



ABN 79 131 843 868

Half Year Financial Report
31 December 2018

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

E.G. Albers (Chairman)

R.L. Clark

A.P. Armitage

COMPANY SECRETARY

R.J. Wright

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Auditor

Grant Thornton Audit Pty Ltd

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Share Registry

Automic Pty Ltd

Level 3

50 Holt Street

Surry Hills, NSW 2010, Australia

Stock Exchange Listing

ASX Ltd

Level 45, South Tower, Rialto

525 Collins Street

Melbourne, Victoria 3000, Australia

ASX Code:

PKO Ordinary Shares

PKOO Options Expiring 30 June 2019

Incorporated in Western Australia 25 June 2008

Directors' Report

Your Directors submit the interim financial report on the Group for the half-year ended 31 December 2018. In order to comply with the Corporations Act 2001, the Directors report as follows:

Directors

The names of directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Geoffrey Albers	Non-Executive Chairman
Raewyn Clark	Executive Director
Peter Armitage	Non-Executive Director

Review of Operations

The consolidated net loss after income tax for the six months to 31 December 2018 was \$111,784 (six months to 31 December 2017: loss of \$79,103).

During the half-year the Group continued its activities as outlined below.

Peako is natural resources company with a history of diversified direct and indirect resource investment. Peako's strategy is to make resource investments with the objective of growing shareholder value.

East Kimberley Projects

Peako's primary focus is presently its Eastman Project, and adjacent Wirana Project, in the East Kimberley Region of Western Australia.

Peako is earning a 60% interest in Eastman Project exploration licence (E80/4990), and has a 100% interest in the adjacent Wirana Project exploration licence (E80/5182). The tenements are largely located on Louisa Downs Station, 120 km to the southwest of Halls Creek. Access to the tenements is via the Great Northern Highway and station tracks (Figure 1).

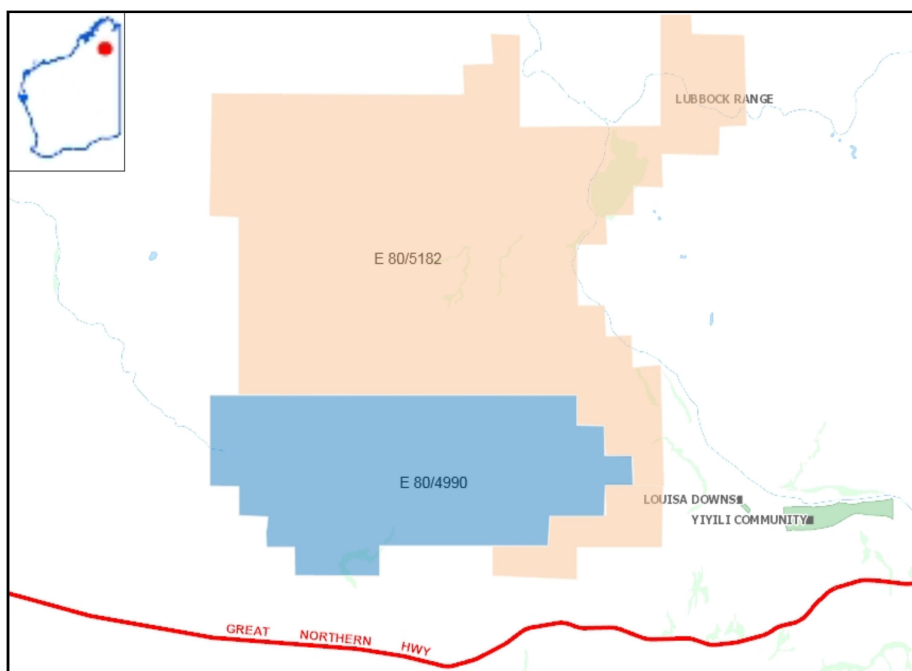


Figure 1. Location of East Kimberley project tenements, with Eastman in blue and Wirana in orange.

Historical exploration in both tenements has been primarily guided by surface gossans and geochemical anomalies. Only the more significant geochemical anomalies have been tested by limited shallow drilling, with an advanced VMS

deposit identified at the Eastman Prospect. Previous exploration in the Wirana tenement has been sparse and sporadic, with a small number of explorers having pursued a wide range of mineralisation styles for different commodities over a large area.

Wide-spaced and generally shallow drill intercepts of anomalous gold and base metal mineralisation have been identified, but not effectively followed up in either project tenement.

Peako commissioned an Induced Polarisation (IP) survey program consisting of one survey block of Gradient Array IP (GAIP) and two traverses of Dipole-Dipole IP (DDIP) at the Eastman Prospect, where there is known Cu-Zn mineralisation (Eastman Proper), and one survey block of GAIP and one DDIP traverse at the Landrigan Prospect, defined by historic drillhole intersections, including 9.6m at 2.7% Cu, 1.5% Zn, 0.3% Pb, 12.6 g/t Ag and 1.5 g/t Au1 (see Figures 2, 3 and 6).

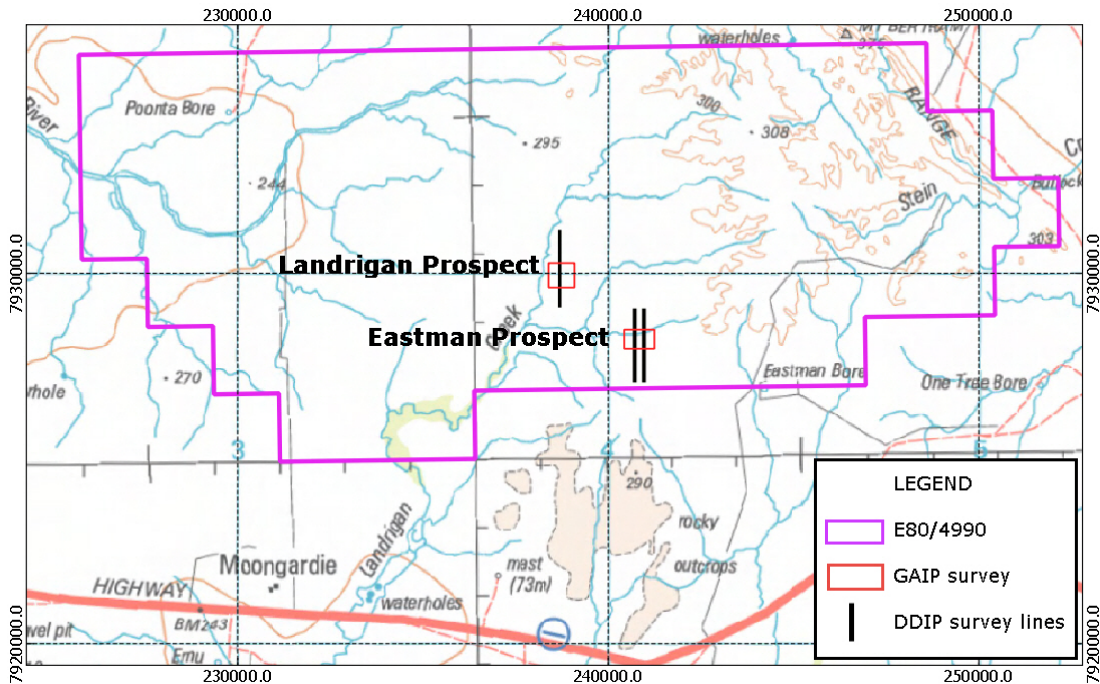


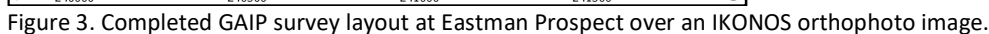
Figure 2. Eastman tenement over 1:250,000 topography map showing location of GAIP surveys and DDIP survey lines.

Resource Potentials Pty Ltd assisted Peako with the IP survey design, budgeting and contracting, survey monitoring and data QC, preliminary data processing and client updates during the survey, and then final data processing, imaging, modelling and analysis. The IP survey data were acquired by Moombarriga Geoscience using a high power IP transmitter and networked receiver array.

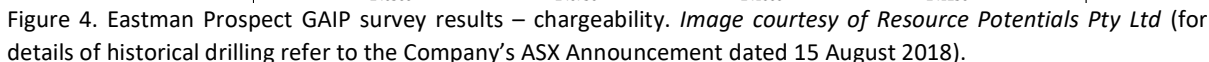
The GAIP survey areas and DDIP traverses were designed primarily to provide a test of whether or not the known base metal sulphide mineralisation occurring at the Eastman and Landrigan prospects would provide an IP chargeability anomaly response, and to detect any IP anomalies that could indicate possible extensions to known mineralisation for drill targeting. The networked GAIP recordings allowed for multiple electrode and station spacing data to be recorded at the same time (50m, 100m, 150m and 200m), and the high transmitter power allowed for detection of weakly chargeable Zn-rich mineralised zones.

¹ Refer to Peako's ASX Announcement 15 August 2018

The IP results were reported in Peakco's quarterly activities report for the quarter ended 30 September 2018 which was lodged with the ASX on 31 October 2018 and included a JORC 2012 Table 1 in respect to the results.



A well pronounced GAIP chargeability anomaly high of 6.5 msec is located along strike to the west of known Eastman mineralisation, and this feature has been named “Eastman West”. The Eastman West GAIP anomaly has not been tested by existing drilling. A follow-up DDIP traverse over this GAIP anomaly confirmed its source is likely to be shallow, and also provides an additional IP chargeability target response extending down dip to the south of the GAIP anomaly response.



The Eastman West IP anomaly zone may form a westerly plunge extension of Eastman mineralisation. Historical drillhole DDH05 was close to testing the Eastman West GAIP chargeability anomaly, but this drillhole was drilled parallel to the dip of the IP anomaly, and had very poor recoveries. As a result, it was not assayed.

The Eastman West IP anomaly responses provide a direct base metal target zone in close proximity to, and along strike of, the known Eastman Cu-Zn mineralisation. New deep drilling is required to determine the source of the Eastman West GAIP and DDIP chargeability anomalies.

As the survey progressed, the Eastman Prospect GAIP survey area was extended to the west by an additional 300m (3 survey lines) to obtain more data over an anomalous chargeability response on the SW corner of the original planned survey area (Figure 3). This GAIP anomaly continued to grow (Figure 4) and is not closed off, as the GAIP survey grid could not be extended further, because of anticipated poorer quality data on wider GAIP survey grids, and due to time and budget constraints.

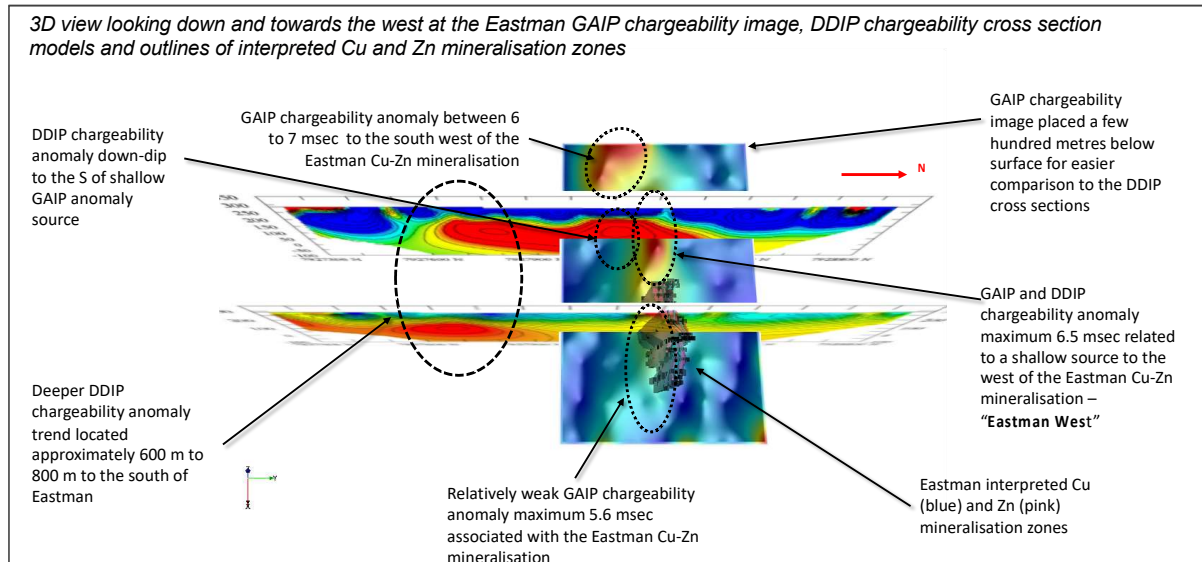


Figure 5. Eastman Prospect 3D view of IP chargeability results. *Image courtesy of Resource Potentials Pty Ltd.*

Landrigan Prospect IP Survey Results

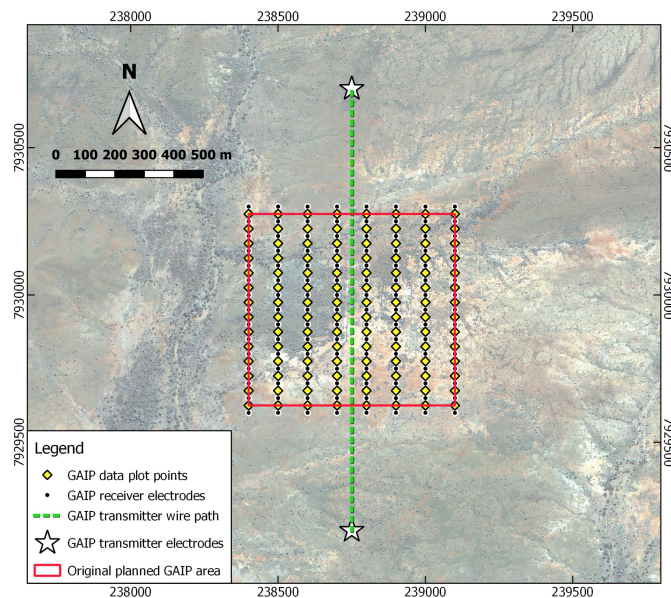


Figure 6. Completed GAIP survey layout at Landrigan Prospect over an IKONOS orthophoto image.

At the Landrigan Prospect, GAIP and DDIP chargeability anomaly highs appear to be closely correlated with elevated Cu assays at the end of hole in historical RAB drilling, and a downhole intersection in diamond drillhole EYD020. Separate GAIP chargeability anomaly trends located to the east and west of existing drillholes at Landrigan provide direct targets for drill testing to potentially expand the base metal mineralised zone, and to better understand the local geology and structural influences on base metal mineralisation at this prospect area, which do not appear to be well understood from historical exploration work to fit into a mineralisation style, such as VMS, sedimentary replacement, etc. (Figure 7).

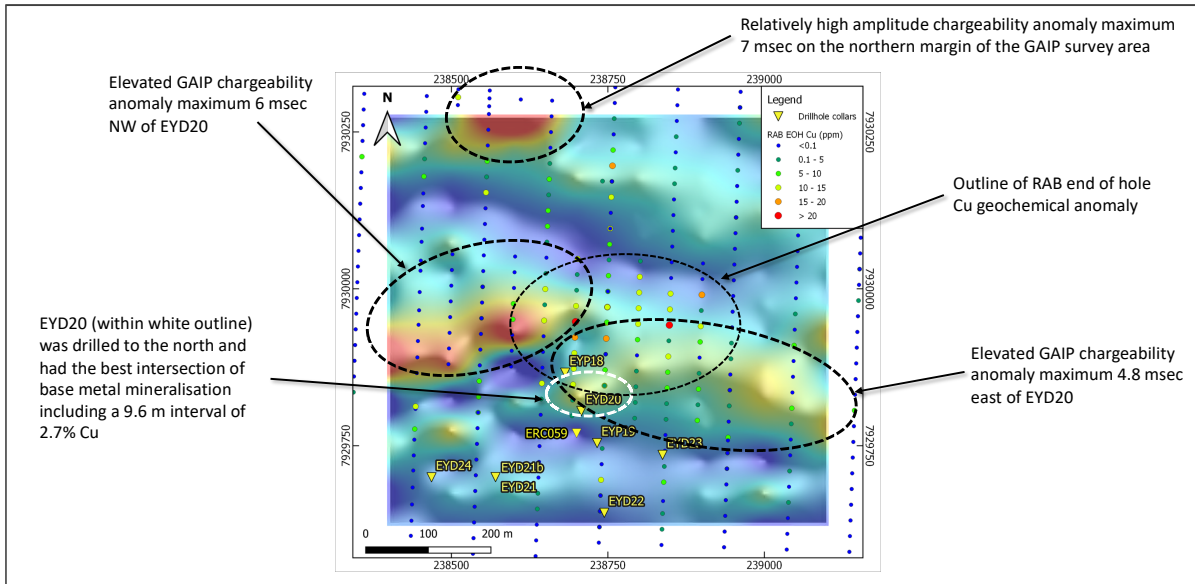


Figure 7. Landrigan Prospect GAIP survey results – chargeability *Image courtesy of Resource Potentials Pty Ltd* (For details of historical drilling refer to the Company's ASX Announcement dated 15 August 2018).

Interpretation of historical exploration work at the Landrigan Prospect projected the mineralised sulphide zone as a south dipping source for the bedrock Cu-Pb-Zn geochemical anomalism. However, the recent GAIP chargeability response from multiple receiver spacings, and a single DDIP survey line suggests a northerly dipping sulphide target source, which is untested by historical drillholes (Figure 8).

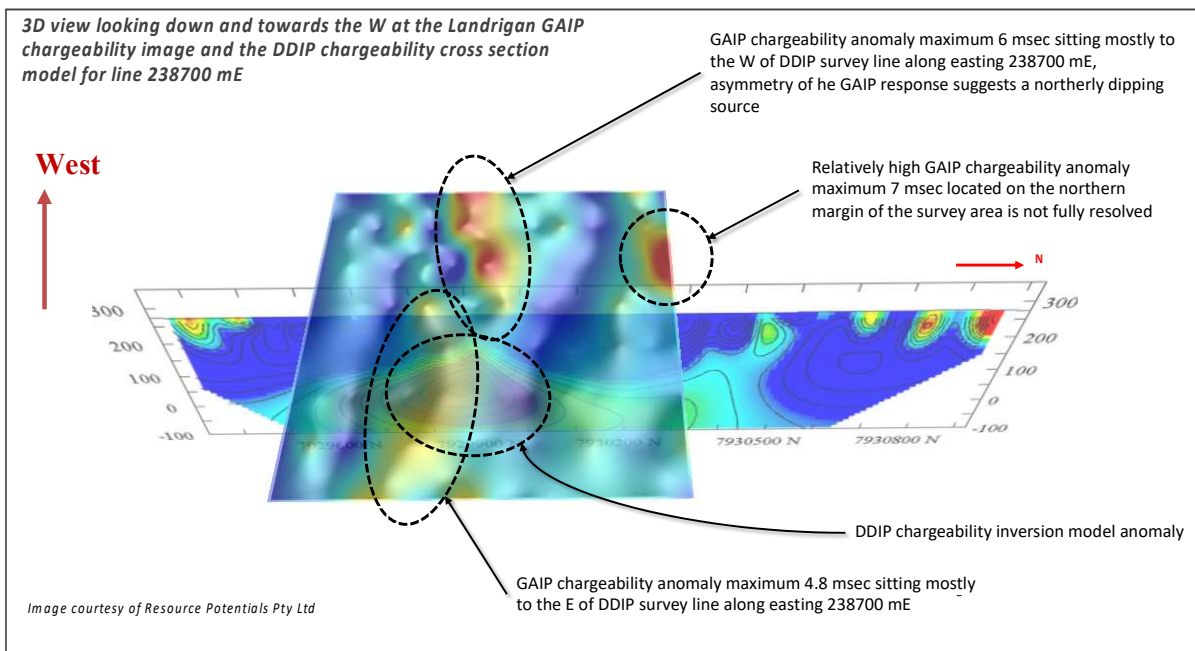


Figure 8. Landrigan Prospect 3D view of IP chargeability results. *Image courtesy of Resource Potentials Pty Ltd*.

Preliminary Drillhole Planning

Preliminary drillholes at both the Eastman and Landrigan prospect areas have been designed to test the anomalous IP responses identified within the Eastman Project which are not explained by existing drilling (Figures 9 and 10).

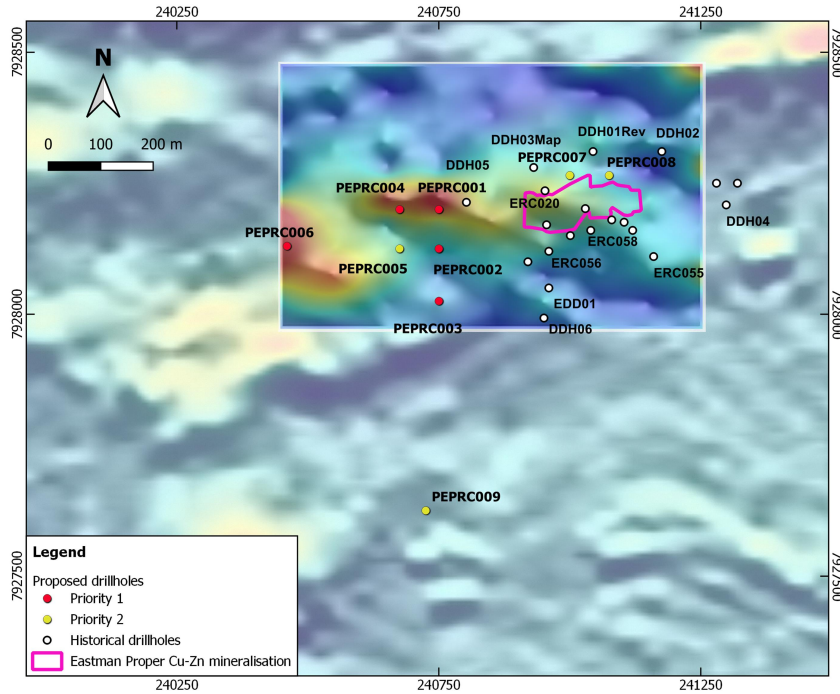


Figure 9. Eastman Prospect proposed drillhole collar locations (red and yellow), historical drillhole, collars (white), and surface projection outline of known Eastman mineralisation (purple), all overlain on an image of GAIP chargeability over magnetic image anomaly pattern.

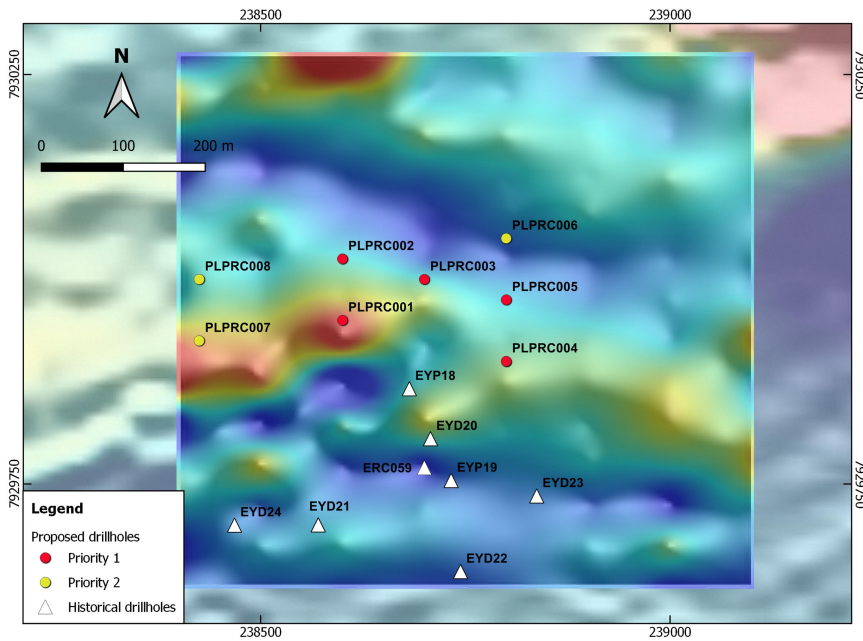


Figure 10. Landrigan Prospect proposed drillhole collar locations (red and yellow), historical drillhole collars (white), all overlain on an image of GAIP chargeability over magnetic image anomaly pattern. .

Future IP surveys

The IP survey method utilising a high power transmitter and networked receiver array has proven to be an effective tool for subsurface exploration for Eastman style prospects in order to detect potential disseminated to brecciated Cu and Zn bearing sulphide bodies, and is therefore suitable for other prospects within the Eastman and Wirana Project areas, with prospective host rock geology and geochemical anomalism. Peako is carrying out further historical data compilation, integration, analysis and detailed interpretation to identify the most prospective areas and target zones within both the Eastman and Wirana Project areas, in order to optimise the location of future IP and other geophysical surveys.

Gold Prospectivity

In addition to being prospective for base metals mineralisation, both the Eastman and Wirana project areas have potential for gold mineralisation associated with VMS deposits, PGE reefs and quartz veins.

The geology of the areas suggests that a diverse range of Proterozoic (1850-1500Ma) “orogenic” gold deposit models could be considered, such as quartz vein-hosted, shear zone-hosted, BIF-hosted, ironstone-hosted, calc silicate-hosted, black shale-hosted, Coronation Hill Au-PGE and epithermal Au-Cu-Mo deposits.

Previous explorers have also noted the potential of the tenement areas for gold deposits (eg, Geopeko and Navigator). There has been no systematic effort directed towards exploring either project area for gold. Very minor exploration for orogenic gold deposits has been confined to the eastern end of the Eastman tenement and the north eastern end of the Wirana tenement and was not followed up, despite anomalous sample results.

A helicopter sampling survey conducted across both tenements in September 2018 included sample locations selected with a bias toward potential gold mineralisation, based on an initial desktop study of historical exploration. Results from that rock sampling survey are being integrated with geoscientific datasets to interpret regolith and basement geology, and structures that may relate to gold mineralisation.

Paterson Province Projects

Peako’s Broadhurst Project tenement is located in the Rudall River area of the Paterson Province of Western Australia, known for its gold, base metals and uranium potential (Figure 11).

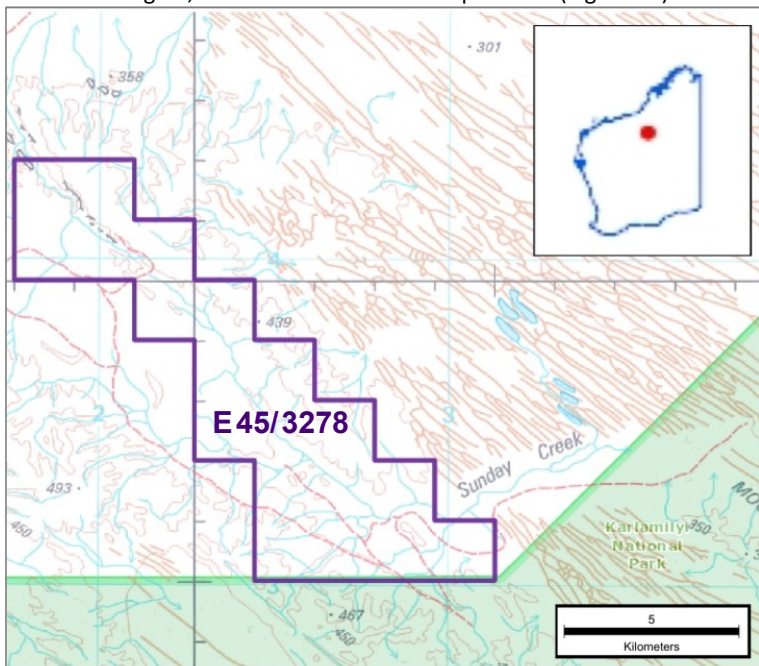


Figure 11. Broadhurst Project tenement location

Historically, the Broadhurst Project has mainly been explored for uranium mineralisation in the eastern part of the project area, with little exploration carried out for base metal mineralisation.

According to historical geological mapping, the bedrock geology of the project area is entirely made up of carbonaceous shales and siltstones of the Broadhurst Formation, and quartz sandstones and siltstones of the underlying Coolbro Sandstone Formation.

The location of Broadhurst Formation shales are shown in regional GSWA bedrock geology maps to extend along strike to the north west of Sunday Creek, where the shale units host the Metals X Nifty Cu deposit, as well as several Cu and other base metal prospects (mainly Pb-Zn) held by others.

Peako is using geological, geochemical and geophysical methods to identify base metal target zones for investigation. Previously acquired open-file airborne EM survey data acquired along 1km spaced east-west flight lines has been re-processed to assist with highlighting broad scale conductivity patterns, estimating thickness of regolith and Permian Paterson Formation sedimentary cover, and estimating depth to top of conductive Broadhurst Formation shale units.

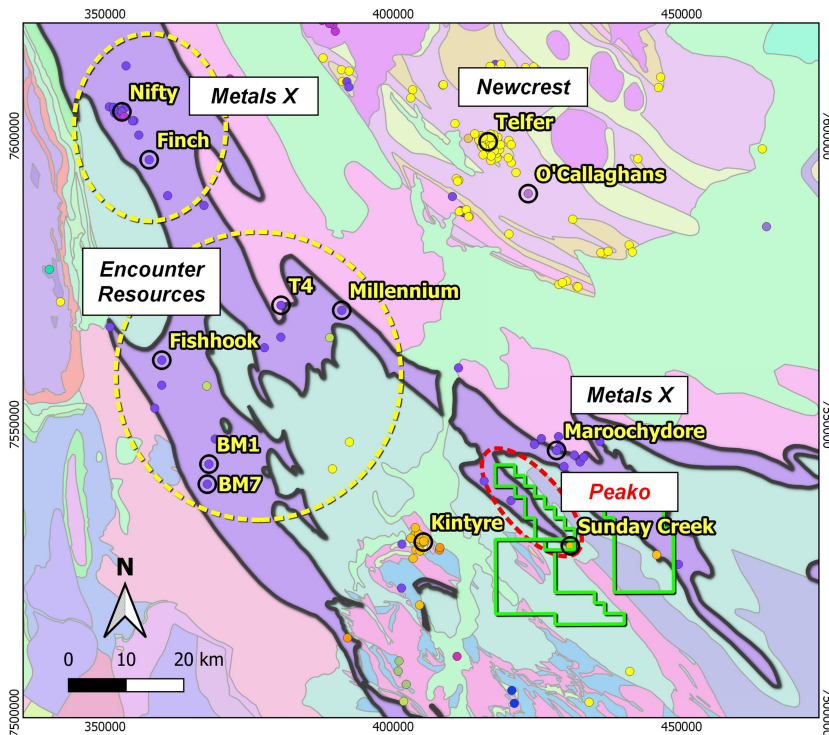


Figure 12. Broadhurst Formation (blue) with tenement outlines (green) and key mineral prospects and mines.

3D inversion modelling has been carried out on a high-resolution airborne magnetic survey data set acquired by Peako in 2008. As well as potentially identifying relatively shallow pyrrhotite rich beds within the Broadhurst Formation sitting below regolith cover, the resulting magnetic inversion models can be used to assist with mapping and targetting of prospective fold and fault structures within the Broadhurst Formation for hosting sedimentary replacement style base metal mineralisation.

Peako also has three long standing applications for exploration licences located close to its Broadhurst Project tenement (Figure 13).

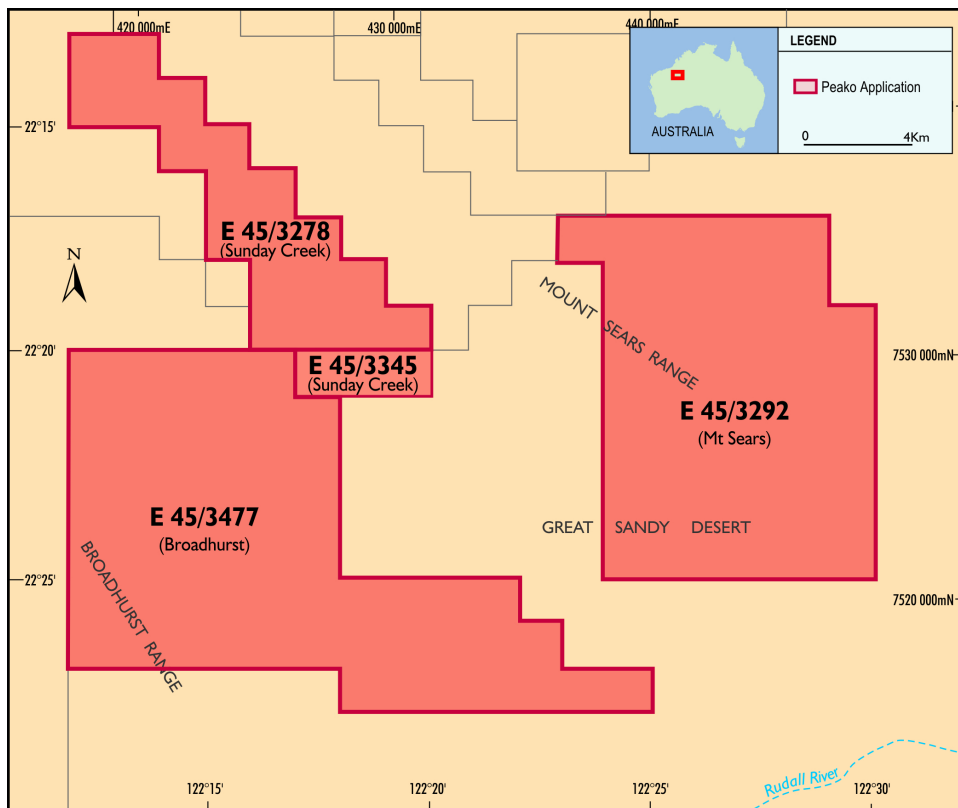


Figure 13. Paterson Province granted exploration licence E45/3278 and exploration licence application areas (EL45/3292, -3345 and -3477).

Runton Project and Durack Ranges Project

Peako has term sheet arrangements in relation to two other exploration projects in Western Australia; the Runton Project and Durack Ranges Project.

Runton Project

Peako is earning a 25% interest in E45/3637, located in the Pilbara region of Western Australia, by meeting Farmin Expenditure to a cap of \$45,000.

The tenement was granted in October 2014 and exploration targets include base metals mineralisation in Neoproterozoic sediments (Nifty-style) and diamond targets comprised of three magnetic features; a northern dyke-like target, a central large circular anomaly and a southern dyke-like target. 60kg of samples have recently been sent to Geoanalytical Laboratories Saskatchewan Research Council for micro diamond recovery via caustic fusion treatment.

Durack Ranges Project

Peako has the right to earn a 45% interest in E80/5080 (aving been applied for in 2017), by meeting Farmin Expenditure totalling \$95,000 over a three-year period. Located 148km north of Halls Creek in the Kimberley region of Western Australia, E80/5080 is considered prospective for the discovery of diamondiferous kimberlites.

CORPORATE

Peako intends to conduct a pro-rata entitlements offer to shareholders during the second calendar quarter of 2019 in order to fund its planned drilling program at the Eastman tenement.

SUBSEQUENT EVENTS

There has been no significant after balance date event up to the date of signing this report.

Auditor independence

Section 307C of the *Corporations Act 2001* requires our auditors, Grant Thornton Audit Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the half yearly report. This Independence Declaration is set out on the following page and forms part of this directors' report for the period ended 31 December 2018.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read 'R Clark', is positioned above the printed name of the director.

Rae Clark
Director
Melbourne, 15 March 2019

Auditor's Independence Declaration

To the Directors of Peako Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Peako Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B L Taylor
Partner – Audit & Assurance

Melbourne, 15 March 2019

**Consolidated Statement Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2018**

	Consolidated	
	31 December 2018	31 December 2017
	\$	\$
Revenue		
Financial income	73	379
	<u>73</u>	<u>379</u>
Expenses		
Administrative expenses	(87,124)	(66,154)
Professional and consultancy fees	(21,150)	(11,120)
Exploration expenditure incurred	(2,204)	(2,199)
Other expenses	(1,379)	(9)
	<u>(111,857)</u>	<u>(79,482)</u>
Loss before income tax expense	(111,784)	(79,103)
Income tax expense	-	-
Net Loss for the half-year	(111,784)	(79,103)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Foreign exchange loss on translation of subsidiary financial statements	64	(80)
Other comprehensive income, net of tax	64	(80)
Total comprehensive income for the half-year	(111,720)	(79,183)
Basic and diluted loss per share (cents per share)	(0.16)	(0.15)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**Consolidated Statement of Financial Position
as at 31 December 2018**

		Consolidated	
		31 December	30 June
		2018	2018
	Note	\$	\$
Current Assets			
Cash and cash equivalents		22,162	191,419
Trade and other receivables		9,992	5,182
Total Current Assets		32,154	196,601
Non-Current Assets			
Trade and other receivables		6,296	6,012
Minerals exploration and evaluation assets		310,855	86,204
Total Non-Current Assets		317,151	92,216
Total Assets		349,305	288,817
Current Liabilities			
Trade and other payables		71,742	49,534
Borrowings	6	150,000	-
Total Current Liabilities		221,742	49,534
Total Liabilities		221,742	49,534
Net Assets		127,563	239,283
Equity			
Issued capital		37,106,549	37,106,549
Reserves		34,054	33,990
Accumulated losses		(37,013,040)	(36,901,256)
Total Equity		127,563	239,283

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

**Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2018**

Consolidated	Issued capital \$	Options reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance 1 July 2018	37,106,549	33,744	246	(36,901,256)	239,283
Loss for the period	-	-	-	(111,784)	(111,784)
Other comprehensive income	-	-	64	-	64
Total comprehensive profit for the half-year	-	-	64	(111,784)	(111,720)
Balance at 31 December 2018	37,106,549	33,744	310	(37,013,040)	127,563
Balance 1 July 2017	36,808,483	33,744	255	(36,744,834)	97,648
Loss for the period	-	-	-	(79,103)	(79,103)
Other comprehensive income	-	-	(80)	-	(80)
Total comprehensive profit for the half-year	-	-	(80)	(79,103)	(79,183)
Issue of shares	303,031	-	-	-	303,031
Balance at 31 December 2017	37,111,514	33,744	175	(36,823,937)	321,496

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

Consolidated Statement of Cash Flows
for the half-year ended 31 December 2018

	Consolidated	
	31 December	31 December
	2018	2017
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(100,818)	(81,055)
Interest paid	73	309
Net cash outflow from operating activities	(100,745)	(80,746)
Cash flows from investing activities		
Payments for minerals exploration expenditure	(218,524)	(23,277)
Net cash (outflow) / inflow from investing activities	(218,524)	(23,277)
Cash flows from financing activity		
Proceeds from new share issues	-	315,023
Costs of new share issues	-	(7,815)
Proceeds from borrowings	150,000	-
	150,000	307,208
Net (decrease) / increase in cash held	(169,269)	203,185
Cash at the beginning of half-year	191,419	112,685
Effect of exchange rate fluctuations on cash held	12	(9)
Cash at the end of the half-year	22,162	315,861

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

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2018

Note 1: Statement of significant accounting policies

Peako Limited ("Peako" or "the company") is a for-profit company incorporated and domiciled in Australia with its registered office and principal place of business located at Level 21, 500 Collins Street, Melbourne, Victoria 3000. The consolidated financial report of the company for the half year ended 31 December 2018 comprises the company and its subsidiaries (together referred to as the "consolidated entity" or "the group") and the consolidated entity's interest in joint operations.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the annual financial report.

The half year financial report should be read in conjunction with the Annual Financial Report of Peako Limited as at 30 June 2018.

It is also recommended that the half year financial report be considered together with any public announcements made by Peako Limited and its controlled entities during the half year ended 31 December 2018 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the Listing Rules of the ASX.

(a) Basis of preparation

These general purpose financial statements for the half year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

The half year financial report has been prepared on an historical cost basis less impairment losses, except for financial assets at fair value through other comprehensive income that are measured at fair value. For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

Going concern

For the half year ended 31 December 2018 the Group incurred a net cash outflow from operating and investing activities of \$319,269 (2017: \$104,023) and a net loss after tax of \$111,784 (2017: \$79,103). As at 31 December 2018, the Group has negative working capital of \$189,588 (30 June 2018: positive working capital \$147,067).

The financial report has been prepared on a going concern basis. Directors expect that the Group will be able to successfully raise sufficient funding to enable it to continue as a going concern for at least 12 months from the signing of the half-year financial report.

(b) New and revised accounting standards applicable for the first time to the current half-year reporting period

The group has adopted all new and revised Australian Accounting Standards and Interpretations that became effective for the first time and are relevant to the group. The adoption of the new and revised Australian Accounting Standards and Interpretations, including AASB 15 Revenue from Contracts with Customers, has had no significant impact on the group's accounting policies or the amounts reported during the current half-year period. The group has no revenue from contracts with customers in the half-year to 31 December 2018 and in the year ended 30 June 2018.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

The Group has assessed the classification and measurement of the Group's financial liabilities and financial assets.

When adopting AASB 9, the Group has applied transitional relief and elected not to restate prior periods. Rather, differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

The table below outlines the accounting treatment for financial assets and financial liabilities under AASB 139 as compared to AASB 9

Financial instrument	Previous AASB 139	Current AASB 9
Security deposits	Amortised cost	Amortised cost
Trade and other payables	Amortised cost	Amortised cost
Borrowings	Amortised cost	Amortised cost
Derivative financial instruments	Fair value through profit or loss	Fair value through profit or loss

The Group's other receivables do not meet the definition of a financial asset as they include GST receivable and prepayments. As a result, Group management is satisfied that there is no impact from the transition from AASB139 to AASB9.

Impairment of financial assets

AASB 9's new impairment model use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Note 2: Segment information

Segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the directors.

At regular intervals, the board is provided management information at a group level for the company's cash position, and a company cash forecast for the next twelve months of operation.

On this basis, no segment information is included in these financial statements.

Note 3: Issued Capital

No shares were listed. As at 31 December 2018 there were 72,020,678 fully paid ordinary shares on issue (30 June 2018: 72,020,678).

Note 4: Options

No options were granted. As at 31 December 2018 there were 26,001,541 options on issue (30 June 2018: 26,001,541).

Note 5: Events subsequent to reporting date

There has been no significant after balance date event up to the date of signing this report.

	Consolidated	
	31/12/18	30/6/18
	\$	\$
Note 6: Borrowings		
Balance at the beginning of the period	-	-
Loan funds received	150,000	-
Balance at the end of the period	150,000	-

The group has a line of credit facility up to \$250,000 from Australis Finance Pty Ltd (a director-related entity of EG Albers), secured by a floating charge and an interest rate of 7%p.a.

Note 7: Mineral exploration costs

Areas of interest in the exploration and evaluation phase

Balance at the beginning of the period	86,204	8,322
Costs for the year	224,681	77,882
Balance at the end of the period	310,855	86,204

The recoupment of exploration project acquisition costs carried forward is dependent upon the recoupment of costs through successful development and commercial exploitation, or alternatively by sale of the respective areas. Exploration assets relate to the areas of interest in the exploration phase for minerals exploration licences as shown in the table below:

31/12/2018	30/06/2018	Notes
E 45/3278	E 45/3278	<i>Granted 30 September 2016</i>
E 80/4990	E 80/4990	<i>In November 2017 the company executed an agreement with Sandrib Pty Ltd under which it has the right to earn a 60% interest</i>
E 80/5182	E 80/5182	<i>Granted 28 September 2018</i>
E 45/3637	-	<i>In September 2018 the group executed an agreement with MDR (Thompsons) Pty Ltd under which it has the right to earn a 25% interest</i>

	Consolidated	
	31/12/18	31/12/17
Note 8: Commitments for expenditure		
Not longer than 1 year	128,919	88,000
Longer than 1 year and not longer than 5 years	914,500	40,000
	1,043,419	128,000

Expenditure commitments (minerals)

The Group has a commitment in minerals tenements E45 /3278 which has a current year commitment of \$20,000. The permit year ends 29 September each year and currently expires 29 September 2021.

The Group has a commitment in minerals tenements E80 /5182 which has a current year commitment of \$168,000. The permit year ends 27 September each year and currently expires 27 September 2023.

In November 2017 the Group signed a farmin agreement in relation to the tenement E80/4990. Following the expenditure of \$68,000 in the first permit year (ending 3 October 2018) Peako may spend \$600,000 to earn a 60% interest in the tenement with the right to exit the arrangement after spending the initial \$68,000 and after spending an aggregate \$193,000.

In September 2018 the Group signed a farmin agreement in relation to the tenement E45/3637. Following the expenditure of \$45,000 in the first six months following execution of the agreement Peako will earn a 25% interest in the tenement. From then Peako will contribute 25% of costs.

Directors' Declaration

In the opinion of the directors:

1. The accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - a. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year then ended; and
 - b. complying with Australian Accounting standards AASB 134 Interim Financial Reporting, and the Corporations Regulations 2001 and other mandatory professional requirements.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.



Rae Clark
Director
Melbourne, 15 March 2019

Independent Auditor's Review Report

To the Members of Peako Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Peako Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Peako Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 1(a) in the financial report, which indicates that the Group incurred a net loss of \$111,784 during the half year ended 31 December 2018 and, as of that date, the Group's current liabilities exceeded its current assets by \$189,588. As stated in Note 1(a), these events or conditions, along with other matters as set forth in Note 1(a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Peako Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B L Taylor

Partner – Audit & Assurance

Melbourne, 15 March 2019