Peako LIMITED

ASX RELEASE

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Peako Corporate and Recapitalisation Proposal

1. Overview

The Board of Peako Limited (ASX:PKO) (Peako or the Company) wishes to update shareholders on a series of initiatives to re-establish the Company with a clean balance sheet, a workable capital structure, new funding and a new name. This will provide the platform for the Company to expand its oil and gas focussed business strategy and to concurrently pursue its legal rights in the Philippines.

1.1 Existing Resource Projects

The SC6 Cadlao re-development project offshore the Philippines, in which the Company has several interests, has struggled for some years due to partner disputes and contractual difficulties.

The prospectivity of the Company's interest in the South Block A (SBA) exploration PSC in Indonesia was downgraded following the acquisition and interpretation of new 2D seismic data in 2014/2015. The Board therefore decided to sell the Company's SBA interest, which was approved by shareholders in May 2015. Peako retains a residual interest in connection with the SBA exploration PSC, being a loan to South Block A joint venture partner PT Realto Energi Nusantara Corelesi (Renco) of US$585,000 which includes the right to recover the Renco Loan (and interest) from Renco's share of proceeds from any future production, should production eventuate, from the SBA PSC.

The Company also a series of applications for exploration licences in the area of Sunday Creek and Mount Sears in the Rudall River area of the Paterson region of Western Australia. The Paterson region is well known for its uranium potential, hosting Australia's fifth largest uranium deposit at Kintyre. One of these applications, E45/3278, is currently being assessed for expedited approval and the Company is engaged in the Native Title consultation process.

Whilst the Board considers that Peako has a strong legal position in relation to its Cadlao interests, it understands that investors are unlikely to ascribe material value to the Cadlao Project, and have recognised this in the Company's accounts. A commercial view must be taken, and the Board is actively looking for new opportunities.

With this objective, the Company is negotiating a new equity financing and plans to continue with its core business of identifying, exploring and developing oil and gas projects. The Board considers that the current industry down turn provides significant low cost asset opportunities.

Chairman Geoff Albers commented "The corporate and recapitalisation proposal offers shareholders the opportunity to continue exposure to natural resources exploration and development, while retaining the benefit of a possible settlement of the Filipino dispute."

2. Corporate Restructuring

2.1 Debt restructuring

As announced in late 2015, the Company successfully restructured its debt with Octanex of $1,284,744, which was otherwise due for repayment in June 2016, (Octanex Loan). The Octanex loan has been converted into a proceeds-sharing arrangement whereby Octanex will share in any proceeds that Peako receives in connection with any of its Cadlao interests.

As a result, Peako is now debt-free, leaving Peako in a position to raise funds as set out below.

2.2 Recapitalisation

The company plans to raise a total of $680,253 in new equity funding before costs, through a renounceable rights issue. The entitlement offer is proposed to be the acquisition of 1 Peako shares for every 1 share held at a price of $0.001 cent per share. The company is discussing partial underwriting of the entitlement offer by Natural Resources Group Pty Ltd.

2.3 Capital Consolidation

Following the renounceable rights issue, if fully subscribed, it is anticipated that the Company will have 1,360,506,494 shares on issue. The Board considers that a subsequent share consolidation will assist in making the Company an attractive investment vehicle for investors and project partners. The Company proposes, subject to shareholder approval, to consolidate its share capital by a ratio of 1 new share for every 20 existing shares. The new post consolidation structure of Peako in this event would be 68,025,324 shares.

2.4 Change of Company Name

Shareholders approved the change of name on 26 November 2015 to Peako Limited, proposed by the Board in order to avoid any association with the now-discredited term "peak oil" (as in "Peak world oil production"), to shorten the name in order to develop the corporate brand "Peako" and to maintain the name in keeping with its ASX code PKO.

3. Company Strategy

The Board seeks to grow the Company through the acquisition of a new oil and gas based project. This objective is within the Board's technical and financial experience and capacity.

Moreover, the current cycle of the oil and gas industry can be expected to present significant low cost asset opportunities.

Although the oil and gas industry is generally regarded as high risk, relative to other industries, it encompasses opportunities with differing risk profiles ranging from low to high risk. Peako's Board intends to focus on asset opportunities with low to moderate risk profiles. Features of the types of opportunities are further described below.

Risk Profile	**Location of Opportunity**	**Key Criteria of Opportunity**
Low	Offshore (<250m water depth)	• Undeveloped Proved Resources • Prospective for Oil recovery • Good fiscal terms • Political stability of host country • Stable partners
Moderate	Offshore	• Proven basin • Good data availability • Good fiscal terms • Political stability of host country • Stable partners

Rae Clark
Company Secretary and Director

Annexure A SC6 Cadlao - Cadlao Oilfield Re-development Project, the Philippines

SC6 Cadlao – project history and overview

The SC-6 Service Contract, located in the Palawan Basin, offshore the Philippines, was granted on 1 September 1973. The Cadlao Oil Field, which is located within the SC6 contract area, was discovered by Amoco in 1977. Between 1981 and 1991, 11.1 MMBBLs of oil was produced, based on sparse 2D seismic. The field was shut-in in 1991 in response to declining production, low oil price and escalating costs.

In 1996, 3D seismic data was acquired over the permit as part of a regional 'spec' 3D seismic survey. Interpretation of this seismic data identified additional 2P reserves of 6MMBBL (Gaffney Cline & Associates estimate) up-dip from the Amoco wells.

The Cadlao oil project is a redevelopment project targeting the 6mmbl of oil reserves and located in shallow water (c.20m water depth). It is intended to be developed via drilling and production from a jack-up drilling rig with export of crude to a moored vessel.

Peako's interests in relation to the SC6 Cadlao Oilfield re-development project are as follows:

- A 25% Cadlao joint venture interest (held in trust by Cadlao Development Company Limited (Cadco)) or, alternatively, an entitlement to receive A$6.7 million as consideration for the Buyback of the 25% interest (see Cadco Buyback Right); and
- A prospective indirect economic interest held by way of a 40% shareholding held by our subsidiary, Energy Best Limited (EBL), in VenturOil Philippines Inc (VenturOil) (itself a 20% interest holder in the Cadlao Joint Venture).
- A 5% interest in the Service Contract SC6 Cadlao held by VenturOil in trust for EBL.
- An aggregate 80% interest in 3.3% overriding royalty interests of all gross production from the Cadlao Oil Field held by Peako Royalties Limited.
- A loan receivable from VenturOil Philippines Inc of US$736,188 (A$954,672).

SC6 Cadlao –Background to each of Peako's interests and involvements

25% interest in SC6 Cadlao (or alternatively Cadco Buyback Right)

In 2010, Peako entered a Farmin Agreement with BPPL, pursuant to which Peako would earn a 50% interest in SC6 Cadlao. An initial 25% was earned through satisfaction of certain conditions precedent and is held on trust for Peako by BPPL (now named Cadco). The further 25% was to be earned upon Peako securing funding for the development. In 2012, BPPL sought to terminate the Farmin Agreement for noncompliance by Peako with the funding obligation provisions of the Farmin Agreement. Peako disputed the validity of the termination and litigation and arbitration proceedings ensued. Importantly, this earned 25% interest is subject to a "Buy-back Right".

Cadco Buyback Right

As a result of the termination of the Farmin Agreement with BPPL (now Cadco), Peako has a right to receive buy-back funds of $6.7million from Cadco. This arose in May 2012 as a result of BPPL (now Cadco) giving notice to Peako of termination of the Farmin Agreement and in so doing, exercised the "Buyback" remedy under the Farmin Agreement. That remedy is for Cadco to pay the "Buyback Price" ($6.7 million) to Peako to buy back Peako's 25% working interest, held in trust by BPPL.

Peako, in mid 2014, agreed terms for settlement of the Buyback Right with Cadco, and in July 2014 a settlement agreement was executed and formally announced. Cadco failed to make payment of the settlement amount under the settlement agreement. Peako accordingly recommenced arbitration action and is presently considering its options in relation to recovery actions in relation to the Cadco Buy-back Price.

Overriding Royalties

Prior to 2012, Peako also acquired an aggregate 80% interest in overriding royalty interests of a gross 3.3% of all production from the Cadlao Oil Field.

40% shareholding in VenturOil

In 2012, Peako, through a subsidiary, also acquired a prospective economic interest in SC6 Cadlao through a shareholding in VenturOil. The interest in VenturOil was effected through the acquisition of EBL, a then existing 40% shareholder in VenturOil, from Clove Capital Partners Limited.

5% interest in SC6 Cadlao

Peako's subsidiary, EBL, also has the right to a 5% interest in SC6 Cadlao, held in trust for it by VenturOil, to be carved out of VenturOil's 20% interest.

Loan to VenturOil

Peako and its subsidiaries have lent VenturOil US$736,188 (A$954,672) as shareholder loans. These are recoverable from VenturOil's entitlement to future production.

Current SC6 Cadlao Project Status

Following the termination of the Peako farmin, in 2012 BPPL entered into subsequent funding agreements with a private company, Viking Energy Philippines Limited (Viking) (a company associated with Mr Conrad Clauson), with Viking joining Blade Petroleum Limited (Blade) as a shareholder in BPPL. BPPL then changed its name to Cadlao Development Company Limited (Cadco). Cadco assumed Operatorship of the Joint Venture and Viking assumed funding responsibility. Project funding from Viking has not eventuated and Peako has been advised that the ownership and control of Cadco is now subject to material dispute between Blade and Viking, neither in any way related to Peako.

In February 2015, VenturOil claimed to terminate unspecified agreements between VenturOil and Peako on the basis that Peako is in breach of non binding "pre-funding obligations" (non-obligatory retainer fees) in favour of VenturOil. Peako is of the firm opinion that neither it, nor any subsidiary of it, is in breach of any obligation under any binding agreement with either VenturOil or its related entity, Figurado Energy Investment Holdings, and that there are no grounds for termination of any binding agreement.

Peako has appointed SyCip Salazar Hernandez & Gatmaitan as Filipino counsel to advise and assist in relation to the VenturOil interest