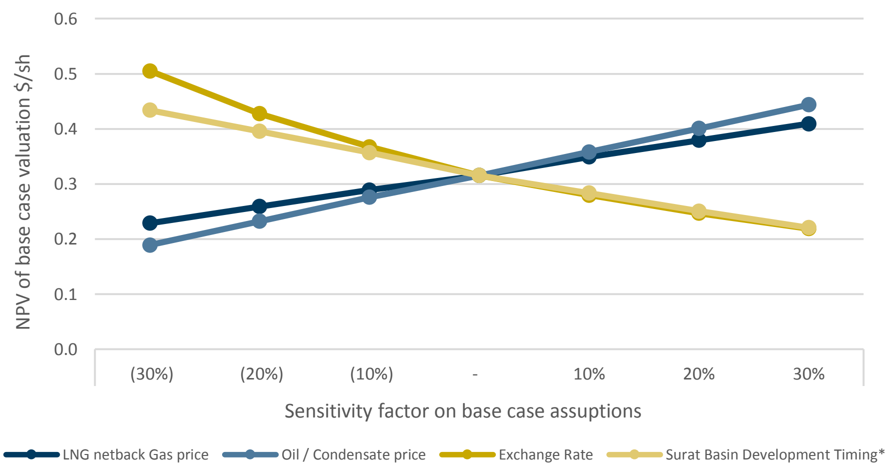
Source: HPR Limited

Sensitivity Analysis on Surat Basin CSG assets

HPR is most sensitive to exchange rates which affect oil price and LNG netback price concurrently.

The graph below highlights the sensitivity of HPR to higher/lower hydrocarbon prices, exchange rates variances and Surat Basin development timing. HPR is most sensitive to exchange rates which affect oil price and LNG netback price concurrently. The next largest sensitivity is oil price fluctuations prices followed by exchange rates then development timing assumptions of the Surat Basin CSG assets.

Figure 2: HPR sensitivity analysis



Source: Argonaut
**Base case first gas from PL 171 : Q1 2018, ATP 574: Q1 2019*
**Each point represents 1 year shift in production*

Table 4: HPR case sensitivity analysis

Movement	(20%)	(10%)	**0%**	10%	20%	30%
LNG netback Gas price						
A$/GJ	5.8	6.5	**7.3**	8.0	8.7	9.5
NPV A$m	43.2	48.2	**53.8**	58.3	63.3	68.3
NPV $/ps	0.26	0.29	**0.32**	0.35	0.38	0.41
Oil / Condensate price						
US$/bbl (Average)	54.4	61.2	**68.0**	74.8	81.6	88.4
NPV A$m	38.8	46.0	**53.8**	59.8	66.9	74.0
NPV $/ps	0.23	0.28	**0.32**	0.36	0.40	0.44
Exchange Rate						
A$/USD	0.6	0.7	**0.8**	0.9	0.9	1.0
NPV A$m	71.3	61.3	**53.8**	46.7	41.2	36.6
NPV $/ps	0.43	0.37	**0.32**	0.28	0.25	0.22
Surat Basin Development Timing						
Development (Year)						
PL 171	Q1 2016	Q1 2017	**Q1 2018**	Q1 2019	Q1 2020	Q1 2021
ATP 574	Q1 2017	Q1 2018	**Q1 2019**	Q1 2020	Q1 2021	Q1 2022
NPV A$m	66.0	59.5	**53.8**	47.3	41.8	36.9
NPV $/ps	0.40	0.36	**0.32**	0.28	0.25	0.22

Source: Argonaut

Currently Producing Assets

HPR has current cashflow from royalties over 5 producing assets.

HPR has current cashflow from royalties over 5 producing assets; L 29 (Longtom), PL 101 (Peat), EPA 115 / PL 6 (Surprise) and the recently acquired Texas assets.

The table below highlights the asset, royalty and revenue of each asset.

Table 5: Asset assumptions and valuation

Asset	Royalty	Start Date	2H 2014 Revenue	Comment
Vic L 29 (Longtom)	0.3%	1-Jan-10	$57,184	During 2014 numerous shut-in's caused lower production and revenue. We anticipate the Longtom royalty to be relatively consistent at A$20 – $25k per quarter. Test well planned during 2015.
CSM PL 101	2.13%	1-Jan-15	$0	During the majority of 2H 2014 Peat was shut in. No revenue received.
NPI ATP 299P	4.00%	1-Jul-11	$43,612	Anticipate revenue from ATP 299P to be A$20k per quarter. Two recent successful well deepening's highlight the field's potential.
EPA 115 (NT) / PL 6 (Surprise	1.00%	1-Jan-14	$5,045	Expect revenue from Surprise Oil Field will be $3-4k per quarter.
US (East Texas, Permian and Texas Gulf Coast Basins)	0.2-0.4%	1-Jan-15	$0	USA royalties are estimated at ~$10.5k US per quarter. Overriding royalty interests and non-participating royalty interests in 43 active wells spread across three different basins. Royalty income primarily from natural gas production. Effective date of the conveyance and assignment of the royalties was 1 January 2015.

Source: Argonaut estimates

Longtom Gas Field (VIC/L29 / VIC/P54)

The VIC/L29 production licence, which contains the Longtom Gas Field (Operated by Seven Group Holdings (SVW)) is located in the northern part of the Gippsland Basin.

The VIC L29 production licence, which contains the Longtom Gas Field (operated by Seven Group Holdings (SVW)) is located in the northern part of the Gippsland Basin and covers an area of ~68 km^2, with water depths of around 60m. The licence area was carved out of the VIC/P54 exploration permit (in which HPR also holds a royalty interest) for the development of the Longtom Gas Field.

Gas is delivered using the Eastern gas pipeline into the Melbourne and Sydney gas markets with condensate trucked to the Shell refinery in Geelong.

Gas is delivered using the Eastern gas pipeline into the Melbourne and Sydney gas markets with condensate trucked to the Shell refinery in Geelong. Recently, a gas sales agreement with Santos Limited (STO) was amended for a revised production profile and pricing structure on the remaining 83 PJ of gas under contract until the end of 2018.

The operator is assessing optimum timing for drilling the Gemfish prospect in VIC/P54.

Tintaburra Oil Field (ATP 299P) and Petroleum leases (PL 29, PL 38, PL 39, PL 52, PL 57, PL 95, PL 169, PL 170, PL 293, PL 294, PL 295 and PL 298)

ATP 299P is located in the southwest Queensland part of the Cooper/Eromanga Basin. Oil produced from these fields is transported by pipeline for sale and export at Port Bonython in South Australia.

ATP 299P is located in the southwest Queensland part of the Cooper/Eromanga Basin. Oil produced from these fields is transported by pipeline for sale and export at Port Bonython in South Australia and is sold by Santos (STO), Delhi Petroleum Pty Ltd and Origin Energy Limited (ORG) on Brent linked oil pricing.

HPR acquired a Net Profit Revenue Interest (NPRI) in ATP299P in June 2011 utilising a debt facility. The NPRI is calculated as a percentage of cumulative profit less cumulative costs including capital costs. Any income depends on the future revenue, related to production and oil price, and the relevant costs, including capital and operating costs and State Royalty payments. Payments are dependent on sales volumes, sales price and allowable costs.

Peat Gas Field (PL 101)

The Peat CSG field is located in Permit PL 101 and is one of the first CSG fields in south-east Queensland.

The Peat CSG field is located in Permit PL 101 and is one of the first CSG fields in south-east Queensland, having commenced production in 2001. The Peat CSG field has a long-term gas sale contract with BP's Bulwer Island Clean Fuels Project in Brisbane. HPR has a 2.125% ORRI in PL 101.

Surprise Oil Field (PL 6 / EP 115)

The Surprise Oil Field is located in EP 115 in the Amadeus Basin, Northern Territory and commenced production in the first half of 2014.

The Surprise Oil Field is located in EP 115 in the Amadeus Basin, Northern Territory and commenced production in the first half of 2014. A Production Licence (PL 6) was excised from the EP 115 permit operated by Central Petroleum Limited (CTP). HPR has a 1% ORRI in PL 6 / EP 115.

Texas (East Texas, Permian and Texas Gulf Coast Basins)

HPR has royalty interests in Harrison, Midland and Willacy Counties, Texas.

HPR has royalty interests in Harrison, Midland and Willacy Counties, Texas. The royalties (both ORRI and non-participating royalty interests (NPRI)) are 0.2% to 0.4% in 43 active wells spread across three different basins with income primarily from natural gas production. The Harrison County (East Texas Basin) wells are operated by Sabine Oil and Gas (OTCQB: SOGC). The Midland County (Permian Basin) wells are operated by Pioneer Natural Resources (NYSE: PXD). The Willacy County (Texas Gulf Coast Basin) wells are operated by Wagner Oil Company.

Recent Acquisitions & Growth Opportunities

Texas Acquisition

On 24 December 2014 HPR purchased the royalty interests in Harrison, Midland and Willacy

On 24 December 2014 HPR purchased the royalty interests in Harrison, Midland and Willacy Counties from the Dillon Fund. Settlement took place on 5 February 2015, with cash-flow from the royalty interests beginning from 1 January 2015.

Acquisition of Stake in Royalco Resources Limited (RCO)

On 2 February 2015 HPR acquired 19.99% in royalty company Royalco Resources Limited (RCO).

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RCO holds a collection of royalty interests across Australia and overseas with its key asset being a 1% interest in the Weeks petroleum royalty.

RCO holds a collection of royalty interests across Australia and overseas with its key asset being a 1% interest in the Weeks petroleum royalty. The Weeks petroleum royalty is a 2.5% overriding royalty covering all production from the Bass Strait fields in the Gippsland Basin jointly owned by ExxonMobil (NYSE: XOM) and BHP Billiton (BHP).

The acquisition gives HPR indirect exposure to 19 oil / gas production permits in the Gippsland Basin. The permits currently supply 40% of Australia's east coast gas demand and should be a beneficiary of rising LNG demand.

HPR's holding of 10,540,000 shares was purchased from LSE-listed royalty company Anglo Pacific Group PLC (LON: APF) at A$0.20 per share for a total value consideration of A$2.1M which was funded from cash. On 24 February 2015 RCO announced a fully franked interim dividend of 0.5 cps, generating income of ~$52,700 to HPR.

While HPR state it has no current intention to materially increase its shareholding in RCO, it does reserve the right to review the level of its shareholding in the future.

New Opportunities

The new market environment and a higher profile of HPR amongst potential sellers has seen the company experience an increase in the number of royalty opportunities for consideration.

In addition to the oil price decline the new market environment (both equity and debt) and a higher profile of HPR amongst potential sellers / financing prospects has seen the company experience an increase in the number of royalty opportunities for consideration.

HPR was formed out of private company Phoenix Oil which raised A$6m and then merged with Torrens Energy Limited which was then renamed HPR. Since relisting in May 2014, HPR has reviewed over 50 potential transactions (existing royalties, royalty financings and corporate opportunities) with an aggregate deal value exceeding $290M with due diligence undertaken on 29 opportunities (aggregate deal value ~$190M).

HPR has progressed to non-binding bid documentation on 8 assets and closed on 2 acquisitions (Texas oil and gas royalties acquired from The Dillon Fund and the 19.99% equity stake in RCO).

HPR have also been active in the gold royalty space having done due diligence on 7 opportunities.

HPR have also been active in considering precious metals having done due diligence on 7 opportunities (aggregate deal value~ $39M) and progressed to non-binding bid documentation on 3. Other commodity exposures have included Oil and Gas (Brent, WTI, Natural Gas (US and Australia)), Copper, Iron Ore, Mineral Sands, Tungsten, Silver, Nickel, Electricity (geothermal and wind) and Uranium.

HPR Strategy, Operations & Management

HPR acquires either net interest or overriding royalties in production, development and exploration projects (predominantly in oil and gas).

HPR acquires either net interest or overriding royalties in production, development and exploration projects (predominantly in oil and gas). The royalty model allows a company to diversify its portfolio of revenue streams within a low fixed overhead cost structure and, in the particular case of oil and gas, without the risks of operatorship or large capital requirements for exploration, processing plants and infrastructure.

HPR has an experienced board and management across the oil and gas sector specialising in exploration, development, operations and consultancy, both in Australia and internationally. We view this expertise gives HPR an advantage in assessing royalty opportunities and sourcing new opportunities.

HPR's strategy is to expand its portfolio of royalty interests to provide a strong earnings profile.

HPR's strategy is to expand its portfolio of royalty interests to provide a strong earnings profile. HPR generally targets high quality project operators. While short to medium term cashflow from royalties will be used to grow the business the longer term objective is to deliver strong cash returns to shareholders through dividends.

HPR has various mechanisms to grow its portfolio of royalties. This includes direct acquisitions or creating them in return for project funding. Acquisitions may include royalties against current production, near term production or exposure to future exploration success all with a focus on near term cash flow.

HPR has a small overhead structure with an experienced management team.

HPR has a small overhead structure with an experienced management team. The board is actively reviewing new strategic opportunities for royalties in the resources sector.

Financial Position

Past 2017 HPR will need ~A$2m until the Surat Basin CSG permits come online.

At the end of the Q1 2015 HPR had A$2.67 million in cash with nil debt. If no further acquisitions are made we view HPR will have enough cash reserves until mid-2017. Past 2017 HPR will need ~A$2m until the Surat Basin CSG permits come online. This could come from an equity raise, debt facility or asset sales.

Appendix: A | Board and management

(The following biographies are taken from the HPR website)

Mr Anthony Wooles – Non-Executive Chairman

Mr Wooles has significant experience and knowledge in corporate finance and energy sectors including the listing in 2007 of ASX listed energy services company Pearl Street which in 2009 was sold to ASX listed Campbell Brothers Ltd (now named ALS Limited (ALQ) for $108 million.

Mr Wooles is also Chairman of Bhagwan Marine, Australia's largest onshore marine services group servicing the oil & gas industry and Executive Chairman of AEW Capital Pty Ltd, a private investment firm specialising in energy and natural resource businesses. Mr Wooles does not currently hold any other directorships in listed companies.

Geoffrey King - Non-Executive Deputy Chairman

Mr King is a lawyer with over 37 years international oil and gas experience. Mr King began his career with the Australian Government and then Esso Australia as Area Legal Counsel based in Sale, Victoria, responsible for the Bass Strait development legal group. Mr King then served Ampolex as General Counsel and a member of the Executive Committee where he was intimately involved in the rapid expansion of Ampolex from a small explorer to a mid-cap producer.

Mr King operates his own specialist energy law firm and advises private international clients and is retained by the PNG Government to advise on large-scale oil and gas and mining development which includes Exxon's Gas-to-Australia Project and the PNG LNG project, and most recently the Greater Stanley Project.

Mr King is currently non-executive Chairman of Cue Energy Resources and a director of Vermilion Oil and Gas Australia. He previously served as a director of Singapore Petroleum Company for nine years.

Steven Larkins – Chief Executive Officer

Mr Larkins has been CEO since September 2012 and has extensive capital markets and natural resource finance knowledge and expertise. He has previously held senior stockbroking and investment banking positions at Commonwealth Bank of Australia and Goldman Sachs JBWere.

Mr Larkins has been involved in various energy related transactions including capital raisings for Beach Petroleum, Ethane Pipeline Income Fund, Eastern Star Gas (acquired by Santos), and Great Artesian Oil and Gas (acquired by Drillsearch Energy). He has also been involved in exploration for gold and copper in Australia, Mongolia and Middle East.

Andrew Carroll - Non-Executive Director

Mr Carroll is an engineer and original co-founder of Phoenix. He has 30 years of international oil and gas experience having originally trained with BP and then having held a wide range of board, senior management and consultancy roles with a number of oil and gas companies including Dome Petroleum / Amoco Canada, Ampolex and InterOil. Mr Carroll is currently a Director of Mosman Oil and Gas Limited and provides consultancy services through his company, Australasian Energy. Mr Carroll has been a member of the Society of Petroleum Engineers for over 30 years.

Nigel Hartley - Non-Executive Director

Mr Hartley has had over 25 years in the resources industry including 20 with Oil Search Limited (OSH). He was CFO for Oil Search for 12 years and has been responsible for raising debt funds for a number of oil and gas projects, including most recently the PNG LNG Project. Mr Hartley is currently a director of Roc Oil Company Limited and was a director of Austin Exploration Limited until his resignation in June 2013. In addition, Mr Hartley was a director of Papuan Oil Search Ltd and a number of Oil Search subsidiaries.

Mr Howard McLaughlin – Non-Executive Director

Mr McLaughlin is a geologist with extensive experience in the international hydrocarbon exploration and production industry having held senior leadership roles and worked on projects across North and South America, Africa, Australia, Asia and Europe and has been a member of the company’s board since 2009.

Mr McLaughlin previously served as CEO and Managing Director of ASX listed Antares Energy Limited (AZZ) for 5 years and before that served 19 years with BHP Billiton’s global petroleum business where he held numerous senior positions, including 4 years as Vice President - Global Exploration. Prior to joining BHP Billiton, Mr McLaughlin served with Esso Canada.

Mr McLaughlin currently serves as Managing Director of Contour E&P, LLC, which is re-developing mature oil fields in Texas. Mr McLaughlin does not currently hold any other directorships in listed companies.

John Theobald - Non-Executive Director

Mr Theobald is a Chartered Engineer and holds a Bachelor of Science degree with honours in geology. He has over 30 years’ experience in the resources sector encompassing senior operations, business development, investment & corporate roles.

Mr Theobald previously served as CEO of London Stock Exchange listed royalty group Anglo Pacific where he was instrumental in the successful acquisition of a wide range of royalty interests and strategic investments including Anglo Pacific’s strategic investment in Phoenix in July 2012.Mr Theobald is a Fellow of the Institute of Materials, Minerals and Mining, Fellow of the Geological Society of London and a Member of the Institute of Directors.

Appendix: B | Types & Risks of Royalties

Types of Royalties

Predominantly HPR has two types of royalties with the majority being overriding royalties. Due to variations within each contract each royalty is slightly different.

- **Net profit revenue interest (NPRI)** Royalty based on net revenue. A royalty paid on the sales value after deducting costs including depreciation, exploration, development costs, operating costs, government royalties and taxes.
- **Overriding royalty interest (ORRI)** Royalty based on gross production. A royalty paid on the sales value after deducting costs of transportation, taxes and government royalties. Generally capital and operating costs are not included.

Specific risks of Royalties

In addition to the general risks associated with oil and gas exploration i.e. commodity price, exploration and technical, HPR is subjected to additional risks due to the nature of the royalty ownership structure. Some of these specific risks include:

- **Cost uncertainty** - the operator of the permit deducts agreed costs, expenses and taxes from the royalty payable to HPR. However, due the nature of oil and gas development, it is very difficult to predict or control the costs deducted. Additional costs may reduce the royalty payment substantially. It is important to note that other than a reduction in the royalty payments, additional costs cannot be passed on to HPR directly.
- **Operator Risk** – As a royalty holder HPR has no control over operational, developmental and financial decisions of the operator. Consequently, HPR has no influence on timing, production or volumes.
- **Title risk** – If the operator fails to comply with government conditions or laws, it could lose title to the permit leaving HPR with recourse only under contract law with the high probability HPR could lose its royalty interest in the permit, particularly if the permit reverts to the government. Also, however unlikely, the operator could seek restructuring of the royalty as compliance with the conditions of a permit which would require HPR to renegotiate royalty terms. Finally any challenge by a third party to the permits interest has the potential to adversely affect HPR's royalty stream.
- **Unitisation risk** – Fields may span multiple tenements and where permit holders are required to share production, HPR may be subject to the unitisation agreements between holders. This could affect the volume of production from the permits in which it has royalty interest.
- **Renewal risk** - Oil and gas permits are subject to review and renewal according to the jurisdiction of the country. There is no guarantee that applications for exploration or production permits will be approved by the relevant regulatory authority. Reviews, renewals and transfers could also involve changed expenditure and work commitments, compulsory relinquishments of parts of permits or changed conditions. Such changes could have an impact on HPR's royalty streams.

Appendix: C | Other Australian Listed royalty companies

There are currently two listed Australian royalty companies both with oil and gas related royalty agreements however they are geographically concentrated compared with HPR.

Royalco Resources (RCO) (19.99% owned by HPR)

RCO is royalty company with interests in hydrocarbon and minerals. RCO state its dual objectives are cash flow generation through royalty interests and asset creation through attractive exploration initiatives. Royalco's assets include a portfolio of ten royalties, with interests in Victoria, New South Wales, South Australia, Queensland, New Zealand and Uganda.

RCO's primary asset is its 1% interest in the 2.5% ORRI Weeks royalty which it acquired on 27 March 2013 for A$8.5m. The ORRI is over the main production fields located in Bass Strait operated by ExxonMobil/BHP. Income from this royalty has averaged A$750,000 to A$800,000 pa over the past three years. Recently, RCO received $150,000 in royalty income from the Mt Garnet project.

The Weeks royalty should benefit in the near term from the gas price upside and the Kipper/Tuna/Turrum development commissioning by the ExxonMobil, BHP Billiton and Santos JV. In the medium term, benefits should accrue from the upgrading of the Longford Gas Conditioning Plant due in 2016.

Two existing project interests, Bowdens (Silver) and Blackwater (Gold) are currently undertaking feasibility studies.

Table 6: RCO Royalty Interests

PROJECT	OPERATOR	ROYALTY	COMMODITY
Weeks Petroleum	Exxon	1% of 2.5%	Hydrocarbons
Reefton-Blackwater	Oceana Gold Limited	1-3% ORR	Gold
Sam's Creek	MOD Resources Limited	1% ORR	Gold
Mt Garnet	Snow Peak/CSD JV	3% NSR	Zinc, lead, silver
Bowden's	Kingsgate Resources Ltd	1 – 2 % NSR	Silver
Stanton	Private	1% NSR	Nickel, cobalt
Red Dam	Private	1.5% ORR	Gold, silver
LFB	Regis Resources Ltd	3% NSR	Gold, copper
Uganda	Private	1.55% NSR	Gold
Mt Lyndhurst	Syrah Resources Ltd	1.5% NSR	Copper

Source: RCO Limited
ORR: Overriding Royalty
NSR: Net Smelter Return

Fitzroy River Corporation (FZR)

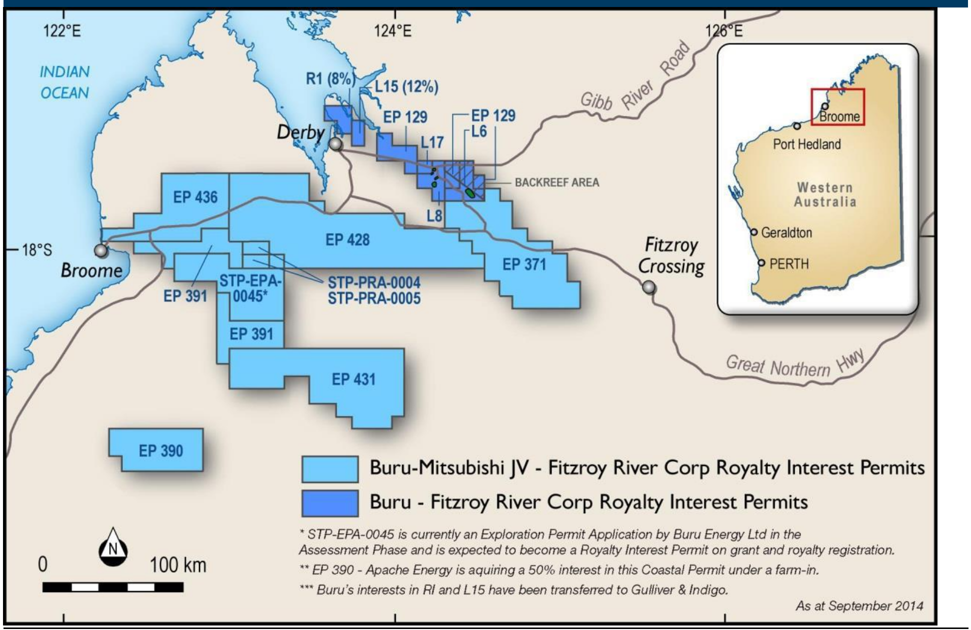
Fitzroy River Corporation (FZR) (market capitalisation A$17.7m at A$0.20) has a portfolio of royalty interests in the Canning Basin, WA, with BRU as the operator. BRU's achieved oil production performance has not met projections and FZR has reported recent losses.

FZR holds royalty interests in several permits in the Canning Basin (via 2 separate Royalty Deeds). Royalty revenue is recognised on an accruals basis in accordance with the substance of the relevant Royalty Deeds.

For the half-year ended 31 December 2014 FZR had revenue of $0.36m which comprised royalties and interest. Operating costs were $0.55m with NPAT of ($0.183m).

As at the end of the half-year, FZR had cash and cash equivalent assets of $11.7m. FZR continues to hold 1.33 million shares in Columbus Energy Ltd, a Canadian listed company in the energy sector.

Figure 3: FZR Canning Basin Royalty - Canning Basin (Western Australia)



Source: FZR Limited

Appendix D | HPR Asset Overview

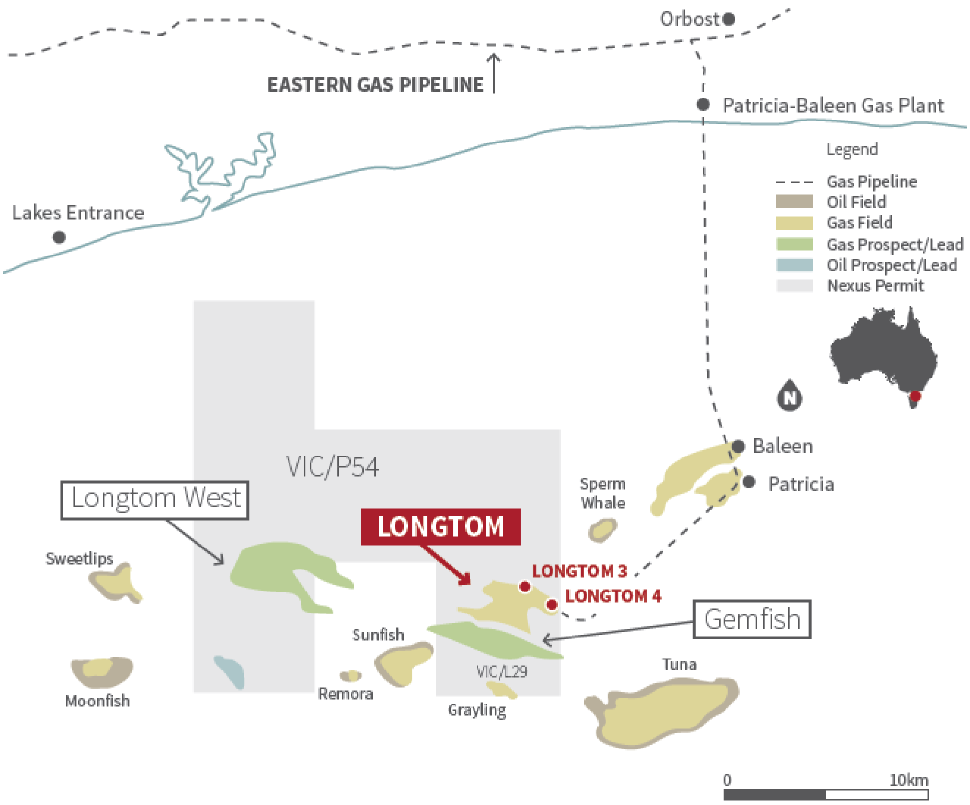
Producing Assets

Longtom Gas Field (VIC L29 / VIC P54)

The Longtom gas field is located in the Gippsland Basin along the southeast margin of the continental Australian shelf. The field commenced gas and condensate production in October 2009. The VIC/L29 production licence is located in the northern part of the Gippsland Basin and covers an area of around 68 km^2, with water depths of around 60m. The licence area was carved out of the VIC/P54 exploration permit (in which HPR also holds a royalty interest) for the development of the Longtom Gas Field.

HPR has a 0.3% Overriding Royalty Interest from the production licence VIC/L29. Gas is delivered into the Eastern Gas Pipeline connecting the Melbourne and Sydney gas markets and condensate is trucked and sold to the Shell refinery in Geelong. A gas sales agreement with Santos Limited was recently amended to provide for a revised production profile and pricing structure for delivery of remaining contract quantity of 83PJ of gas up until the end of 2018. Within VIC/P54, four exploration prospects (Hussar, Longtom West, Gemfish and Grayling) have been identified by SGH Energy.

Figure 4: Longtom Gas Field (VIC/L29 / VIC/P54)



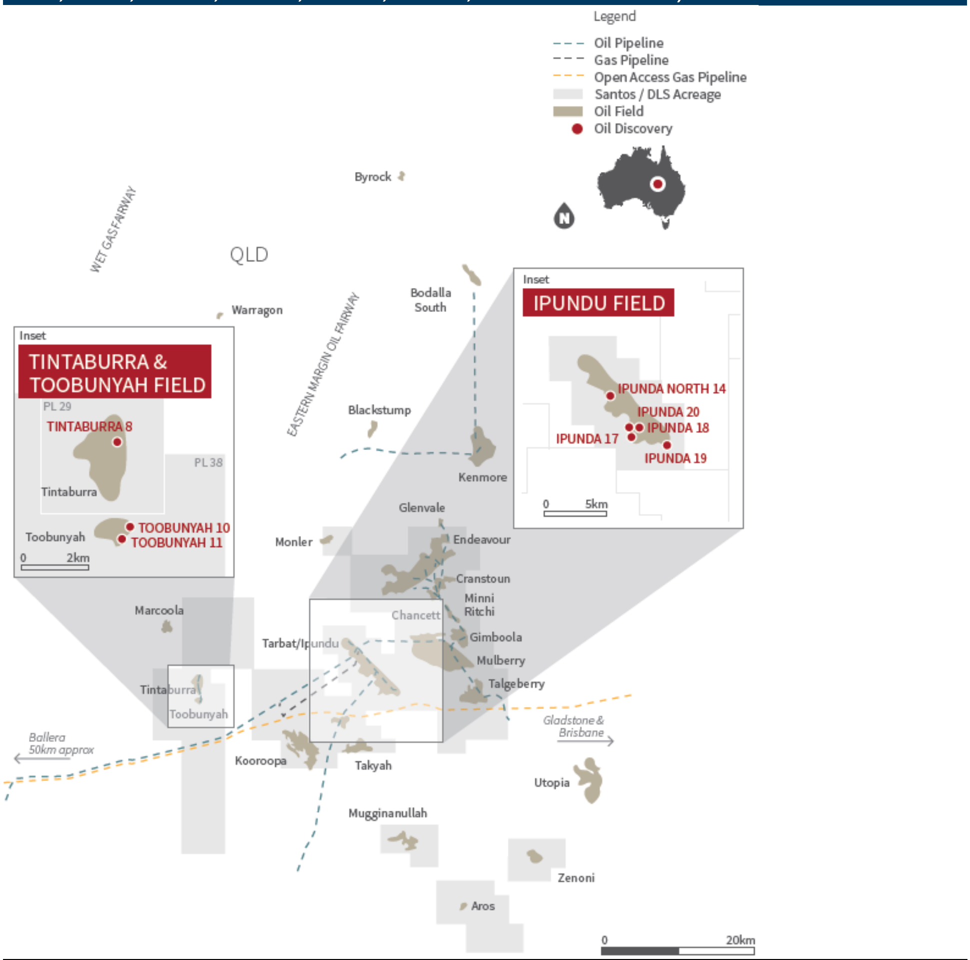
Source: HPR Limited

Tintaburra Oil Field (ATP 299P) and Petroleum leases (PL 29, PL 38, PL 39, PL 52, PL 57, PL 95, PL 169, PL 170, PL 293, PL 294, PL 295 and PL 298)

ATP 299P is located in the southwest Queensland part of the Cooper/Eromanga Basin petroleum province, which covers an area of more than 1,000,000 km^2 of central Australia. ATP 299P is part of the Tintaburra Block. Oil produced from these fields is transported by pipeline for sale and export at Port Bonython in South Australia and is sold by Santos Limited, Delhi Petroleum Pty Ltd and Origin Energy Limited with the price based on Brent crude.

HPR acquired a Net Profit Revenue Interest (NPRI) in ATP299P in June 2011. The NPRI is 3.6% from those parties that signed a Settling Deed, and 4% from the other parties. The NPRI is calculated as a percentage of cumulative profit less cumulative costs including capital costs. Any income depends on the future revenue, related to production and oil price, and the relevant costs, including capital and operating costs and State Royalty payments. Payments will depend on sales volumes, sales price and allowable costs.

Figure 5: Tintaburra Oil Field (ATP 299P) and Petroleum leases (PL 29, PL 38, PL 39, PL 52, PL 57, PL 95, PL 169, PL 170, PL 293, PL 294, PL 295 and PL 298)

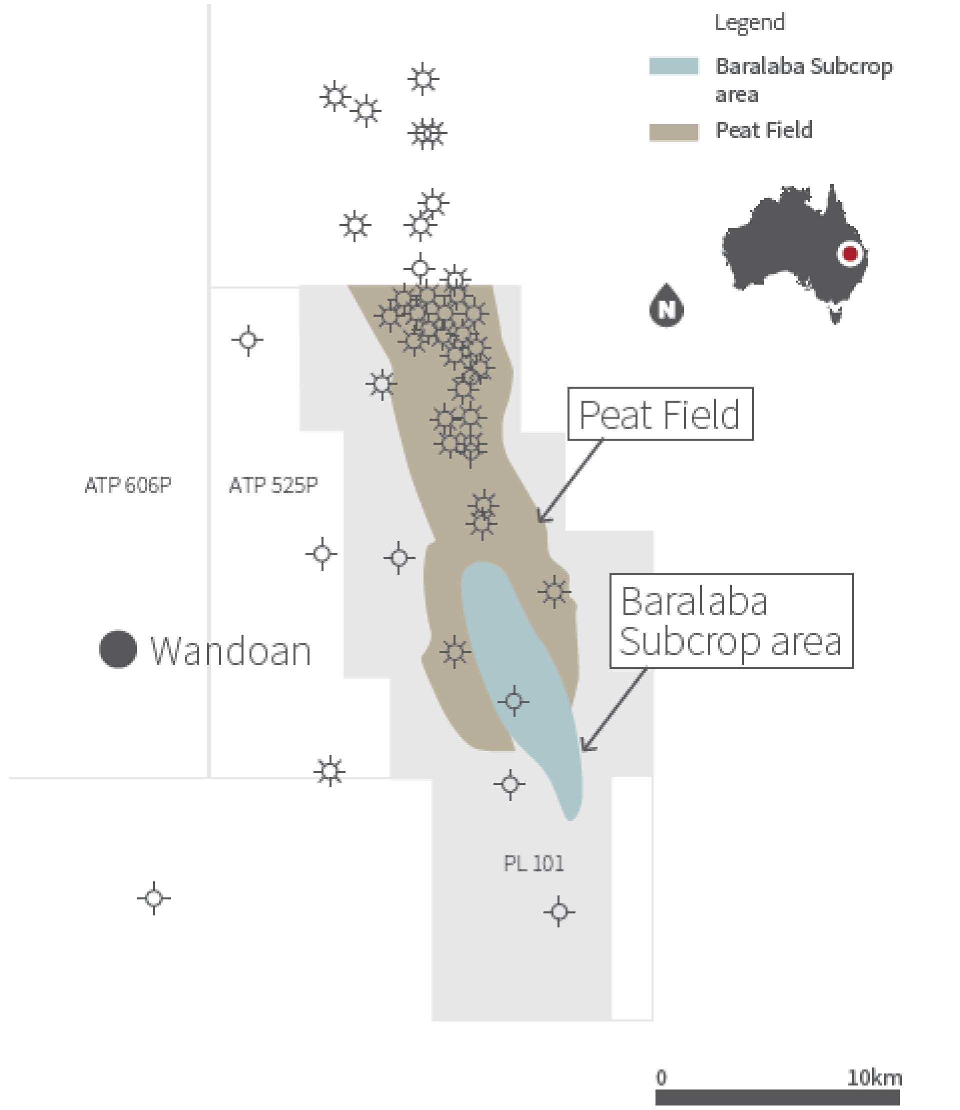


Source: HPR Limited

Peat Gas Field (PL 101)

The Peat CSG field is located in Permit PL 101 in the Bowen Basin. Peat is one of the first CSG fields in south-east Queensland, having commenced production in 2001. The field has a long-term gas sale contract to supply gas to BP's Bulwer Island Clean Fuels Project in Brisbane. HPR has a 2.125% Overriding Royalty Interest over PL 101.

Figure 6: Peat Gas Field (PL 101)



Source: HPR Limited

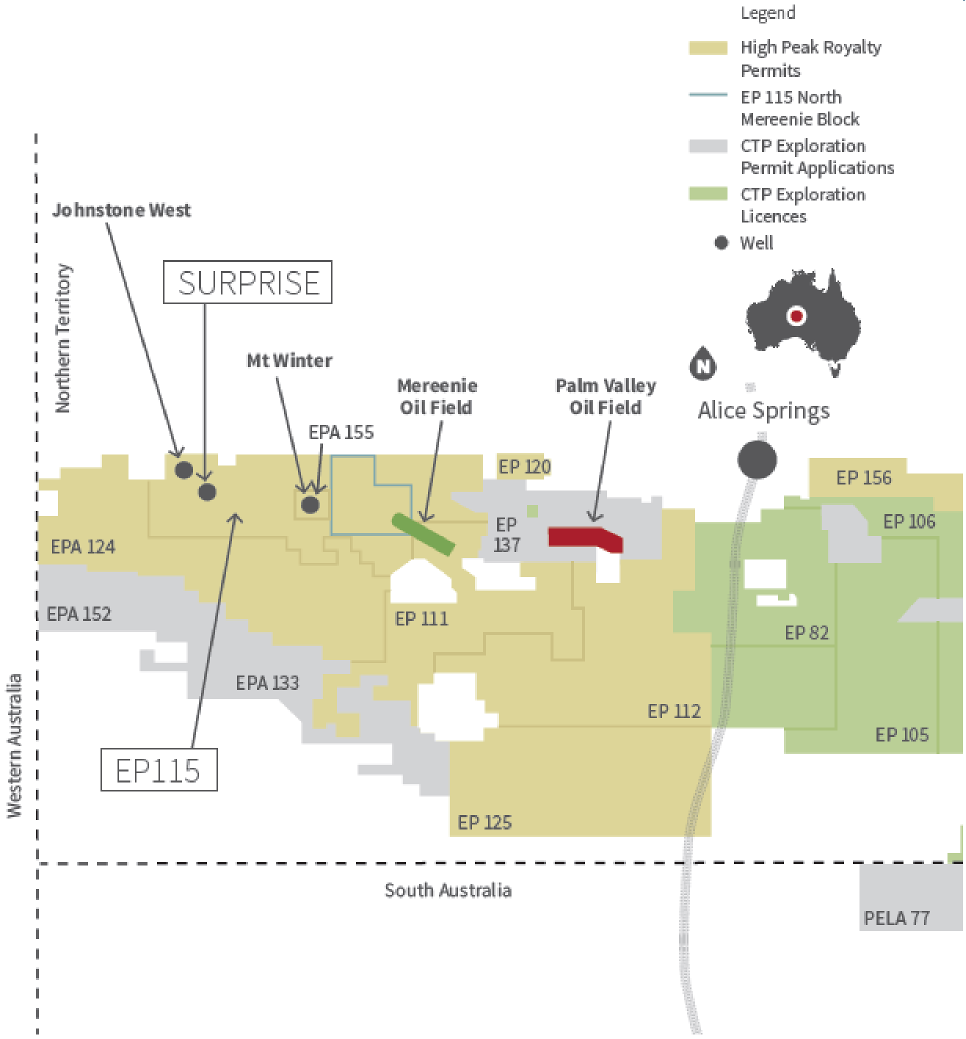
Surprise Oil Field (PL 6 / EP 115)

The Surprise Oil Field is located in the Amadeus Basin, Northern Territory. It is a proven petroleum province and contains the producing Mereenie oil and gas field and the Palm Valley oil field. Oil from the Mereenie and Palm Valley Fields is trucked south to South Australia for sale.

A Production Licence (PL 6) was excised from the EP 115 permit operated by Central Petroleum Limited through its subsidiary Frontier Oil and Gas Pty Ltd (CTP). The Production Licence was the first granted in the Northern Territory for 31 years.

HPR has a 1% Overriding Royalty Interest in PL 6 / EP 115. The Surprise Oil Field commenced production in the first half of 2014.

Figure 7: Surprise Oil Field (PL 6 / EP 115)



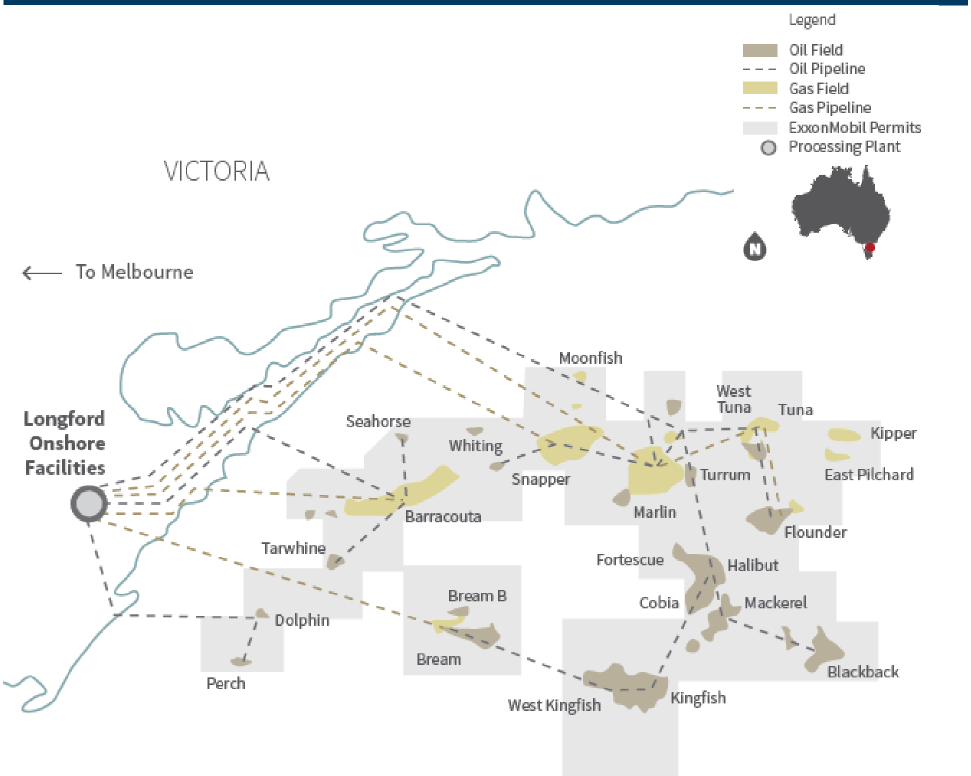
Source: HPR Limited

Weeks Petroleum Royalty (Gippsland Basin)

HPR has a 19.99% shareholding in ASX-listed royalty company Royalco Resources (RCO). RCO holds a collection of royalty interests across Australia and overseas with its key royalty interest being a 1% interest in the Weeks Petroleum Royalty (which is a 2.5% overriding royalty covering all production from the world class Bass Strait fields in the Gippsland Basin jointly owned by ExxonMobil (NYSE: XOM) and BHP Billiton (BHP).

HPR shareholding in Royalco Resources provides indirect exposure to 19 oil and/or gas production permits in the Gippsland Basin operated by ExxonMobil. The permits currently supply 40% of the East Coast of Australia's gas demand and should be a beneficiary of rising LNG demand.

Figure 8: Weeks Petroleum Royalty (Gippsland Basin)



Source: HPR Limited

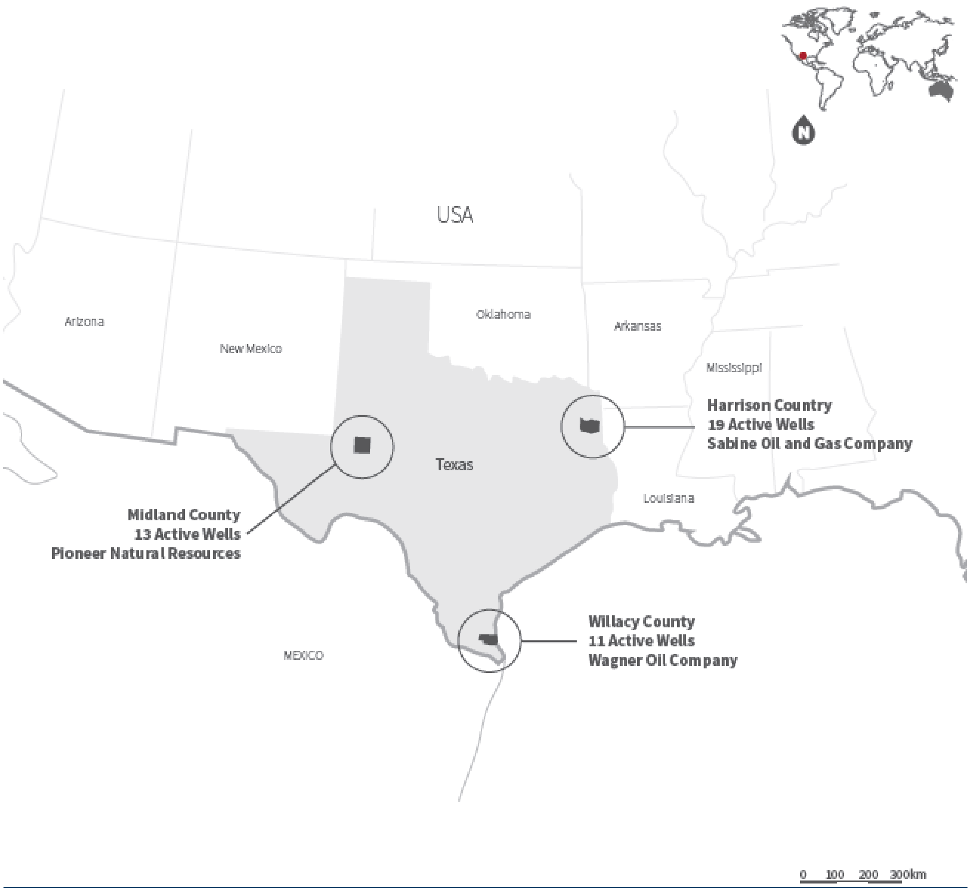
Texas (East Texas, Permian and Texas Gulf Coast Basins)

HPR has royalty interests in Harrison, Midland and Willacy Counties, Texas. The royalties (both overriding royalty interests and non-participating royalty interests) are less than 1% (0.2% to 0.4%) in 43 active wells spread across three different basins. Royalty income is primarily from natural gas production.

The Harrison County (East Texas Basin) wells are operated by Sabine Oil and Gas (OTC Mkts: SOGC). Sabine recently merged with Forest Oil and its largest shareholder is First Reserve, the energy focused private equity firm. The Midland County (Permian Basin) wells are operated by Pioneer Natural Resources (NYSE: PXD).

The Willacy County (Texas Gulf Coast Basin) wells are operated by Wagner Oil Company. Wagner is a private oil and gas acquisition, exploration and development company based in Fort Worth that operates primarily in Texas and Louisiana.

Figure 9: Texas (East Texas, Permian and Texas Gulf Coast Basins)



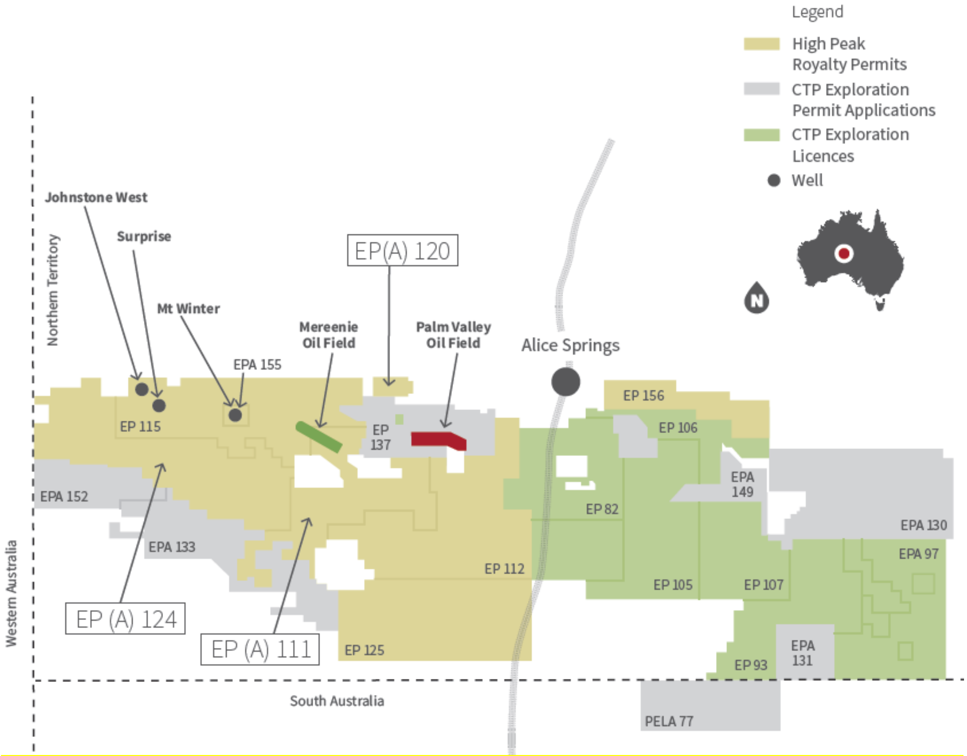
Source: HPR Limited

Exploration Asset Overview

Amadeus Basin (Amadeus Basin (EP(A) 111, EP(A) 120 and EP(A) 124)

The Amadeus Basin is located in central Australia and with over 150,000 km^2 occupies much of the southern quarter of the Northern Territory and extends about 150 km into Western Australia. The permits cover a substantial portion of the emerging liquid-rich Horn Valley Siltstone (HVS) shale gas play. The Surprise-1 well sits above the eastern edge of the HVS which is also hypothesised as the source rock for the Mereenie and Palm Valley oil and gas pools further to the East. HPR has a 2% Overriding Royalty Interest over the relevant permits.

Figure 10: Amadeus Basin (EP(A) 111, EP(A) 120 and EP(A) 124)



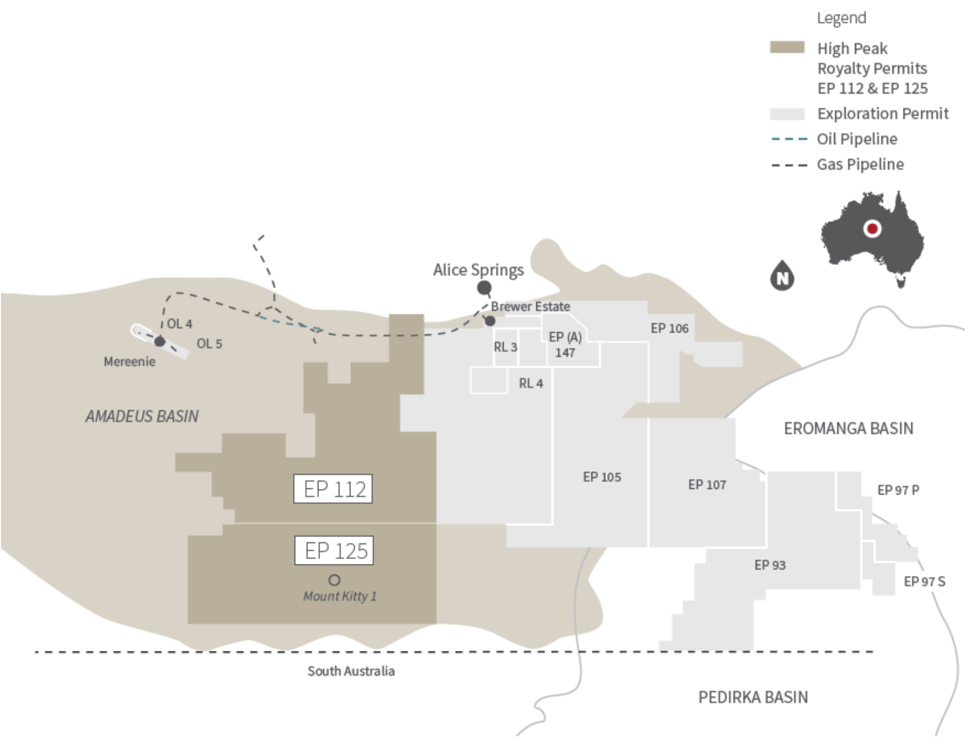
Source: HPR Limited

Amadeus Basin (EP 112 and EP 125)

Santos QNT Pty Ltd is the operator for these blocks and earning up to 70% from Central Petroleum Limited as part of a larger Farm-Out transaction between the two companies (Southern Amadeus Joint Venture). Santos has elected to proceed to Stage 2 of an amended Southern Amadeus Joint Venture that will allow the JV to give priority to spending on areas of highest prospectivity.

In April 2014 the Mt Kitty exploration well flowed gas in testing with a flow rate of around 0.5 mmscf/d. The gas samplings also included substantial Helium readings (nearly 10%). HPR has a 1% Overriding Royalty Interest over the relevant permits.

Figure 11: Amadeus Basin (EP 112 and EP 125)



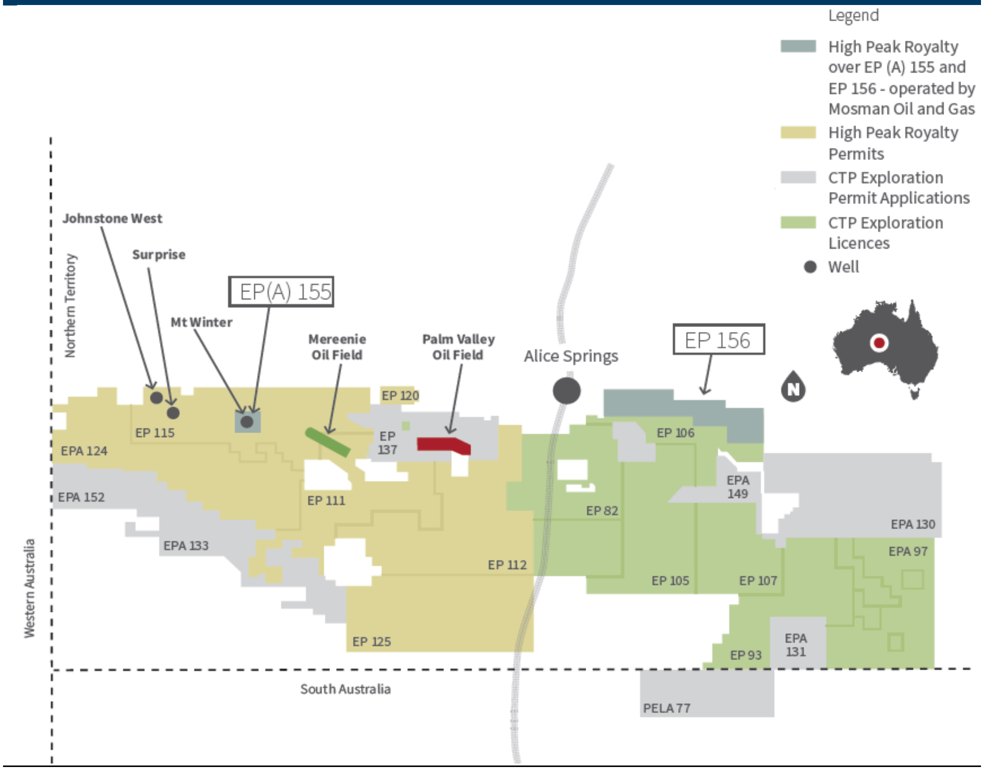
Source: HPR Limited

Amadeus Basin (EP(A) 155 and EP 156)

EP(A) 155 lies to the west of the Mereenie oil and gas field. It is also adjacent to EP 115, the Surprise-1 discovery block. Mount Winter-1 was drilled in the EP(A)155 area in 1982 and had oil shows in several zones including the Stairway Sandstone and the Bitter Springs Formation.

The EP(A) 155 application is currently subject to a moratorium and as prior applicant, Mosman Oil and Gas (through its wholly-owned subsidiary, Oilco) has the first right to re-apply for consent to the grant of this permit within 30 days after 7 December 2015, being the expiry of the current five year moratorium. EP 156 currently has no defined prospects although there are several leads and an area of unconventional hydrocarbon potential. HPR has a 2.0% Overriding Royalty over the permit interests.

Figure 12: Amadeus Basin (EP(A) 155 and EP 156)



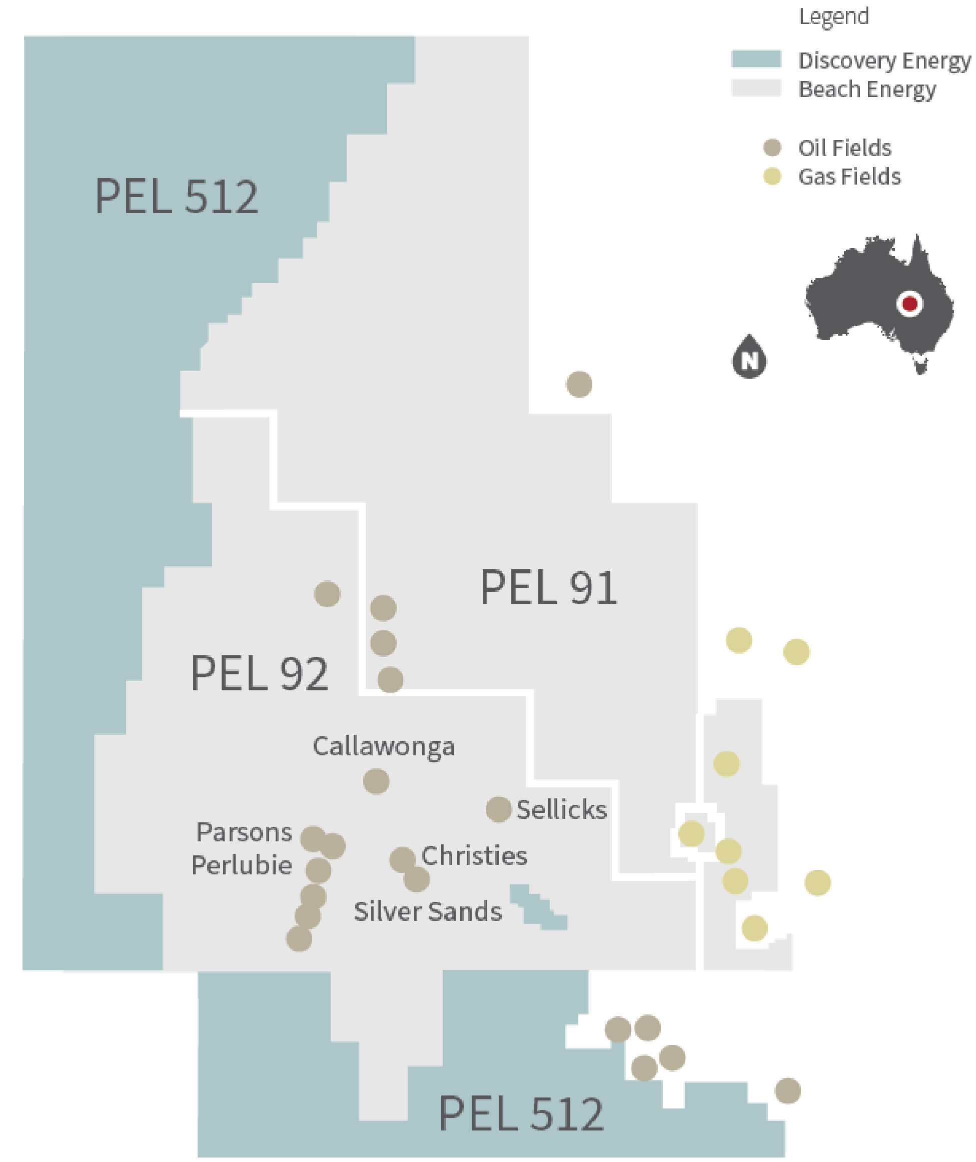
Source: HPR Limited

Western Flank-Cooper Basin (PEL 512)

The Western Flank of the Cooper Basin is attracting attention due to the success being achieved by Beach Energy Limited in PEL 91 and PEL 92. Beach Energy has achieved high success rates in these adjoining permits by utilising 3D seismic. HPR has a 1.3% Overriding Royalty Interest over PEL 512. The permit is operated by a Houston headquartered oil and gas company, Discovery Energy Corp through its wholly-owned Australian subsidiary Discovery Energy SA Limited (Discovery). Discovery are seeking a Joint Venture partner.

During the Q1 2015, Discovery Energy received confirmation from the South Australian Minister for Mineral Resources and Energy that the Company's application for a further six-month suspension of the work commitment relating to PEL 512 had been approved. The company's Year 2 work commitment of a 100 kilometre 3D seismic survey has been extended to 25 October 2015.

Figure 13: Western Flank-Cooper Basin (PEL 512)



Source: HPR Limited

Browse Basin Poseidon LNG Project (WA 315P)

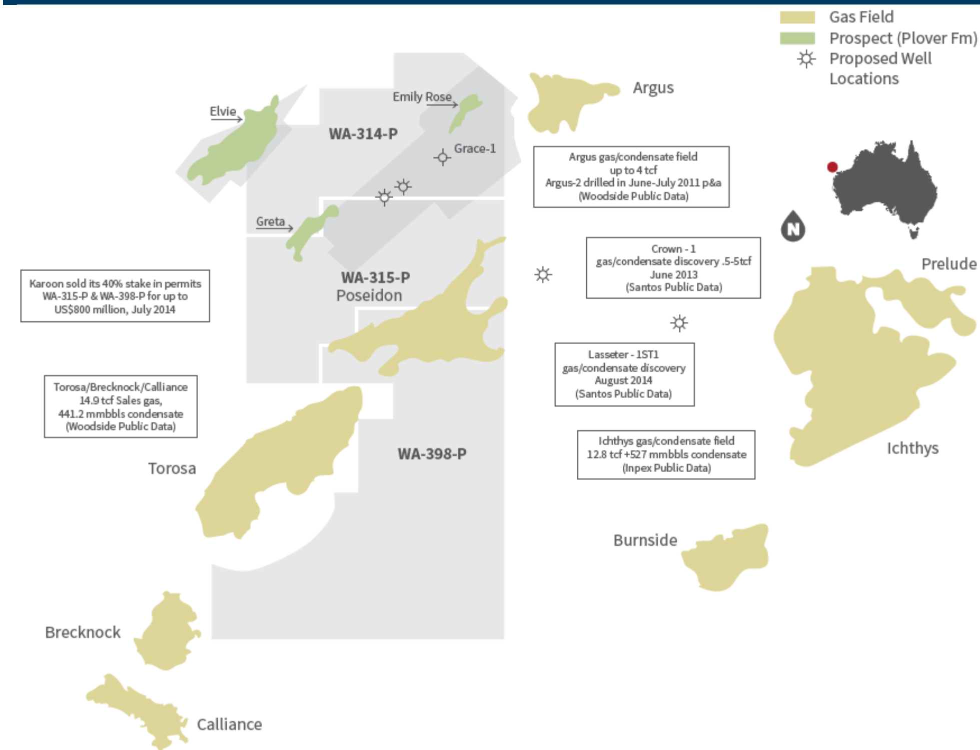
HPR holds a 0.103125% Overriding Royalty Interest over WA315P, which encompasses a number of gas discoveries in the Browse Basin that are currently being appraised for possible LNG development. WA315P covers about 2,000 km^2 and lies 480 km north of Broome in Western Australia. The permit is situated 10 km north-northwest of and on a trend with Woodside Petroleum Group's Toros Gas-Condensate Field.

WA315P is operated by ConocoPhillips (Browse Basin) Pty Ltd (ConocoPhillips). WA315P is owned by ConocoPhillips (40%), PetroChina International Investment (Australia) Pty Ltd (20%) and a wholly owned subsidiary of Origin Energy Limited (40%). WA315P encompasses the Northern portion of the Poseidon field.

Browse Basin (WA 314P)

HPR holds a 0.103125% Overriding Royalty Interest over WA 314 P which is directly north of WA 315 P. The permit is being explored for wet gas. The permit is operated by Karoon Gas. Farm-out discussions remain ongoing with interested parties.

Figure 14: Browse Basin Poseidon LNG Project (WA315P)

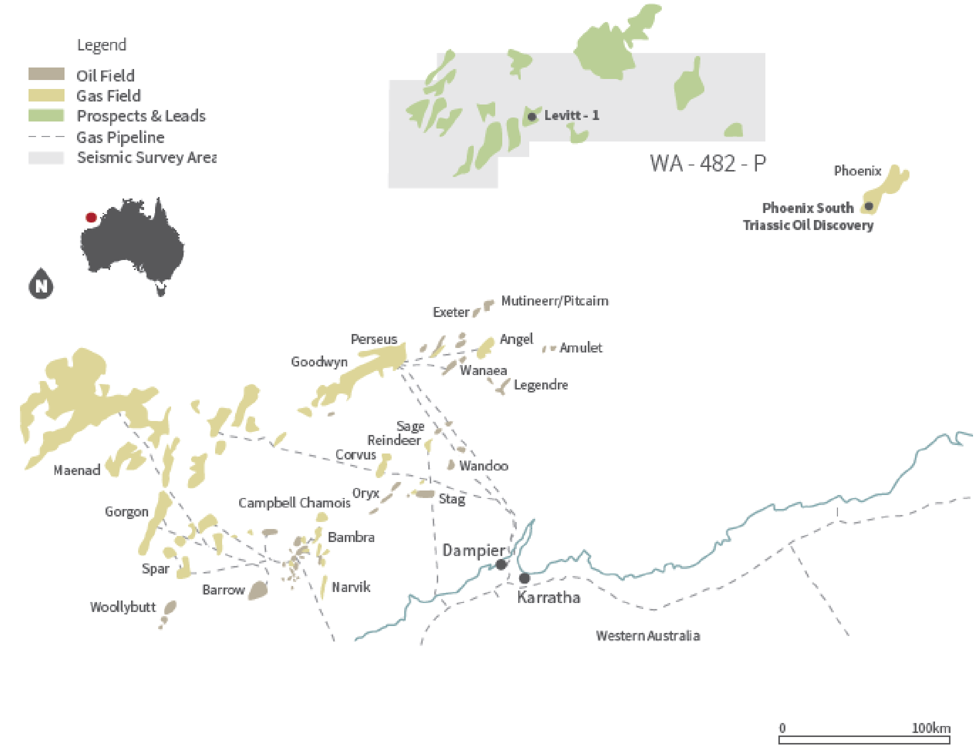


Source: HPR Limited

North Carnarvon Basin (WA 482P)

The permit is located 300 kilometres offshore from the North West Australian Coast. Apache has committed to cover 90% of the cost of one exploration well up to US$70 million. The Levitt-1 exploration well is scheduled to spud during June 2015. Apache has contracted the Diamond Offshore semi-submersible drilling rig, "Ocean America" to drill Levitt-1. The Levitt-1 exploration well is targeting an unrisked gross prospective resource best estimate of 220mmbls.The permit contains a multi-billion barrel prospective oil resource in six prospects which covers a third of the permit area. HPR has a 0.2% Overriding Royalty Interest over WA 482 P.

Figure 15: North Carnarvon Basin (WA-482-P)

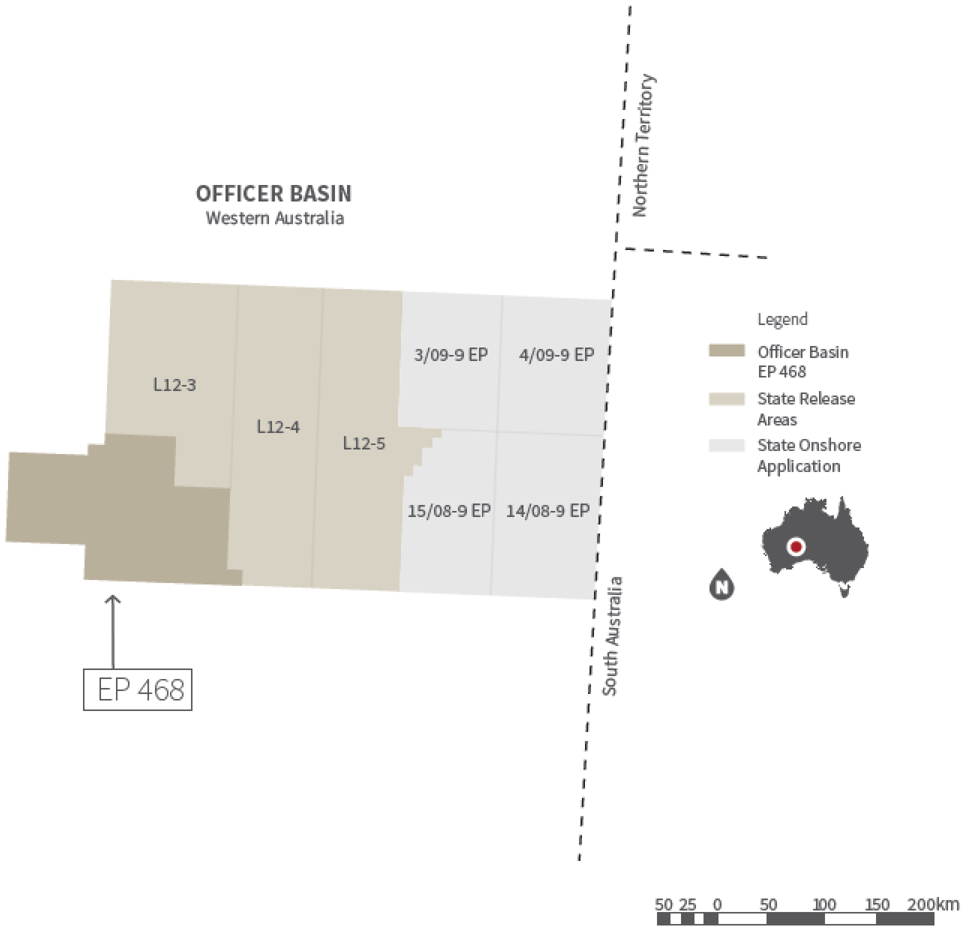


Source: HPR Limited

Officer Basin (WA EP 468)

The permit is operated by Officer Petroleum Pty Ltd, a wholly owned subsidiary of Paltar Petroleum Limited which has a focus on unconventional oil and gas projects. Shale gas potential has been identified in a newly identified Mesoproterozoic sub-basin; and there is also potential for sub-salt structures that have analogues with onshore oil fields in Siberia and Oman. HPR has a 2% Overriding Royalty Interest over EP 468.

Figure 16: Officer Basin (WA EP 468)

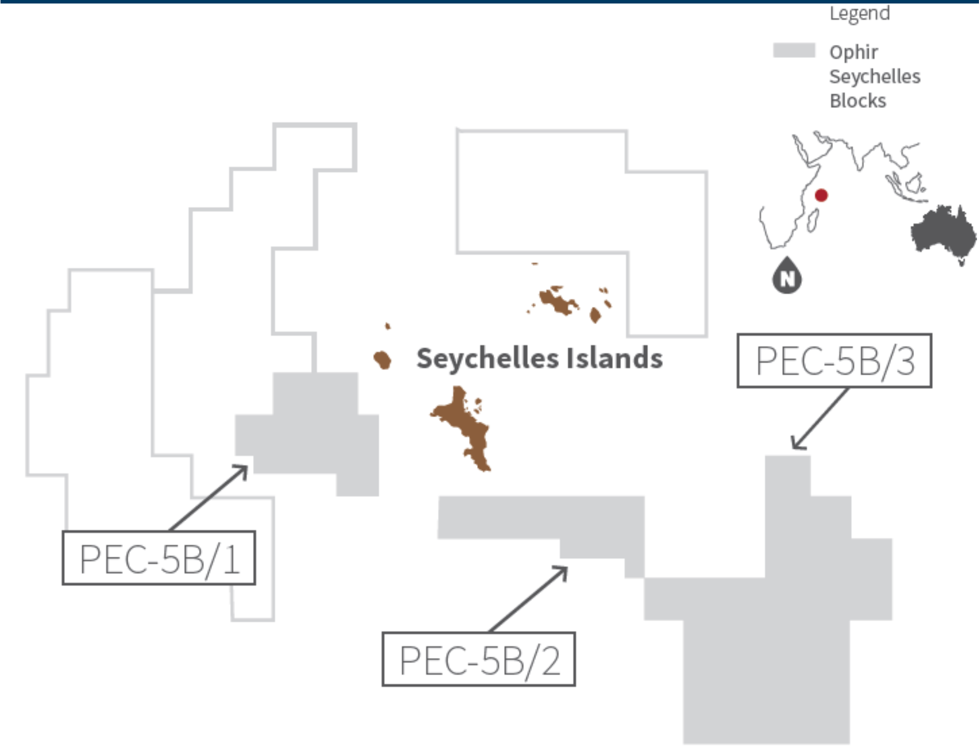


Source: HPR Limited

Seychelles

The Seychelles is a micro-continent offshore East Africa. It is an extension of the East Africa play which has become an exploration hotspot. HPR has a 0.0375% Overriding Royalty Interest over the permits. On 4 March 2014, WHL Energy Limited announced a farm-in agreement with Ophir Energy. Under the terms of the farm-in, Ophir funded the acquisition of the Junon 3D seismic dataset which should provide a number of prospects from which to select a proposed drilling location. Ophir has the option to fully fund the acquisition of a further 1,000km^2 of 3D seismic (up to US$12m) and fund 90% of the costs of the first exploration well (up to US$30m).

Figure 17: Seychelles (PEC-5B/1, PEC-5B/2, PEC-5B/3)



Source: HPR Limited

Geothermal Permits (SA GELs 559, 571, 572, 573, 574 and NT GEPA 27824)

HPR holds five (5) geothermal energy licences covering 21,681km² of highly prospective geothermal tenure in South Australia along the Torrens Hinge Zone where insulating sedimentary rocks of the Adelaide Geosyncline overlap the radiogenic basement rocks of the eastern margin of Gawler Craton.

Figure 18: Geothermal Permits (SA GELs 559, 571, 572, 573, 574 and NT GEPA 27824)

Source: HPR Limited

HPR also holds one geothermal tenement area under application in the Northern Territory. While HPR considers its geothermal interests have attractive potential, it has decided to defer major expenditures on these interests until incentives are in place to allow geothermal energy to progress in Australia. HPR remains committed to maintaining its geothermal interests in good standing.

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Specific Disclosure

Argonaut holds or controls 2,502,012 HPR Options exercisable at $0.35 on or before 15 April 2017.

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