

High Peak Royalties Limited

ABN 79 118 065 704

Annual Report - 30 June 2024

High Peak Royalties Limited
Corporate directory
30 June 2024

Directors	James Knowles (Executive Chairman) David Croll (Non-executive Director) Anthony Wooles (Non-executive Director)
Company secretary	Louisa Ho
Registered office	C/- Traverse Accountants Pty Ltd 24-26 Kent Street MILLERS POINT NSW 2000, AUSTRALIA
Principal place of business	C/- Traverse Accountants Pty Ltd 24-26 Kent Street MILLERS POINT NSW 2000, AUSTRALIA
Share register	Computershare Ltd Level 8 22 Pitt Street SYDNEY NSW 2000
Auditor	RSM Australia Partners Level 13, 60 Castlereagh Street SYDNEY NSW 2000
Stock exchange listing	High Peak Royalties Limited shares are listed on the Australian Securities Exchange (ASX code: HPR)
Website	www.highpeak.com.au

High Peak Royalties Limited

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High Peak Royalties Limited

Directors' report

30 June 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of High Peak Royalties Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

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

James Knowles; Executive Chairman
David Croll; Non-Executive Director
Anthony Wooles; Non-Executive Director

Principal activities

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

The Company has royalties over 20 oil and gas permits in Australia over 2,000 wells in the USA and is the operator of four geothermal permit interests. In the FY24 period 5 royalties were generating income for the Company with some royalties on exploration permits expected to provide income in due course (subject to discovery and development) with the potential for additional revenue from development resulting in increased production on existing areas.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the Group after providing for income tax amounted to \$192,664 (30 June 2023: profit of \$492,920).

Royalties

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

Permit / Location	Royalty Interest (%)	Operated By
PL 171 and ATP 574P	2.50	Queensland Gas/BG Group/ Shell
ATP 299P	3.6/4.0	Santos
Petroleum Leases: PL29, PL38, PL39, PL52, PL57, PL95, PL169, PL170, PL293, PL294, PL295 and PL298		
Peat Gas Field (PL101)	2.13	Origin Energy
Surprise Oil Field (PL6)	1.00	Central Petroleum
Longtom Gas Field (VIC/L29)	0.30	Seven Group Holdings
WA-90-R / WA-91-R (formerly WA-315-P) Poseidon Field	0.10	Santos
EP(A)111, EP115, EP(A)120 and EP(A) 124	1.00	Central Petroleum
EP112, EP115NM and EP125	1.00	Central Petroleum and Santos
EP(A)155	2.00	Mosman Oil and Gas
Planet Gas USA Inc. Royalties	3.00	Empire Energy, Mai Oil and CHS Macpherson

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United States (Harrison County East Texas, Preston Spraberry Permian Basin and Willacy County Texas Gulf Coast Basin)	0.20 to 0.40	RFE Operating LLC, Crescent Pass Energy LLC (Sabine Oil & Gas), Pioneer Natural Resources and Wagner Oil Company
United States (Burleson and Lee Counties, East Texas)	1.00	Atlas Operating LLC (acquired from New Century Operating)
ML 04/244 and ML 04/249 Admiral Bay, Canning Basin	1.5% GOR 1.5% NSR	Metalicity Ltd
Royalty over Hydrogen Sales including Catalysts	1%	ScimTek Hydrogen Pty Ltd
Licence/Location	Ownership %	Approximate Area in km²
GEL 571 South Australia	100	871
GEL 572 South Australia	100	827
GEL 573 South Australia	100	519
GEL 574 South Australia	100	550
GEL 571 South Australia (under Application)		822.6
GEL 572 South Australia (under Application)		935.67
GEL 573 South Australia (under Application)		660.32
GEL 574 South Australia (under Application)		588.6

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Risks to the Business

Oil and Gas Reserves

Uncertainty in hydrocarbon reserve estimation and the broad range of possible recovery scenarios from existing resources could have a material adverse effect on the carrying value and financial performance of High Peak's royalties.

Management closely follows operator updates and monitors broader sources of information on field production and reserves to model expected future performance of its royalty assets.

Commodity Prices and Foreign Exchange

High Peak is exposed to commodity price variability with respect to crude oil and natural gas sales which are impacted by broader economic factors beyond our control.

It is also exposed to foreign exchange risks, which it manages by way of holding cash in USD accounts and converting cash when rates are favourable.

Climate Change

Demand for oil and gas may subside over the longer-term, impacting demand and pricing as lower carbon substitutes take market share. Global climate change policy also remains uncertain and has the potential to constrain High Peak's royalty assets' form being commercialised or expanded.

Introduction of taxes or other charges associated with carbon emissions may have an adverse impact on High Peak's financial performance and asset values.

High Peak holds royalties in oil and gas assets that predominantly sell output in the US and Australian markets where such commodities are seen as transitional and demand is expected to continue, at least in the medium term.

Dependence on Operators

Reservoir / field performance is subject to subsurface uncertainty. The actual performance could vary from that forecasted, which may result in diminished production and /or additional development costs. Production facilities are subject to hazards associated with the production of gas and petroleum, including major accident events such as spills and leaks which can result in a loss of hydrocarbon containment, diminished production, additional costs, environmental damage or workplace injury or death.

Mismanagement at the operator level may also impact a royalty's future performance through diminished facility performance, down time or impact on their licence to operate.

There are also associated risks with exploration and evaluation of developing projects in which High peak holds royalties. Unfavourable results from exploratory drilling, changes in permit approvals or feasibility studies may delay project development or even tenement relinquishment.

High Peak tries to minimise these risks at first instance through careful selection of royalty assets that are situated in established and proven oil and gas fields with reputable operators with known track records in resource extraction, operational management and environmental sustainability.

Reliance on Key Personnel

Failure to establish and develop sufficient capability and capacity to support our operations may impact achievement of our objectives. We are focussed on securing and developing the right people to support the operation and development of our portfolio of assets and opportunities.

We also proactively engage contractors to supplement any short-term gaps in capability and capacity to support the execution of our business plans.

High Peak Royalties Limited
Directors' report
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Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name: Mr James Knowles
Title: Executive Chairman
Experience and expertise: Mr James Knowles is a Founder and Technical Director of Measured Group Pty Ltd – an independent company which provides mining technical consulting services. James has over 23 years' experience in management and consulting roles including at McElroy Bryan Geological Services Pty Ltd, Excel Coal Limited, BHP Billiton, and Peabody Energy Australia where James was Director of Geology and Resources.

Other current directorships: NA
Former directorships (last 3 years): NA
Interests in shares: 1,709,066
Interests in options: 4,000,000

Name: Mr David Croll
Title: Non-Executive Director
Experience and expertise: Mr David Croll is currently the Managing Director and Founder of Noontide Investments Limited – an investment management company based in Sydney specialising in undervalued small cap stocks David is currently a director of Providence Wealth Advisory Group – an independent wealth manager providing advice to high-net-worth families.

Other current directorships: NA
Former directorships (last 3 years): NA
Interests in shares: 71,566,859

Name: Mr Anthony Wooles
Title: Non-Executive Director
Experience and expertise: 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 an MBA (Finance) from the Wharton School of the University of Pennsylvania. He brings significant experience and knowledge in both the corporate finance and energy sectors.

Other current directorships: Mr Wooles was appointed as Non-Executive Chairman of ASX listed Company Imdex Limited (ASX: IMD) on 1 July 2016, and Bhagwan Marine Limited (ASX: BWN) on 30 July 2024.

Former directorships (last 3 years): NA
Interests in shares: 21,250,000

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'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Louisa Ho was appointed as company secretary on 10 November 2022.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Mr Anthony Wooles	5	5
Mr James Knowles	5	5
Mr David Croll	5	5

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants (refer to the section 'Use of remuneration consultants' below), the Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

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The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

The total aggregate fixed sum per annum to be paid to Directors (excluding salaries of executive Directors) may be varied by ordinary resolution of Shareholders at a general meeting.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- Share based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

Voting and comments made at the company's 2023 Annual General Meeting ('AGM')

At the 2023 AGM, 98.80% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

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Directors' report
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The key management personnel of the Group consisted of the following directors of High Peak Royalties Limited:

- David Croll - Non-Executive Director
- James Knowles - Executive Director and Chairman
- Anthony Wooles - Non-Executive Director

And the following person:

- Jarrod White

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Other fees	Super-annuation	Long service leave	Equity-settled	Total
2024	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Anthony Wooles	65,000	-	-	-	-	-	65,000
David Croll	-	-	-	-	-	-	-
<i>Executive Directors:</i>							
James Knowles	95,000	-	-	-	-	139,360	234,360
<i>Other Key Management Personnel:</i>							
Jarrod White	76,920	-	-	-	-	-	76,920
	236,920	-	-	-	-	139,360	376,280

Equity-settled benefits include the full assessed value of the performance rights issued in the year. These performance rights at at-risk and none have vested by year-end.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Other fees	Super-annuation	Long service leave	Equity-settled	Total
2023	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Anthony Wooles	65,000	-	-	-	-	-	65,000
James Knowles	78,659	-	-	-	-	-	78,659
David Croll	-	-	-	-	-	-	-
<i>Other Key Management Personnel:</i>							
Jarrod White	-	-	54,000	-	-	-	54,000
	143,659	-	54,000	-	-	-	197,659

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Employment contracts

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreement are as follows:

Name: Mr Anthony Wooles

Title: Non-Executive Director

Agreement commenced: 27 February 2012 and subject to re-election as required by the Company's constitution

Details: \$65,000 p.a. inclusive of superannuation with no termination benefits.

Name: Mr James Knowles

Title: Executive Director and Chairman

Agreement commenced: 27 August 2021 and subject to re-election as required by the Company's constitution

Details: \$50,000 p.a. inclusive of superannuation with no termination benefits. Remuneration was increased to \$95,000 p.a. during the year following James' appointment as Chairman.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Executive Chairman, James Knowles, are as follows:

Name	Number of rights granted	Grant date	Vesting date and exercisable date	Expiry date	Share price hurdle for vesting	Fair value per right at grant date
James Knowles	1,000,000	12/11/2023	Conditional	16/11/2025	\$0.150	\$0.040
James Knowles	1,000,000	12/11/2023	Conditional	16/11/2025		\$0.052
James Knowles	1,000,000	12/11/2023	Conditional	16/11/2027	\$0.020	\$0.045
James Knowles	1,000,000	12/11/2023	Conditional	16/11/2028		\$0.052

The vesting of the performance rights are conditional:

Tranche 1 The 5-day VWAP of the Company Share Price being above \$0.15 within two (2) years from 16 November 2023.

Tranche 2 Completion of a successful commercial transaction: to be defined as a sale, spin off or meaningful transaction of the Company's existing non-core assets, or the creation of a royalty interest over any of the Company's existing assets.

Tranche 3 The 5-day VWAP of the Company Share Price being above \$0.20 within four (4) years from 16 November 2023.

Tranche 4 Payment of an inaugural dividend, where that dividend is paid out of recurring earnings.

Performance rights granted carry no dividend or voting rights.

Name	Grant date	Vesting date	Number of rights granted	Value of rights granted \$	Value of rights vested \$	Number of rights lapsed	Value of rights lapsed \$
James Knowles	12/11/2023	Conditional	1,000,000	37,900	-	-	-
James Knowles	12/11/2023	Conditional	1,000,000	39,000	-	-	-
James Knowles	12/11/2023	Conditional	1,000,000	45,300	-	-	-
James Knowles	12/11/2023	Conditional	1,000,000	17,160	-	-	-

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Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Anthony Wooles	21,250,000	-	-	-	21,250,000
James Knowles	1,359,066	-	350,000	-	1,709,066
David Croll	67,581,413	-	3,985,446	-	71,566,859
	<u>90,190,479</u>	<u>-</u>	<u>4,335,446</u>	<u>-</u>	<u>94,525,925</u>

Mr David Croll is a controller and beneficiary of JP Morgan Nominees Australia Pty Limited.

This concludes the remuneration report, which has been audited.

Shares under performance rights

Unissued ordinary shares of High Peak Royalties Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
21/10/2021	17/11/2023	\$0.000	4,800,000
22/12/2021	27/12/2023	\$0.000	<u>5,750,000</u>
			<u><u>10,550,000</u></u>

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of performance rights

There were no ordinary shares of High Peak Royalties Limited issued on the exercise of performance rights during the year ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

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Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Auditor's independence declaration

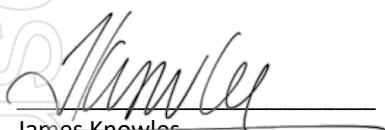
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



James Knowles
Executive Chairman

27 September 2024

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 2024, 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 AUSTRALIA PARTNERS



C J Hume
Partner

Sydney, NSW
Dated: 27 September 2024

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High Peak Royalties Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

		Consolidated	
	Note	2024	2023
		\$	\$
Revenue			
	5	1,101,185	1,522,613
Other income	6	2,434	10,879
Interest revenue calculated using the effective interest method		4,572	1,282
Expenses			
Professional fees	7	(479,474)	(319,837)
Employee benefits expense		(160,000)	(143,659)
Depreciation and amortisation expense		(325,531)	(320,753)
Impairment of assets		(3,202)	-
Share based payments expense	20	(33,149)	-
Other expenses		(141,173)	(100,478)
Finance costs		(158,326)	(134,927)
Occupancy		-	(22,200)
Profit/(loss) before income tax expense		(192,664)	492,920
Income tax expense	8	-	-
Profit/(loss) after income tax expense for the year attributable to the owners of High Peak Royalties Limited	21	(192,664)	492,920
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		486	34,899
Other comprehensive income for the year, net of tax		486	34,899
Total comprehensive income for the year attributable to the owners of High Peak Royalties Limited		(192,178)	527,819
		Cents	Cents
Basic earnings per share	31	(0.09)	0.24
Diluted earnings per share	31	(0.09)	0.24

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

High Peak Royalties Limited
Statement of financial position
As at 30 June 2024

		Consolidated	
	Note	2024	2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	9	1,282,619	1,384,479
Trade and other receivables	10	77,248	171,550
Other assets	11	185,909	204,877
Total current assets		<u>1,545,776</u>	<u>1,760,906</u>
Non-current assets			
Other financial assets	12	463	463
Intangibles	14	8,813,475	9,138,866
Other assets	11	155,353	150,897
Total non-current assets		<u>8,969,291</u>	<u>9,290,226</u>
Total assets		<u>10,515,067</u>	<u>11,051,132</u>
Liabilities			
Current liabilities			
Trade and other payables	15	101,104	66,900
Borrowings	16	1,132,246	377,074
Other liabilities	17	43,585	17,800
Total current liabilities		<u>1,276,935</u>	<u>461,774</u>
Non-current liabilities			
Borrowings	16	-	1,131,222
Total non-current liabilities		<u>-</u>	<u>1,131,222</u>
Total liabilities		<u>1,276,935</u>	<u>1,592,996</u>
Net assets		<u>9,238,132</u>	<u>9,458,136</u>
Equity			
Issued capital	18	28,407,942	28,468,918
Reserves	19	104,136	70,500
Accumulated losses	21	(19,273,946)	(19,081,282)
Total equity		<u>9,238,132</u>	<u>9,458,136</u>

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

High Peak Royalties Limited
Statement of changes in equity
For the year ended 30 June 2024

Consolidated

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	28,468,918	35,601	(19,574,202)	8,930,317
Profit after income tax expense for the year	-	-	492,920	492,920
Other comprehensive income for the year, net of tax	-	34,899	-	34,899
Total comprehensive income for the year	-	34,899	492,920	527,819
Balance at 30 June 2023	<u>28,468,918</u>	<u>70,500</u>	<u>(19,081,282)</u>	<u>9,458,136</u>

Consolidated

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	28,468,918	70,500	(19,081,282)	9,458,136
Loss after income tax expense for the year	-	-	(192,664)	(192,664)
Other comprehensive income for the year, net of tax	-	486	-	486
Total comprehensive income for the year	-	486	(192,664)	(192,178)
<i>Transactions with owners in their capacity as owners:</i>				
Share buy-back	(60,975)	-	-	(60,975)
Share-based payments (note 20)	-	33,149	-	33,149
Balance at 30 June 2024	<u>28,407,943</u>	<u>104,135</u>	<u>(19,273,946)</u>	<u>9,238,132</u>

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

High Peak Royalties Limited
Statement of cash flows
For the year ended 30 June 2024

		Consolidated	
	Note	2024	2023
		\$	\$
Cash flows from operating activities			
Receipts from royalty rights		1,181,925	1,447,174
Payments to suppliers and employees		(626,584)	(653,559)
Subtotal		555,341	793,615
Interest received		87	574
Interest and other finance costs paid		(158,519)	(152,434)
Net cash from operating activities	30	396,909	641,755
Net cash from investing activities		-	-
Cash flows from financing activities			
Payments for share buy-backs		(60,975)	-
Repayment of borrowings		(440,702)	(373,580)
Net cash used in financing activities		(501,677)	(373,580)
Net increase/(decrease) in cash and cash equivalents		(104,768)	268,175
Cash and cash equivalents at the beginning of the financial year		1,384,479	1,105,421
Effects of exchange rate changes on cash and cash equivalents		2,908	10,883
Cash and cash equivalents at the end of the financial year	9	1,282,619	1,384,479

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

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 1. General information

The financial statements cover High Peak Royalties Limited as a Group consisting of High Peak Royalties Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is High Peak Royalties Limited's functional and presentation currency.

High Peak Royalties Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

24-26 Kent Street
Millers Point NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2024. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of High Peak Royalties Limited ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. High Peak Royalties Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 2. Material accounting policy information (continued)

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is High Peak Royalties Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The Group recognises revenue as follows:

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 2. Material accounting policy information (continued)

Royalty revenue

Revenue from royalties is recognised in the period of production of the underlying oil or gas being produced. Royalty agreements that are based on production, sales, and other measures are recognised by reference to the underlying arrangements.

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 the 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 be applied 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 at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 2. Material accounting policy information (continued)

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

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.

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 2. Material accounting policy information (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 2. Material accounting policy information (continued)

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of High Peak Royalties Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Impairment

The Group 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 (Key Judgement)

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. Management have exercised their judgement in determining that the exploration assets in note 14 remain impaired.

Intangible Assets – royalty interests in exploration permits (Key Judgement)

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The portfolio in relation to its royalty interests is largely related to the exploration activities of the licenced operator. The assets are therefore treated in a similar way to exploration assets as contemplated in AASB 6 Exploration for and Evaluation of Mineral Resources. 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 other individual underlying assets, and consequently it has not been necessary to fair value any of the other intangible assets using a value-in-use model.

Note 4. Operating segments

Identification of reportable operating segments

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 predominantly 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.

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 4. Operating segments (continued)

Operating segment information

	Australia \$	USA \$	Total \$
Consolidated - 2024			
Revenue			
Revenue from operations	427,962	677,795	1,105,757
Total revenue	<u>427,962</u>	<u>677,795</u>	<u>1,105,757</u>
EBITDA	(366,125)	657,511	291,386
Depreciation and amortisation	(98,567)	(226,964)	(325,531)
Finance costs	(3,545)	(154,974)	(158,519)
Profit/(loss) before income tax expense	<u>(468,237)</u>	<u>275,573</u>	<u>(192,664)</u>
Income tax expense			-
Loss after income tax expense			<u>(192,664)</u>
Assets			
Segment assets	6,991,125	3,523,942	10,515,067
Total assets			<u>10,515,067</u>
Liabilities			
Segment liabilities	140,107	1,136,828	1,276,935
Total liabilities			<u>1,276,935</u>
Consolidated - 2023			
Revenue			
Revenue from operations	335,534	1,188,361	1,523,895
Total revenue	<u>335,534</u>	<u>1,188,361</u>	<u>1,523,895</u>
EBITDA	(193,505)	1,141,365	947,860
Depreciation and amortisation	(98,117)	(222,632)	(320,749)
Finance costs	(2,939)	(131,252)	(134,191)
Profit/(loss) before income tax expense	<u>(294,561)</u>	<u>787,481</u>	<u>492,920</u>
Income tax expense			-
Profit after income tax expense			<u>492,920</u>
Assets			
Segment assets	7,142,978	3,908,154	11,051,132
Total assets			<u>11,051,132</u>
Liabilities			
Segment liabilities	75,339	1,517,657	1,592,996
Total liabilities			<u>1,592,996</u>

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 5. Revenue

	Consolidated	
	2024	2023
	\$	\$
Royalty	<u>1,101,185</u>	<u>1,522,613</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2024	2023
	\$	\$
Receipts from royalty rights	<u>1,101,185</u>	<u>1,522,613</u>
<i>Geographical regions</i>		
Australia	426,024	334,274
USA	<u>675,161</u>	<u>1,188,339</u>
	<u>1,101,185</u>	<u>1,522,613</u>
<i>Timing of revenue recognition</i>		
Revenue received at a point in time	<u>1,040,488</u>	<u>1,522,613</u>

Note 6. Other income

	Consolidated	
	2024	2023
	\$	\$
Net foreign exchange gain	<u>2,434</u>	<u>10,879</u>

Note 7. Professional fees

	Consolidated	
	2024	2023
	\$	\$
Accounting and audit fees	199,352	113,976
Other corporate fees	167,256	91,804
Consulting fees	<u>112,866</u>	<u>114,057</u>
	<u>479,474</u>	<u>319,837</u>

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 8. Income tax expense

	Consolidated	
	2024	2023
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(loss) before income tax expense	(192,664)	492,920
Tax at the statutory tax rate of 25%	(48,166)	123,230
Deferred tax assets not brought to account	48,166	(123,230)
Income tax expense	-	-

	Consolidated	
	2024	2023
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	19,541,369	19,121,707
Potential tax benefit @ 25%	4,885,342	4,780,427

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated	
	2024	2023
	\$	\$
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Prepayments	(10,352)	(19,334)
Accrued expenses	10,896	4,450
Accrued income	(20,952)	(31,886)
Royalty rights	640,941	559,559
Accumulated impairment (financial asset)	360,913	360,913
Cost of equity	8,651	9,476
Total deferred tax assets not recognised	990,097	883,178

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 9. Cash and cash equivalents

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Cash on hand	-	2
Cash at bank	1,282,619	1,384,477
	<u>1,282,619</u>	<u>1,384,479</u>
	<u><u>1,282,619</u></u>	<u><u>1,384,479</u></u>

Note 10. Trade and other receivables

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Trade receivables	70,464	168,134
Other receivables	6,784	3,416
	<u>77,248</u>	<u>171,550</u>
	<u><u>77,248</u></u>	<u><u>171,550</u></u>

Note 11. Other assets

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Accrued revenue	144,503	127,543
Prepayments	41,406	77,334
	<u>185,909</u>	<u>204,877</u>
<i>Non-current assets</i>		
Other deposits	155,353	150,897
	<u>341,262</u>	<u>355,774</u>
	<u><u>341,262</u></u>	<u><u>355,774</u></u>

Note 12. Other financial assets

	Consolidated	
	2024	2023
	\$	\$
<i>Non-current assets</i>		
Shares in listed corporation	463	463
	<u>463</u>	<u>463</u>
	<u><u>463</u></u>	<u><u>463</u></u>

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 13. Exploration and evaluation

	Consolidated	
	2024	2023
	\$	\$
<i>Non-current assets</i>		
Exploration and evaluation - at cost	2,310,699	2,325,055
Less: Impairment	(2,310,699)	(2,325,055)
	<u>-</u>	<u>-</u>

Note 14. Intangibles

	Consolidated	
	2024	2023
	\$	\$
<i>Non-current assets</i>		
Royalty rights- at cost	17,765,668	17,762,547
Less: Accumulated amortisation	(2,848,326)	(2,523,030)
Less: Impairment	(6,103,867)	(6,100,651)
	<u>8,813,475</u>	<u>9,138,866</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Royalty Rights	Total
	\$	\$
Balance at 1 July 2022	9,386,966	9,386,966
Exchange differences	72,653	72,653
Amortisation expense	(320,753)	(320,753)
Balance at 30 June 2023	9,138,866	9,138,866
Exchange differences	140	140
Amortisation expense	(325,531)	(325,531)
Balance at 30 June 2024	<u>8,813,475</u>	<u>8,813,475</u>

Where necessary, 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 was 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: \$80.01/BBL USD (2024) then 5 year forward curve
- Gas Price: \$3.26gj USD

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 14. Intangibles (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.

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.

Note 15. Trade and other payables

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	101,104	66,900

Refer to note 22 for further information on financial instruments.

Note 16. Borrowings

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Bank loans	1,132,246	377,074
<i>Non-current liabilities</i>		
Bank loans	-	1,131,222
	1,132,246	1,508,296

Refer to note 22 for further information on financial instruments.

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 16. Borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2024	2023
	\$	\$
Total facilities		
Bank loans (US\$15,000,000 limit)	22,644,928	22,624,434
Used at the reporting date		
Bank loans (US\$15,000,000 limit)	1,132,246	1,508,296
Unused at the reporting date		
Bank loans (US\$15,000,000 limit)	21,512,682	21,116,138

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

- Total US \$15,000,000 (AUD: \$21,150,000) facility
- Facility Fees:
- Interest charged: Libor plus 5.5%
- No other facility fees
- Standard parent company guarantees
- Term: three years (from completion on 7 December 2018)
- The facility expires on 7 December 2024, with principal repayments being required on the following basis:
 - 7 December 2023 - US\$250,000;
 - 7 December 2024 - US\$750,000;
- Remaining Term Unless Extended: 7 December 2024.

Note 17. Other liabilities

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Accrued expenses	43,585	17,800

Note 18. Issued capital

	Consolidated			
	2024	2023	2024	2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	208,059,714	208,956,399	28,407,942	28,468,918

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 18. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	208,956,399		28,468,918
Balance	30 June 2023	208,956,399		28,468,918
Share buy-back	23 August 2023	(896,685)	\$0.068	(60,976)
Balance	30 June 2024	<u>208,059,714</u>		<u>28,407,942</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Note 19. Reserves

	Consolidated	
	2024	2023
	\$	\$
Foreign currency reserve	70,974	70,487
Share-based payments reserve	33,149	-
Other reserves	13	13
	<u>104,136</u>	<u>70,500</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Note 20. Share-based payments

During the financial period, performance rights were issued to the Executive Chairman, as approved at the Annual General Meeting.

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 20. Share-based payments (continued)

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
12/11/2023	16/11/2025	\$0.052	\$0.000	110.00%	-	3.90%	\$0.040
12/11/2023	16/11/2025	\$0.052	\$0.000	110.00%	-	3.90%	\$0.052
12/11/2023	16/11/2027	\$0.052	\$0.000	110.00%	-	3.85%	\$0.045
12/11/2023	16/11/2028	\$0.052	\$0.000	100.00%	-	3.85%	\$0.052

The vesting of the performance rights are conditional:

Tranche 1	The 5-day VWAP of the Company Share Price being above \$0.15 within two (2) years from 16 November 2023
Tranche 2	Completion of a successful commercial transaction: to be defined as a sale, spin off or meaningful transaction of the Company's existing non-core assets, or the creation of a royalty interest over any of the Company's existing assets
Tranche 3	The 5-day VWAP of the Company Share Price being above \$0.20 within four (4) years from 16 November 2023
Tranche 4	Payment of an inaugural dividend, where that dividend is paid out of recurring earnings

Note 21. Accumulated losses

	Consolidated	
	2024	2023
	\$	\$
Accumulated losses at the beginning of the financial year	(19,081,282)	(19,574,202)
Profit/(loss) after income tax expense for the year	(192,664)	492,920
Accumulated losses at the end of the financial year	<u>(19,273,946)</u>	<u>(19,081,282)</u>

Note 22. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 22. Financial instruments (continued)

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2024	2023	2024	2023
Consolidated	\$	\$	\$	\$
US dollars	1,178,253	1,401,816	1,136,828	1,517,657

The Group had net assets denominated in foreign currencies of \$41,425 as at 30 June 2024 (2023: (\$115,841)). Based on this exposure, had the Australian dollars weakened by 5%/strengthened by 5% against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been \$2,071 lower/\$2,071 higher (2023: \$5,792 higher/\$5,752 lower). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations.

Price risk

The Group is not exposed to any significant price risk in its day-to-day operations.

Movements in the price of commodities, especially gold and copper may impact on the recoverable value of its exploration assets. It is currently impractical to manage these risks given these assets are still at exploratory stages.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has minimal credit risk exposure as the majority of its receivables are from large corporations or government bodies.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2024	2023
	\$	\$
Bank loans (US\$15,000,000 limit)	21,512,682	21,116,138

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 0.42 years (2023: 1.42 years).

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 22. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 2023						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	66,900	-	-	-	66,900
Total non-derivatives		66,900	-	-	-	66,900

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company:

	Consolidated	
	2024	2023
	\$	\$
<i>Audit services - RSM Australia Partners</i>		
Audit and review of the financial statements	57,000	57,000

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 24. Contingent liabilities

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

Note 25. Commitments

The Group did not have any commitments as at 30 June 2024 (2023: nil)

Note 26. Related party transactions

Parent entity

High Peak Royalties Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 28.

Key management personnel

Disclosures relating to key management personnel are set out in the remuneration report included in the directors' report.

Transactions with related parties

The Group incurred \$17,271 in consultancy costs from Measured Group, a related party of Director James Knowles, for geological and technical advisory services. The Board considers these services to have been provided on an arm's length commercial terms.

Receivable from and payable to related parties

At 30 June 2024, \$6,243 was payable to Measured Group, a related party of Director James Knowles.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2024	2023
	\$	\$
Profit/(loss) after income tax	(189,549)	1,531,313
Total comprehensive income	(189,549)	1,531,313

Statement of financial position

	Parent	
	2024	2023
	\$	\$
Total current assets	3,736,604	2,503,716
Total assets	11,662,164	10,468,022
Total current liabilities	139,818	75,049
Total liabilities	139,818	75,049
Equity		
Issued capital	50,640,861	50,701,836
Share-based payments reserve	116,141	82,992
Other reserves	457,383	457,383
Accumulated losses	(39,692,039)	(40,849,238)
Total equity	11,522,346	10,392,973

Contingent liabilities

Please refer to note 24 for details of contingent liabilities.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 28. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2024 %	2023 %
Torrens Energy (SA) Pty Ltd	Australia	100.00%	100.00%
Phoenix Oil and Gas Pty Ltd	Australia	100.00%	100.00%
Oil & Gas Royalties Pty Ltd	Australia	100.00%	100.00%
HPR USA Inc	USA	100.00%	100.00%
Planet Gas USA, Inc.	USA	100.00%	100.00%

Note 29. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 30. Reconciliation of profit/(loss) after income tax to net cash from operating activities

	Consolidated	
	2024 \$	2023 \$
Profit/(loss) after income tax expense for the year	(192,664)	492,920
Adjustments for:		
Depreciation and amortisation	325,531	320,749
Impairment of intangibles	3,202	-
Share-based payments	33,149	-
Foreign exchange differences	54,434	66,338
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	113,289	(248,157)
Increase in trade and other payables	59,968	9,905
Net cash from operating activities	<u>396,909</u>	<u>641,755</u>

Note 31. Losses per share

	Consolidated	
	2024 \$	2023 \$
Profit/(loss) after income tax attributable to the owners of High Peak Royalties Limited	<u>(192,664)</u>	<u>492,920</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic losses per share	<u>208,189,918</u>	<u>208,956,399</u>
Weighted average number of ordinary shares used in calculating diluted losses per share	<u>208,189,918</u>	<u>208,956,399</u>

High Peak Royalties Limited
Notes to the financial statements
30 June 2024

Note 31. Losses per share (continued)

	Cents	Cents
Basic earnings per share	(0.09)	0.24
Diluted earnings per share	(0.09)	0.24

High Peak Royalties Limited
Consolidated entity disclosure statement
As at 30 June 2024

Entity name	Entity type	Trustee in a Trust, Partner in a Partnership or a participant in a Joint Venture	Place formed / Country of incorporation	Ownership interest %	Tax residency
High Peak Royalties Limited	Body corporate	N/A	Australia	-	Australia
Torrens Energy (SA) Pty Ltd	Body corporate	N/A	Australia	100.00%	Australia
Phoenix Oil and Gas Pty Ltd	Body corporate	N/A	Australia	100.00%	Australia
Oil & Gas Royalties Pty Ltd	Body corporate	N/A	Australia	100.00%	Australia
HPR USA Inc	Body corporate	N/A	USA	100.00%	USA
Planet Gas USA Inc	Body corporate	N/A	USA	100.00%	USA

High Peak Royalties Limited
Directors' declaration
30 June 2024

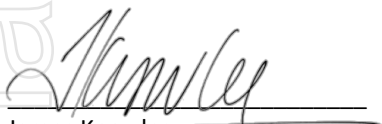
In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



James Knowles
Executive Chairman

27 September 2024

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 2024, 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 2024 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.

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING

Key Audit Matter	How our audit addressed this matter
Royalty Rights Refer to Note 14 in the financial statements	
<ul style="list-style-type: none"> The Group has capitalised mineral royalty rights with a carrying value of \$8.8m. 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. 	<p>Our audit procedures in relation to Royalty Rights included:</p> <ul style="list-style-type: none"> Obtaining the Royalty Rights register and on a sample basis testing the ownership of the rights to various external and internal supporting documents. Comparing the carrying value of the individual assets in the current year to that of the previous year, and investigating unexpected movements. For impairment during the year, testing the appropriateness of management's assessment to supporting external evidence. Assessing the high-level economic inputs used to determine the fair value of royalty rights as at 30 June 2024 and evaluating 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.

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 2024 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:

- a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
- b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of 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 have 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 7 to 11 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of High Peak Royalties Ltd, for the year ended 30 June 2024, 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 Australia Partners



C J Hume

Partner

Sydney 27 September 2024

High Peak Royalties Limited
Shareholder information
30 June 2024

The shareholder information set out below was applicable as at 26 September 2024.

Top 20 Shareholders – Ordinary Shares

Rank	Name	Units	% Units
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	72,657,656	34.92
2	MR ANTHONY EDWARD WOOLLES + MRS ALISON LOUISE WOOLLES <A & A SUPER FUND A/C>	15,065,670	7.24
3	NORFOLK ENCHANTS PTY LTD <TROJAN RETIREMENT FUND A/C>	11,275,000	5.42
4	MR ARCHIBALD GEOFFREY LOUDON	10,185,662	4.90
5	MARTIN PLACE SECURITIES NOMINEES P/L <ALCARDO INVESTMENTS A/C>	6,357,765	3.06
6	MR ANTHONY EDWARD WOOLLES + MS ALISON LOUISE WOOLLES <A & A SUPER A/C>	4,281,540	2.06
7	TOPAZ HOLDINGS PTY LTD <MYLES K ERTZEN FAMILY A/C>	4,000,000	1.92
8	MR MURRAY JOHN JACOB + MRS SARA CAROLINE JACOB <AQUATICA SUPERFUND A/C>	3,000,000	1.44
9	MR GEOFFREY KEVIN CAMMELL <CAMMELL DISCRETIONARY A/C>	2,950,000	1.42
10	MR DAVID CURZON SMITH + MRS DIANE MAURINE SMITH <BADHAM FAMILY A/C>	2,823,086	1.36
11	DAWNEY & CO LTD	2,500,000	1.20
12	RACCOLTO INVESTMENTS PTY LTD <MAPLELEAF SUPER FUND A/C>	2,250,000	1.08
13	BYRNE HOLDINGS PTY LTD	2,000,000	0.96
13	MRS SARA JACOB	2,000,000	0.96
13	QGAS PTY LTD	2,000,000	0.96
13	TRI-HIRE PTY LTD <THE N & SJ MCDAVITT S/F A/C>	2,000,000	0.96
13	MR SIMON DAVID TEO + MRS JENNIFER DALE YEO <CAPE SUPERANNUATION FUND A/C>	2,000,000	0.96
18	AEW HOLDINGS PTY LTD <AEW CAPITAL A/C>	1,902,790	0.91
19	MINING EQUITIES PTY LTD	1,830,000	0.88
20	CRAFERS PTY LTD <CRAFERS CONNECT S/F A/C>	1,825,660	0.88
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		152,904,828	73.49
Total Remaining Holders Balance		55,154,886	26.51

Equity security holders

Unquoted equity securities

There are no unquoted equity securities.

Substantial holders

Substantial holders in the company are set out below:

Shareholder	Number of Shares	Voting Power
J P Morgan Nominees Australia Pty Limited	72,266,859	34.37%
AEW Holdings Pty Ltd	21,250,000	10.21%
Norfolk Enchants Pty Ltd <Trojan Retirement Fund A/C>	11,275,000	5.42%

Distribution of Shareholders Number

Range	Total holders	Units	% Units
1 - 1,000	23	6,025	0.00
1,001 - 5,000	8	26,731	0.01
5,001 - 10,000	37	328,334	0.16
10,001 - 100,000	182	7,824,831	3.76
100,001 Over	134	199,873,793	96.07
Rounding			0.00
Total	384	208,059,714	100.00

High Peak Royalties Limited
Shareholder information
30 June 2024

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$ 500.00 parcel at \$ 0.062 per unit	8,065	41	107,189

Voting rights

The voting rights attached to ordinary shares are set out below:

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.

The name of the Company Secretary is Ms Louisa Ho. Ms Ho's qualifications are:

Ms Louisa Ho is a lawyer by profession holding an LLB, Bachelor of Business (major in accounting) & Bachelor of Laws from the University of Technology Sydney and has been admitted as a lawyer of the Supreme Court of New South Wales.

The address of the registered and principle office is:

24-26 Kent Street
MILLERS POINT NSW 2000

Registers of securities are held at the following address

Computershare Limited
Level 8
22 Pitt Street
Sydney NSW 2000

Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited.

Restricted securities

Ordinary Shares

Of the 208,059,714 ordinary shares on issue as at 26 September 2024, all ordinary shares are quoted on the Australian Stock Exchange. No ordinary shares are subject to escrow restrictions.

Options

No options are subject to escrow restrictions.