

28 July 2014

SC 6 CADLAO: CONDITIONAL SETTLEMENT AGREEMENT REACHED WITH CADCO

Peak Oil & Gas Limited (**Peak**) (ASX Code: PKO) holds interests in Service Contract SC6 Cadlao (**SC6 Cadlao**) in the Philippines which contains the Cadlao Redevelopment Project (**Cadlao Project**).

The Operator under SC6 Cadlao is Cadlao Development Company Limited (**Cadco**) formerly Blade Petroleum Ltd.

Peak's interests are:

- (a) A prospective interest of 25% in SC6 Cadlao pursuant to the Cadlao Farmin Agreement (**Cadlao FIA**) and the right to earn a further 25% interest in SC6 Cadlao or, alternatively, to receive a cash payment of approximately \$6.7 million, pursuant to the Cadlao FIA; and
- (b) the right to acquire an aggregate 16.25% economic interest in SC6 Cadlao through its partial ownership of VenturOil Philippines Inc and the related Shareholder Agreement (**VO Interest**).

As previously announced, Peak recommenced its arbitration process (**Arbitration**) in respect to its dispute with Cadco regarding the Cadlao FIA. The Arbitration has been temporarily suspended at the mutual agreement of both parties following the execution of a conditional settlement deed (**Deed**). The Deed requires Peak, *inter alia*, to:

- i. transfer its interests in Peak Royalties Limited which holds certain overriding royalty rights pertaining to SC6 Cadlao;
- ii. terminate the Cadlao FIA between Peak and Cadco which effectively releases any claim Peak has to direct working interests in SC6 Cadlao (not including the VO Interest); and
- iii. terminate the Arbitration

In return, Cadco will pay Peak an amount of c.\$6.7m.

The parties have agreed that settlement will take place on 6 August 2014, failing which the parties, unless otherwise agreed, will resume their original commercial and legal positions and the Arbitration will be immediately recommenced.

Peak will continue to retain its VO Interest regardless of the outcome of the settlement with Cadco.

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