



This would diversify the company's income as the recovering oil price made further gains and more pipeline projects came into development.

Carroll said High Peak was willing to "look at royalties in other sectors if they represent a compelling opportunity."

Australian royalties

The company has broad exposure to Australia's oil and gas basins with its royalties-over-land.

Carroll told investors, "Those projects representing strong potential growth are in the Surat Basin in Queensland in which Shell is involved and has expansion plans.

"Another is in the Amadeus-Dukas Basin of Central Australia in which oil industry major Santos has involvement.

"There is significant upside for investors from the near-term exploration and development projects in which we have royalty interests."

READ: High Peak Royalties raises \$1.25 million to pay down acquisition debt

In Queensland, High Peak holds a 2.25% royal over the Peat Gas Field production licence 101 area where Origin Energy Ltd (ASX:ORG) drilled the South Burunga-2 deep gas well in April.

The well was drilled to test deep gas potential below shallow coal seam gas (CSG) at PL 101.

Origin's well is also testing a geological trend that continues into Shell's adjacent land where gas discoveries have already been made, at the CSG-prospective PL 510 (formerly PL 171) and ATP 574P areas over which High Peak holds a 2.5% royalty.

Gas discoveries at the field can be quickly connected to the east coast gas market on production.

The Queensland Government awarded areas east and west of ATP 574 to Central Petroleum Limited (ASX:CTP) (FRA:C9J), stating in tender documents they contained 337 petajoules of gas, with between 150 and 180 petajoules of that being potentially recoverable gas.

In Central Australia, HPR has a 1% royalty over much of the Amadeus basin, much of which is in the Northern Territory.

Once the North Gas Pipeline being built to the east coast is finished, it is expected to offer interstate export opportunities for territory projects and great demand for NT gas.

South Australia and Northern Territory oil-and-natural-gas searcher Santos Ltd (ASX:STO) (OTCMKTS:SSLZY) (BVMF:STBP3) plans to drill the large Dukas prospect in early 2019.



The drilling of the 2 trillion cubic feet (tcf) hydrocarbon and 400 billion cubic feet (bcf) helium sub-salt play is expected to improve geological understanding of Amadeus and the prospectivity of the basin.

High Peak has a 0.3% royalty over the Seven Group Holdings Ltd (ASX:SVW) (FRA:9SG) Longtom Gas Field (VIC/L29) in Victoria.

Once an Orbost gas plant upgrade is finished in early 2019, production at Longtom may restart, putting 20 petajoules into the system within 12-18 months and introducing an uncontracted 80 petajoules into the "tight" east coast gas market.

High Peak has noted in Western Australia that Quadrant and Carnarvon Petroleum Limited (ASX:CVN) (FRA:CJB) (OTCMKTS:CVONF) announced large discoveries at the WA-435-P and WA-436-P permits.

High Peak has a 0.2% royalty on a nearby Quadrant-operated permit WA-482-P where Karoon Gas Australia Limited (ASX:KAR) (FRA:LBL) (OTCMKTS:KRNGF) announced 2,795 million barrels (bbls) of unrisks prospective resource estimates.

Carnarvon's Phoenix South (Caley) had 489 billion cubic feet of gas and 57 million barrels (mmbbls) of oil while Roc Field (Caley) had 332 billion cubic feet of gas and 20 million barrels of oil.

In August 2018, Santos expressed its intention to acquire Quadrant.



Andy Carroll presents at last month's CEO Session in Sydney.

US royalties

Carroll explained the company's Planet Gas USA Inc acquisition in his Melbourne presentation this week, arguing it offered an "excellent opportunity to enter the large US market."

Completion of the deal is expected in December 2018.

The royalties are a higher 3%, cover 2,400 producing wells and offer a current cashflow of about \$500,000.

High Peak focused on its hunt for US royalties pick-up in the September 2018 quarter and went on to pick up Planet Gas in October 2018 for just \$1, a low-cost price that brought with it the balance owing on a financing facility.

Macquarie Bank Limited transferred the facility to High Peak, extending up to \$15 million of support.

The amount already drawn down is US\$2.75 million.

Financials

Unlike other companies setting their caps at exploration project success, High Peak has a relatively-modest cash burn.

Carroll said, "The company has moderate corporate costs as it is only involved in acquiring royalties and is not involved in the expensive business of exploration, development or production."

The company has a market capitalisation of \$13.02 million and burned only \$127,000 in the September 2018 quarter, ending September 30 with \$1.1 million cash.

High Peak's cash balance has improved by \$1.2 million in the past seven weeks, to rest at the \$2.3 million mark on Wednesday.

Sophisticated and professional investors were the source of extra funds, tipping in \$1.24 million so \$1.1 million of Planet Gas' debt can be paid down once the acquisition goes through in about December 2018.

Investors and investments

Tightly-held High Peak had about 186 million shares on issue on Wednesday, with its top-four shareholders controlling 50% of the company.

Its top shareholder was Noontide Investments, with 24.8%, followed by High Peak non-executive director Anthony Wooles' AEW Holdings Pty Ltd (12.2%), Geoff Loudon (7.4%) and chairman Carroll (5.6%).

The remaining 50% of the company was held by other investors.

High Peak's stake in its investment Royalco Resources Limited (ASX:RCO) was worth about \$1.1 million earlier this week.



The company's shares added 0.4 cents, or 5.71%, yesterday to close at 7.4 cents.

— John Miller, Amanda Ellis

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