Peak Oil & Gas Limited

ABN 79 131 843 868

Annual Report

for the year ended 30 June 2015

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Forward –looking Statements

This Financial Report includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

These factors include, among other things, commercial and other risks associated with the meeting of objectives and their investment considerations, as well as other matters not yet known to the company or not currently considered material by the Company.

Risk Factors

Exploration for and development of natural resources is speculative, expensive and subject to a wide range of risks. There can be no assurance that the activities of the Company will result in the discovery of petroleum or minerals, nor that any discovery or development will prove to be commercially viable. Individual investors should consider these matters in light of their personal circumstances (including financial and taxation affairs) and seek professional advice from their accountant, lawyer or other professional adviser as to the suitability of an investment in the company.

Corporate Directory

Directors

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

Company Secretary
Raewyn Clark

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Share Registry
Security Transfer Registrars Pty Ltd
770 Canning Highway, Applecross WA 6153
Email: registrar@securitytransfer.com.au
Ph: (08) 9315 2333
Fax: (08) 9315 2233

Securities Exchange Listing
ASX Limited
Level 8, Exchange Plaza
2 The Esplanade
Perth, WA, 6000
Website: www.asx.com.au

ASX Code: PKO
Incorporated in Western Australia 25 June 2008

Chairman's Letter

Dear Shareholders

The financial year commenced quite positively with a proposal by Cadlao Development Company Limited (Cadco) to settle a long-standing dispute with Peak with respect to activities within the Cadlao SC-6 service contract by the Cadlao Joint Venture in the Philippines. A Conditional Deed of Settlement and Release was prepared and executed by all parties which provided, inter alia, for the payment of A$6.7 million by Cadco to Peak. Unfortunately, Cadco failed to pay any of the monies due on the settlement date, and as a result, the previous impasse continued.

The seismic acquisition program in the South Block A (SBA) Production Sharing Contract (PSC) in North Sumatra, Indonesia had commenced just prior to the start of the year and continued well into the current financial year. We looked forward to confirmation of the various oil and gas leads that had been targeted by the survey.

However, following receipt of the SBA seismic data, the directors determined that the seismic data did not provide sufficient prospectivity that would facilitate successful farmout or new capital raising for an exploration well in the PSC. Accordingly, the Board sought purchasers for Peak's interest in the PSC after receiving approval from shareholders for the sale of that interest. The PSC had been due to expire in May 2015, but Peak was instrumental in obtaining a 19 month PSC term extension. As a result, the exploration well commitment was rescheduled to be drilled by December 2016. The extension enabled Peak to complete a transaction for the sale of its interest which, in turn, enabled Peak to reduce its debt to Octanex, which had funded the seismic program.

During the year Peak's involvement with the Cadlao Project suffered a further setback with the purported termination of Peak's prospective economic interest in the project held via VenturOil. Peak maintains that the termination is without basis and has appointed Filipino counsel to advise on Peak's position. This further dispute in relation to Cadlao is in addition to the existing dispute with the project operator, Cadco, relating to the termination by Cadco of a farmin agreement, some years ago now, made between Peak and Cadco.

The Company's mineral exploration interests presently consist of four applications for Exploration Licences for minerals in the Rudall River region of Western Australia. Of the four applications, we intend to focus our attention on ELA 45/3278 Sunday Creek.

The past financial year was a difficult one for junior resource companies. In December, the company advised that it would not be merging with Octanex NL and worked on refinancing the $2M debt outstanding to Octanex which was otherwise immediately due. This debt was restructured to provide the Company with opportunities to address its satisfaction.

Together with my family, I have invested significantly in Peak since early 2013. I share the disappointment of all shareholders regarding the outcome of the South Block A seismic survey and of the actions or inactions that see Cadlao utterly mired in contractual difficulties.

Your directors have chosen to impair all of the Company's assets; to reflect the uncertainty related to the Cadlao interests, both the project uncertainty and the uncertainty relating to the collection of the $6.7 million buyback right and other loans receivable, and as the early nature of the minerals interests does not satisfy the accounting standards for recognition as an asset. This has resulted in the position that the Company's balance sheet does not reflect any prospective value for any of the Company's interests. Your directors will continue to work to realize value from these interests.

Yours sincerely

EG Albers
Chairman
Peak Oil & Gas Limited

30 September 2015

Operations Report

Corporate

In December 2014 Peak withdrew its application to the Supreme Court for Orders to convene meetings to approve entering into Schemes of Arrangement with Peak's members and optionholders.

Those actions followed advice from Octanex NL ("Octanex") that it would not extend the "End Date" in the Implementation Agreement for the proposed Schemes of Arrangement beyond 31 December 2014. The Schemes could not be completed by that date.

Peak subsequently entered into a further agreement and associated security documentation with Octanex relating to a loan facility previously provided by Octanex in May 2014 pursuant to which Octanex agreed to fund the Company's budgeted outgoings to the end of December 2014 (mostly relating to Peak's share of costs of 2D seismic survey in South Block A, North Sumatra). The net balance owing under the loan facility at 30 June 2015 was $1,714,381. Both Peak and its subsidiary, Peak Oil & Gas (Australia) Pty Ltd, following an ASX waiver, granted charges over their assets to secure repayment of the Peak Group's indebtedness.

The amended agreement provides for extensions (with Octanex's approval) of the due date for payment of Peak's debt to Octanex on a rolling 60 day cycle for a maximum term of 18 months until 30 June 2016.

Shareholders approved the sale of Peak's interest in the South Block A Production Sharing Contract in May 2015. Following the sale Peak made a repayment to Octanex of $700,000 ($440,000 of this repayment was made on 2 July 2015, thus reducing the debt to $1,274,381 at that date).

During the year Peak significantly reduced its corporate overheads including cessation of payment of fees to directors until further notice.

Oil & Gas Interests

PHILIPPINES

SC6 (Cadlao) - Cadlao Oilfield Re-development Project, the Philippines

Peak has a number of separate legal and beneficial interests (all of which are subject to dispute in one form or another) in relation to the SC6 Cadlao Oilfield re-development project offshore the Philippines, as follows:

1. A 25% Cadlao joint venture interest (held in trust by Cadlao Development Company Limited (Cadco) or, alternatively, an entitlement to receive $6.7 million as consideration for the buyback of the 25% interest (see Cadco Buyback Right following); and

2. A prospective indirect economic interest held by way of a 40% shareholding in VenturOil Philippines Inc (VenturOil) (itself a 20% interest holder in the Cadlao Joint Venture) and a 5% interest in the Service Contract SC6 Cadlao held by VenturOil in trust for our subsidiary, Energy Best Limited. The 40% shareholding and subsequent associated funding obligation was to provide Energy Best with 75% dividend rights in respect to its 40% shareholding.

3. An aggregate 80% interest in overriding royalty interests relating to 3.3% of production held by Peak Royalties Limited

4. A loan receivable from VenturOil Philippines Inc for US$736,188

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 old producing wells.

A 100% interest in the Cadlao permit acreage was secured by Blade Petroleum Philippines Ltd (BPPL) (now Cadco) from local interests in 2007 and 2008. BPPL assumed operatorship and acquired and remapped the 3D seismic receded earlier to define significant up-dip structural potential of the field. BPPL subsequently transferred a 20% interest in SC6 Cadlao to VenturOil Philippines Inc (VenturOil).

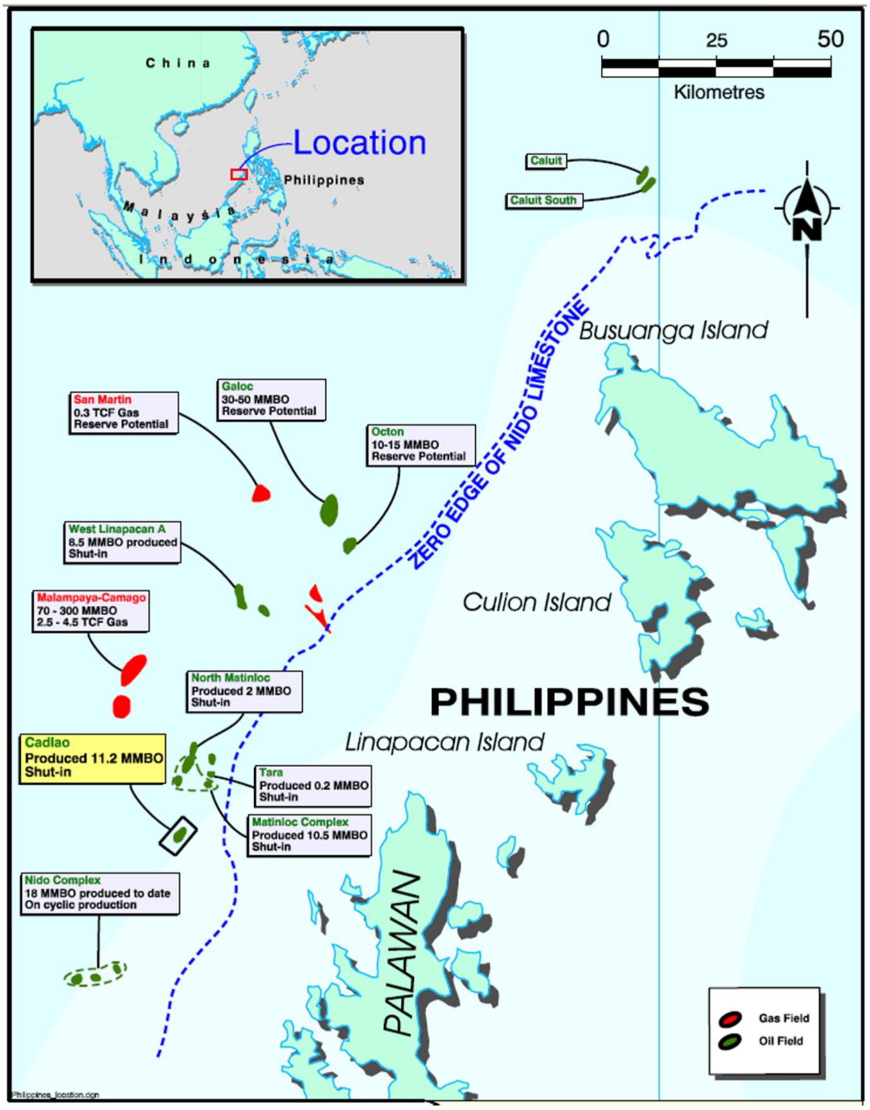

Figure 1 SC6 Cadlao Location Map

The Cadlao Oil project is a redevelopment project in shallow water (c.20m water depth) which is intended to be developed via drilling and production from a jack-up drilling rig with export of crude via a floating hose to a moored vessel.

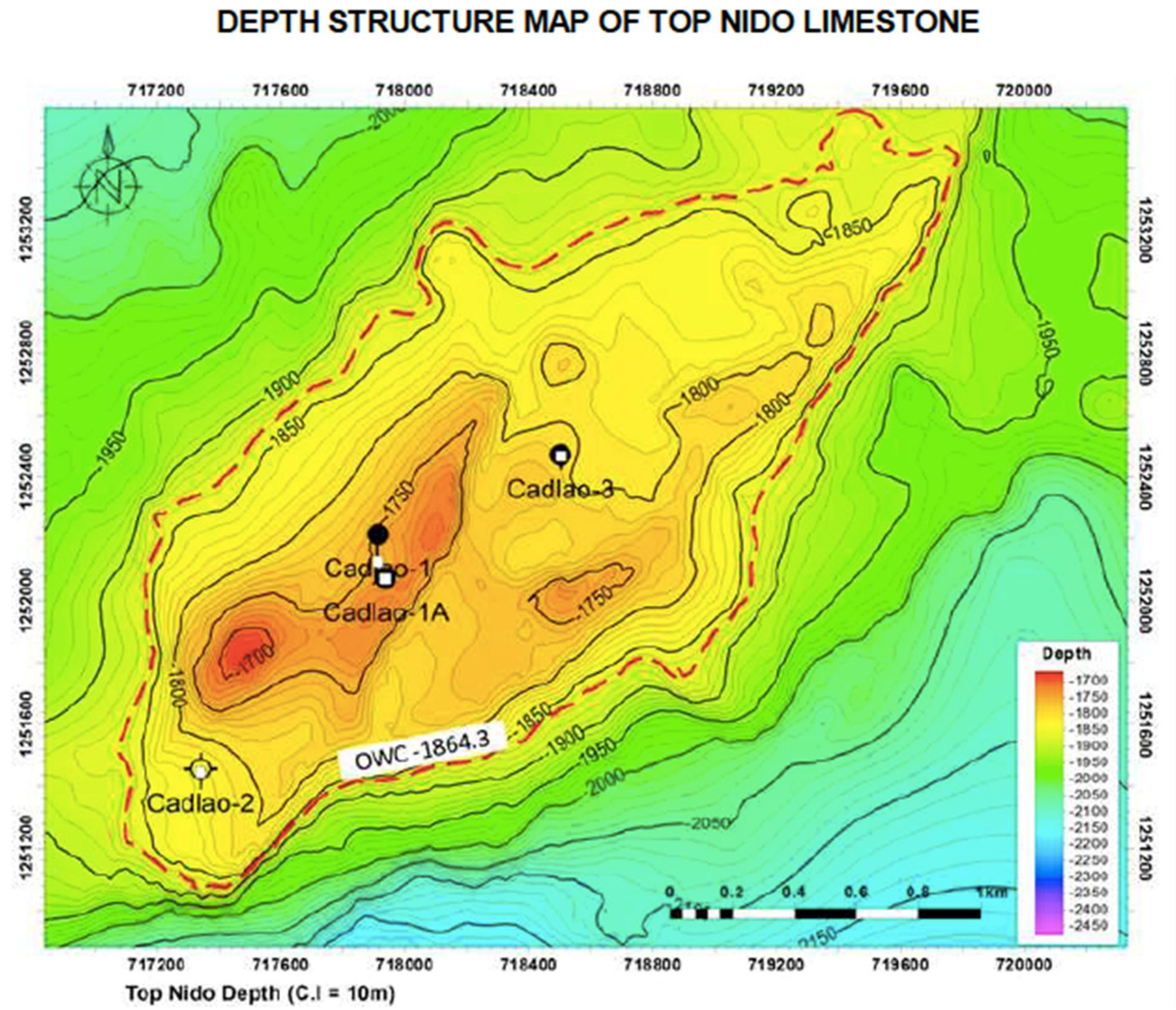

Figure 2 Cadlao depth structure map

SC6 Cadlao –Peak's interests and involvements

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

Prior to 2012 Peak also acquired an aggregate 80% interest in overriding royalty interests relating to 3.3% of production.

Peak, 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 Energy Best Limited, a 40% shareholder in VenturOil, from Clove Capital Partners Limited. Peak's subsidiary, Peak Singapore, is obliged to pay further consideration of US$2.8 million to Clove Capital Partners from the first two oil liftings, provided that Peak Singapore retains its economic interest in the Cadlao Project via VenturOil, unless it has lost that interest by virtue of gross negligence.

A subsequent agreement was entered into between Energy Best and VenturOil relating to the funding of VenturOil's 20% interest. This involved a pre-condition requiring a variation allowing Energy Best's 40% shareholding in VenturOil to provide 75% dividend rights. Energy Best 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. Under this agreement with VenturOil, Energy Best is required to fund VenturOil's 20% share of development costs of the Cadlao Project. VenturOil is obligated to reimburse these costs to Cadco following the "spudding" of the first development well.

Peak and its subsidiaries have lent VenturOil US$736,188 (A$954,672) as shareholder loans. There is uncertainty regarding the practical ability of Peak to recover these funds.

In February 2015, VenturOil claimed to terminate unspecified agreements between VenturOil and Peak on the basis that Peak is in breach of non binding "pre-funding obligations" (retainer fees) in favour of VenturOil. Peak 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.

Cadco Buyback Right

As a result of the termination of the farmin agreement with BPPL (now Cadco), Peak has a right to receive buy-back funds of $6.7million from Cadco. In May 2012, BPPL (now Cadco) gave notice to Peak of termination of the farmin agreement and in so doing, exercised the "buy-back" remedy under the farmin agreement. Pursuant to the farmin agreement, that remedy is for Cadco to pay the "Buy-back Price" ($6.7 million) to Peak to buy back Peak's 25% working interest, held in trust by BPPL.

Peak has previously agreed terms for settlement of the Buyback Right with Cadco, with a final form of settlement agreement having been negotiated on a number of occasions, and in July 2014 a settlement agreement was executed. Cadco failed to make payment of the settlement amount under the settlement agreement. Peak accordingly recommenced arbitration action and is presently considering its options in relation to recovery actions in relation to the Cadco Buy-back Price.

SC6 Cadlao Project Status

Following the termination of the Peak farmin, in 2012 BPPL entered into funding agreements with Viking Energy Philippines Limited (Viking) at the corporate level 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 Peak understands that the ownership and control of Cadco is now subject to material dispute between Blade and Viking, neither in any way related to Peak.

Given the multi-dispute nature of both the Cadco interest and the VenturOil interest, Peak is presently not receiving copies of Department of Energy communication relating to SC6 Cadlao.

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

INDONESIA

South Block A PSC – North Sumatra, Indonesia – disposed of during the year

In June 2015, following disappointing outcomes from the seismic program completed during the year and following receipt of approval of shareholders in General Meeting, Peak sold the Company's indirect effective 38.25% interest in the South Block A PSC and associated intercompany debt for consideration of $800,000. The South Block A interest was held by Peak Oil & Gas (SBA) Pte Ltd as the holder of 75% of the shares in Renco Elang Energy Pte Ltd (REE), which in turn is the 51% participant and Operator in the South Block A PSC.

Granted in 2009, the South Block A PSC is in Year 6 of the extended Initial Exploration Period with an exploration well required to be drilled in order to satisfy the Firm Work Commitment obligation of the permit.

Following receipt of the seismic data acquired over the most prospective leads in South Block A, the directors determined that the seismic data did not provide sufficient prospectivity to facilitate financing efforts for an exploration well in the permit. Accordingly, the Board sought purchasers for Peak's interest in permit after receiving approval from shareholders for the sale of that interest. The permit had been due to expire in May 2015. Peak was instrumental in obtaining a 19 month permit term extension, with the exploration well commitment rescheduled to be drilled by December 2016. The extension enabled Peak to complete a transaction for the sale of its interest, which in turn enabled Peak to reduce its debt to Octanex.

The Peak Board sought proposals and considered numerous avenues for a transaction, mindful of Peak's need to fund its ongoing participation in South Block A, Peak's need to address its debt situation and Peak's general financial position.

The sale was effected between Peak's wholly owned subsidiary Peak Oil & Gas (Australia) Pty Ltd (POGA) and Bow Energy International Holdings Inc (Bow), a subsidiary of ACL International Ltd, a company listed on the Ventures Board of the Toronto Stock Exchange. The sale saw POGA transfer to Bow, the one issued share of Peak Oil & Gas (SBA) Pte Ltd and assign to Bow the benefit of the US$4,164,673 (A$5,218,335) intercompany debt owed by Peak Oil & Gas (SBA) Pte Ltd to POGA.

South Block A – Renco Loan

Peak retains the benefit of a loan of US$585,000 (A$761,719) made to PT Realto Energi Nusantara Corelasi (Renco), an 18.125% shareholder in REE. This loan is governed by the REE shareholder agreement and is repayable to Peak by Renco. Peak's right to the benefit of this loan was expressly not extinguished by the sale of its shares in REE. In practical terms, Peak's ability to recover this amount is only likely to be realised from Renco's share of any future revenue from the South Block A PSC.

Mineral Exploration Interests – Western Australia

Peak has had applications afoot for a number of years over four 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. Uranium deposits within the Coolbro Sandstone are known in both the Sunday Creek and Mount Sears prospects. Both prospects are polymetallic, containing copper and lead.

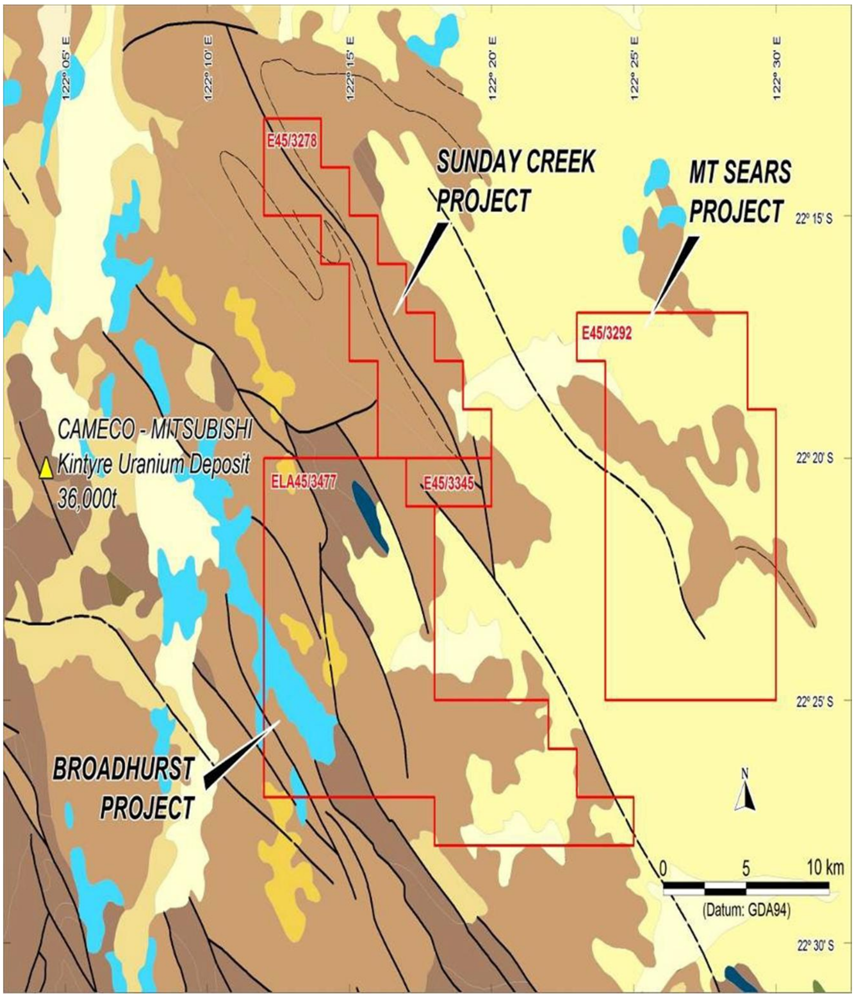

Figure 3 Peak Mineral Interests Location Map

Access to the application area is by sealed and gravel roads from Marble Bar and Nullagine; fixed wing facilities are available at Rudall River, 30 km to the south-west. Access is also possible from the town of Newman using the Talawana Track.

Peak's 100% interest in the applications is shown in Table 1.

Prospect name	Tenement No	Size (km²)	Application date
Sunday Creek	ELA45/3278	60.80	30 July 2008
Sunday Creek	ELA45/3345	9.60	15 December 2008
Broadhurst	ELA45/3477	182.40	10 August 2009
Mt Sears	ELA45/3292	150.40	30 June 2008

Table 1 Peak's Mineral Exploration Interests

The Sunday Creek and Mount Sears areas were first explored between 1978 and 1981. Exploration activities at Sunday Creek included geochemical sampling, field mapping, airborne and ground magnetic and radiometric surveying, 6 percussion holes for a total of 489 metres and 11 diamond holes (704 m in total). All but one (drill hole BR 8) are located within the applications.

The Sunday Creek Prospect was identified as a radiometric anomaly, with subsequent rock chip samples containing up to 7% U, 1.12% Pb and 0.85% Cu. Other radiometric anomalies were also followed up with soil geochemical surveys, which produced low assay responses mainly due to sand cover. However, several weak anomalies were identified, often associated with the contact between the Broadhurst and the Coolbro Sandstones. Rock chip samples along the contact produced elevated copper and uranium responses and several of these anomalies were drilled, returning several mineralized intersections.

Reconnaissance drilling was done at very wide spacing of 4km (BR-5, 7, 9, 10) and the prospective contact of 20km strike length remains largely untested, with only four drill holes completed. In addition, drill holes were generally shallow and possibly positioned outside the main target zone.

The lack of high resolution data available at the time (1978-1981) resulted in extremely limited structural interpretation by previous explorers. Also, the geological knowledge and the prospective validity of the region for uranium mineralization have increased considerably since the finding of the Kintyre ore deposit.

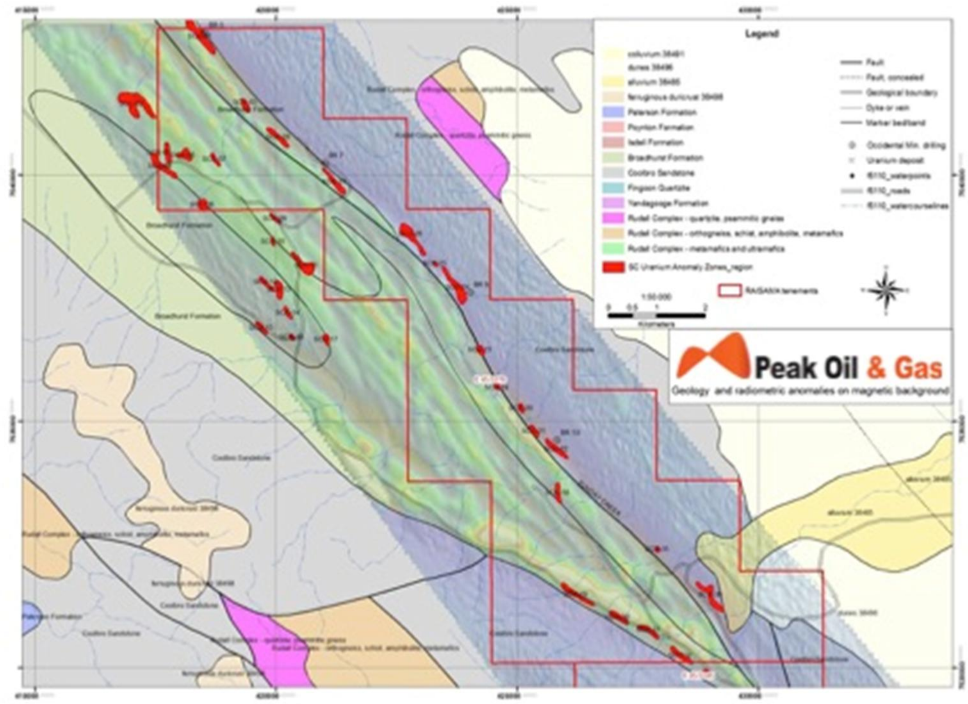

Figure 4 Sunday Creek Exploration Licence 45/3278 Application Area

Corporate Governance

The Board is responsible for the strategic direction of the Company, the identification and implementation of corporate policies and goals, and the monitoring of the business and affairs of the Company on behalf of its shareholders.

The Board is currently comprised of three Directors In accordance with the Company's Constitution and the ASX Listing Rules, the Directors (other than the Chief Executive Officer) are subject to re-election by shareholders every three years.

The Board meets regularly throughout the year.

A corporate governance statement reporting on Peak's governance framework, principles and practices is provided on the Peak website www.peakoil-gas.com

Directors' Report

Your directors present their annual financial report on the consolidated entity (referred to hereafter as the "Group") consisting of Peak Oil & Gas Limited (the "Company" or "parent entity") and the entities it controlled at the end of, or during, the financial year ended 30 June 2015. In order to comply with the Corporations Act 2001, the directors report as follows:

Directors

The following persons were directors of the Company during the financial year and up to the date of this report:

Geoffrey Albers	Non-Executive Chairman
Raewyn Clark	Executive Director (appointed 4 December 2014)
Peter Armitage	Non-Executive Director (appointed 18 August 2015)
Frank Jacobs	Non-Executive Director (resigned 12 November 2014)
Jeffrey Steketee	Executive Director (resigned 18 August 2015)
James Durrant	Executive Director (resigned 18 August 2015)

Information on Directors

E. Geoffrey Albers LLB, FAICD
Mr Albers was appointed to the board of Peak Oil & Gas Ltd on 4 February 2013. Mr Albers has over 35 years' experience as a director and administrator in corporate law, petroleum exploration and resource sector investment. Mr Albers became involved in oil exploration in 1977 and has a track record of developing significant oil and gas assets.

Mr Albers has interests in a number of companies active in the petroleum industry in Australia and Malaysia. He is a member of the Petroleum Exploration Society of Australia.

Mr Albers is presently a director of ASX listed company Octanex NL.

Raewyn Clark, B.Bus(dist), CA, MAICD, AGIA, ACIS
Mrs Clark has more than fifteen years experience focussed primarily on the upstream oil and gas sector. Her experience includes business development, financial modelling and analysis, capital raising and mergers and acquisitions, as well as managing joint venture partners, government, regulator and investor relations.

Mrs Clark has been Company Secretary of Peak since 4 February 2013 and was appointed to the Board on 4 December 2014. Mrs Clark is also a Director of Octanex NL.

Peter Armitage FCA FAICD
Mr Armitage was appointed to the board of Peak Oil & Gas Ltd on 18 August 2015. Mr Armitage began his professional career over 40 years ago with an international accounting firm. After qualification he was invited into partnership of a national firm. He set up his own practice in 1978, of which he remains principal.

Since the early 1980s he has been a director of a number of listed exploration companies in both Australia and New Zealand. He is currently a Non-Executive director of ASX listed Strategic Energy Limited.

Frank Jacobs B. SC. M. Sc.
Mr Jacobs resigned from the board of Peak Oil & Gas Ltd on 12 November 2014.

D. Jeffrey Steketee; BE, MBA
Mr Steketee resigned from the board of Peak Oil & Gas Ltd on 18 August 2015.

James Durrant; BSc
Mr Durrant resigned from the board of Peak Oil & Gas Ltd on 18 August 2015.

Interests in shares and options of the company
The following relevant interests in shares and options of the Company or a related body corporate were held by the directors and former directors as at the date of this report.

Directors	Number of fully paid ordinary shares	Number of options over ordinary shares
Geoffrey Albers	335,505,259	-
Raewyn Clark	-	-
Peter Armitage	-	-
Frank Jacobs	-	-
David Jeffrey Steketee*	42,822,818	-
James Durrant*	40,887,727	-

** As at 18 August 2015*

Ordinary shares
No shares were issued during the year and to the date of this report.

Options
No options were issued during the year and to the date of this report. There are 20,000,000 options on issue at the date of this report.

Dividends
No dividend has been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Principal activities
The principal activity of the Group during the financial year was investment in oil and gas projects. Peak also holds applications for four exploration licences in the Rudall river region of Western Australia that are considered prospective for minerals exploration.

Review of operations
Information on the operations is set out on pages 6-12 of this financial report.

Significant changes in the state of affairs
There have been no significant changes in the state of affairs of the Group to the date of this report other than those issues as detailed in the review of operations and activities.

Matters subsequent to balance date
Since the end of the financial year, the directors are not aware of any other matter or circumstances not otherwise dealt with in this report or financial statements, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments and expected results
The Group will continue to pursue projects which seek to provide sound opportunities for future development during the next financial year. Likely developments and expected results of the operations of the Group in subsequent years are not discussed further in this report. In the opinion of the directors, further information on those matters could prejudice the interests of the Company and the Group because it may relate to matters which are currently under negotiation and premature disclosure could breach commercial confidentiality.

Environmental legislation
The Group is subject to significant environmental legal regulations in respect to its exploration and evaluation activities in Australia, the Philippines, and Indonesia. There have been no known breaches of these regulations and principles.

Indemnification and insurance of directors and officers
During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums for a standard Directors and Officers Liability and Company Reimbursement Policy. The details of the policy remain confidential between the insurer and the Company.

Meetings of directors
During the financial year there were 6 formal directors' meetings. All other matters that required formal Board resolutions were dealt with via written circular resolutions. In addition, the directors met on an informal basis at regular intervals during the financial year to discuss the Group's affairs.

The number of meetings of the Company's board of directors and relevant committees attended by each director were:

	Directors' Meetings		Audit Committee Meetings	
	Held	**Attended**	**Held**	**Attended**
Geoffrey Albers	6	5	2	2
Raewyn Clark	6	6	1	1
Frank Jacobs	1	-	1	1
Jeffrey Steketee	6	6	2	2
James Durrant	6	6	2	2

Proceedings on behalf of 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.

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for the key management personnel ("KMP") of the Company for the financial year ended 30 June 2015. The information provided in this remuneration report in relation to the current financial year has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company, and includes all executives in the Parent and the Group.

Key Management Personnel (KMP) during the year

Directors
Geoffrey Albers
Raewyn Clark (appointed 4 December 2014)
Frank Jacobs (resigned 12 November 2014)
Jeffrey Steketee (resigned 18 August 2015)
James Durrant (resigned 18 August 2015)

Remuneration philosophy
The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration Arrangements
The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors and the executive team.

The Board of Directors assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employee market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

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

Non-Executive directors
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board and are intended to be in line with the market.

Directors' fees
Some of the directors perform at least some executive or consultancy services. Non-executive directors receive a separate fixed fee for their services as directors. As noted in the Operations report, the Company ceased payment of Directors' fees until further notice.

Executive pay
The executive pay and reward framework has the following components:
- consultancy service agreements incorporating daily contract rates; and
- long-term incentives through participation in employee equity issues

Remuneration report (Audited) (continued)

Consultancy contracts

Jeffrey Steketee
The Company and Mr Steketee entered into a consultancy service agreement on 19 May 2014. The principal terms of the consultancy agreement are:

- Term of Agreement – three days per week for 18 weeks from date of signing subject to extension upon agreement by both parties.
- Remuneration – $1,500 per day excluding GST during the initial 18 week period and $1,800 per day excluding GST for additional services provided after initial period.

James Durrant
The Company and Mr Durrant entered into a consultancy service agreement on 19 May 2014. The principal terms of the consultancy agreement are:

- Term of Agreement – three days per week for 18 weeks from date of signing subject to extension upon agreement by both parties.
- Remuneration – $1,500 per day excluding GST during the initial 18 week period and $1,800 per day excluding GST for additional services provided after initial period.

Key Management Personnel remuneration for the year ended 30 June 2015 and 30 June 2014

Details of the remuneration of the KMP (as defined in AASB 124 *Related Party Disclosures*) of the Group for the years ended 30 June 2015 and 30 June 2014 are set out in the following tables.

	Primary benefits paid / payable			Equity Settled		
	Salary and/or consulting fees	Directors' fees	Super-annuation	Equity option issues	TOTAL	Options as % of Total
Year ended 30 June 2015	**$**	**$**	**$**	**$**	**$**	**%**
Directors						
Geoffrey Albers	-	-	-	-	-	-
Raewyn Clark	(550)	-	-	-	(550)	-
Frank Jacobs	-	88	-	-	88	-
Jeffrey Steketee	113,287	-	-	-	113,287	-
James Durrant	181,147	-	-	-	181,147	-
	293,884	**88**	**-**	**-**	**293,972**	**-**

Frank Jacobs resigned 12 November 2014.Peter Armitage was appointed 18 August 2015. Jeffrey Steketee and James Durrant both resigned 18 August 2015.

Remuneration report (Audited) (continued)
Key management personnel remuneration (continued)

	Primary benefits paid / payable			Equity Settled		
	Salary and/or consulting fees	Directors' fees	Super-annuation	Equity option issues	TOTAL	Options as % of Total
Year ended 30 June 2014	**$**	**$**	**$**	**$**	**$**	**%**
Directors						
Geoffrey Albers	-	45,767	4,233	-	50,000	-
Raewyn Clark	28,485	-	-	-	28,485	-
Frank Jacobs	-	18,750	-	-	18,750	-
Jeffrey Steketee	225,750	-	18,384	-	244,134	-
James Durrant	225,750	-	18,384	-	244,134	-
	479,985	**64,517**	**41,001**	**-**	**585,503**	**-**

Employee share option plans

Details of employee share option plans
The Company's Employee Share Option Plan (ESOP) was first approved at the Company's Annual General Meeting in November 2011 and was amended at the Extraordinary General Meeting held on 12 April 2013 to include a cashless exercise mechanism.

All options granted under the plan have expired.

No options were issued to key management personnel during the year.

Options issued as compensation exercised during the year by KMP
No options issued as compensation were exercised during the year.

Loans to key management personnel

No loans were made key management personnel during the current or previous financial year.

Remuneration report (Audited) (continued)

Key management personnel equity holdings

Fully paid ordinary shares

30 June 2015	Balance at beginning of year Number	Granted as compensation Number	Received on exercise of options Number	Net change other Number	Balance at end of year Number	Balance held nominally Number
Directors						
Geoffrey Albers	335,505,259	-	-	-	335,505,259	335,505,259
Frank Jacobs	-	-	-	-	-	-
Jeffrey Steketee	42,822,818	-	-	-	42,822,818	42,822,818
James Durrant	40,887,727	-	-	-	40,887,727	40,887,727
Raewyn Clark	-	-	-	-	-	-
	419,215,804	**-**	**-**	**-**	**419,215,804**	**419,215,804**

Frank Jacobs resigned 12 November 2014.Peter Armitage was appointed 18 August 2015. Jeffrey Steketee and James Durrant both resigned 18 August 2015.

30 June 2014	Balance at beginning of year Number	Granted as compensation Number	Received on exercise of options Number	Net change other Number	Balance at end of year Number	Balance held nominally Number
Directors						
Geoffrey Albers	169,056,575	-	-	166,448,684	335,505,259	335,505,259
Frank Jacobs	-	-	-	-	-	-
Jeffrey Steketee	30,587,727	-	-	12,235,091	42,822,818	42,822,818
James Durrant	30,587,727	-	-	10,300,000	40,887,727	40,887,727
Executives						
Raewyn Clark	-	-	-	-	-	-
	230,232,029	**-**	**-**	**188,983,775**	**419,215,804**	**419,215,804**

Share options

30 June 2015	Balance at the beginning of the financial period	Granted during the financial period	Expired during the financial period	Other / Transfers	Balance at the end of the financial period	Vested and exercisable at the end of the financial period
Directors						
Geoffrey Albers	23,207,569	-	(23,207,569)	-	-	-
Frank Jacobs	20,000,000	-	(20,000,000)	-	-	-
Jeffrey Steketee	11,250,000	-	(11,250,000)	-	-	-
James Durrant	11,250,000	-	(11,250,000)	-	-	-
Raewyn Clark	2,500,000	-	(2,500,000)	-	-	-
	68,207,569	**-**	**(68,207,569)**	**-**	**-**	**-**

Frank Jacobs resigned 12 November 2014.Peter Armitage was appointed 18 August 2015. Jeffrey Steketee and James Durrant both resigned 18 August 2015.

Remuneration report (Audited) (continued)

Share options (continued)

30 June 2014	Balance at the beginning of the financial period	Granted during the financial period	Expired during the financial period	Other / Transfers	Balance at the end of the financial period	Vested and exercisable at the end of the financial period
Directors						
Geoffrey Albers	23,207,569	-	-	-	23,207,569	23,207,569
Frank Jacobs	20,000,000	-	-	-	20,000,000	20,000,000
Jeffrey Steketee	12,500,000	-	(1,250,000)	-	11,250,000	11,250,000
James Durrant	12,500,000	-	(1,250,000)	-	11,250,000	11,250,000
Executives						
Raewyn Clark	2,500,000	-	-	-	2,500,000	2,500,000
	70,707,569	**-**	**(2,500,000)**	**-**	**68,207,569**	**68,207,569**

During the year, the Company entered into an amended loan facility with Octanex N.L. As at 30 June 2015, $1,714,381 (2014: $954,586) was payable. During the year, Peak received $165,398 (2014: $238,490) from Octanex N.L. for the provision of geological and management services provided at the request of Octanex N.L.

End of remuneration report

Auditor independence

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 21 and forms part of this directors' report for the year ended 30 June 2015.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. The Company has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The auditor has not provided any non-audit services meaning that auditor independence was not compromised.

This report is made in accordance with a resolution of the directors.

RClark

RL Clark
Director
30 September 2015

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Peak Oil & Gas Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**M R W Ohm**
30 September 2015	**Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

Statement of Comprehensive Income
for the year ended 30 June 2015

	Note	Consolidated 2015 $	2014 $
Other revenue from ordinary operations			
Financial income		585	15,523
Other income		209,898	234,419
		210,483	249,942
Other expenses from ordinary operations			
Administrative expenses		(389,630)	(1,154,701)
Professional and consultancy fees		(420,768)	(299,324)
Depreciation charges		(6,072)	(44,499)
Financial expense		(81,963)	(12,202)
Exploration expenditure incurred		(164)	(1,628)
Loss on disposal of office equipment		(3,378)	(3,905)
Oil & gas development expenditure impairment	8	(36,952)	(7,546,956)
Trade and other receivable loan written off		-	(745,487)
Oil & gas deferred exploration expenditure written off	7	(5,947,610)	-
Mineral exploration project acquisition costs impaired	9	(189,113)	-
		(7,075,652)	(9,808,702)
Loss before income tax expense from continuing operations		**(6,865,169)**	**(9,558,760)**
Income tax expense	2	-	-
Net loss for the year from continuing operations		**(6,865,169)**	**(9,558,760)**
Discontinued operations			
Net profit after tax for the year from discontinued operations	24	**2,192,733**	**-**
Loss for the year		**(4,672,436)**	**(9,558,760)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign exchange (loss) / gain on translation of subsidiary financial statements		(6,018)	2,938
Reclassification of foreign currency translation reserve realised on sale of subsidiary	24	(450,731)	-
Foreign exchange loss on translation of subsidiary foreign loan		(4,401)	(241,785)
Other comprehensive loss, net of tax		**(461,150)**	**(238,847)**
Total comprehensive loss for the year		**(5,133,586)**	**(9,797,607)**

	Note	Cents	Cents
Basic loss per share	3	(0.69)	(1.82)
Basic loss per share from continuing operations	3	(1.01)	(1.82)

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

Statement of Financial Position
as at 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Current Assets			
Cash and cash equivalents		52,985	213,312
Trade and other receivables	4	567,037	260,087
Total Current Assets		**620,022**	**473,399**
Non-Current Assets			
Trade and other receivables	4	6,623	66,555
Plant and equipment	5	3,578	15,144
Oil and gas deferred exploration expenditure	7	-	4,477,281
Oil and gas development expenditure	8	-	-
Mineral exploration project acquisition costs	9	-	189,113
Total Non-Current Assets		**10,201**	**4,748,093**
Total Assets		**630,223**	**5,221,492**
Current Liabilities			
Trade and other payables	10	61,396	278,847
Borrowings	11	1,714,381	954,613
Total Current Liabilities		**1,775,777**	**1,233,460**
Total Liabilities		**1,775,777**	**1,233,460**
(Net Liabilities) /Net Assets		**(1,145,554)**	**3,988,032**
Equity			
Issued capital	12	36,528,192	36,528,192
Reserves	13	1,895,127	2,356,277
Accumulated losses		(39,568,873)	(34,896,437)
(Total Deficiency) / Total Equity		**(1,145,554)**	**3,988,032**

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

Statement of Changes in Equity for the year ended 30 June 2015

Consolidated	Issued capital $	Share compensation reserve $	Foreign currency translation reserve $	Accumulated losses $	Total equity/ (deficiency) $
Balance at 1 July 2013	**34,725,276**	**1,895,127**	**699,997**	**(25,337,677)**	**11,982,723**
Loss for the year	-	-	-	(9,558,760)	(9,558,760)
Other comprehensive income	-	-	(238,847)	-	(238,847)
Total comprehensive loss for the year	**-**	**-**	**(238,847)**	**(9,558,760)**	**(9,797,607)**
Issue of shares	1,943,580	-	-	-	1,943,580
Share issue costs	(140,664)	-	-	-	(140,664)
Balance at 30 June 2014	**36,528,192**	**1,895,127**	**461,150**	**(34,896,437)**	**3,988,032**
Balance at 1 July 2014	**36,528,192**	**1,895,127**	**461,150**	**(34,896,437)**	**3,988,032**
Loss for the year	-	-	-	(4,672,436)	(4,672,436)
Other comprehensive loss	-	-	(461,150)	-	(461,150)
Total comprehensive loss for the year	**-**	**-**	**(461,150)**	**(4,672,436)**	**(5,133,586)**
Issue of shares	-	-	-	-	-
Share issue costs	-	-	-	-	-
Balance at 30 June 2015	**36,528,192**	**1,895,127**	**-**	**(39,568,873)**	**(1,145,554)**

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

Statement of Cash Flows
for the year ended 30 June 2015

Statement of Cash Flows for the year ended 30 June 2015

		Consolidated	
		2015	**2014**
	Note	**$**	**$**
Cash flows from operating activities			
Payments to suppliers and employees		(754,471)	(1,554,060)
Financial expense		-	(2,175)
Financial income		585	406
Return of bond		25,394	-
Net cash outflows from operating activities	23	**(728,492)**	**(1,555,829)**
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(4,469)
Proceeds from sale of plant and equipment		-	9,449
Payments for oil and gas deferred exploration expenditure		(348,825)	(2,035,541)
Payments for oil and gas development expenditure		-	(26,485)
Loan to other entities		(36,952)	(190,084)
Cash acquired on acquisition of subsidiary		-	75,218
Net cash outflows from investing activities		**(385,777)**	**(2,171,912)**
Cash flows from financing activities			
Proceeds from the issue of shares		-	1,943,580
Share issue costs		-	(140,664)
Proceeds from borrowings		937,805	944,586
Net cash inflows from financing activities		**937,805**	**2,747,502**
Net decrease in cash held		**(176,464)**	**(980,239)**
Cash at the beginning of reporting period		213,312	1,206,191
Effect of exchange rate fluctuations on cash held		16,137	(12,640)
Cash at the end of the reporting period		**52,985**	**213,312**

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

Notes to the Financial Statements
for the Year Ended 30 June 2015

Note 1: Statement of significant accounting policies

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards and Interpretations and other requirements of the law. The financial report has also been prepared on a historical cost basis. The Parent Entity is registered and domiciled in Australia.

The financial statements comprise the consolidated financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial statements are presented in Australian dollars, unless otherwise stated.

(b) Adoption of new and revised standards
Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2015, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period. It has been determined by the directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.
The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2015. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

(c) Statement of compliance

The financial report was authorised by the board of directors for issue on 30 September 2015.
The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Peak Oil & Gas Limited and its controlled entities as at 30 June 2015 (the Group).
The financial statements of the controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies.
In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Controlled entities are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Parent Entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Note 1: Statement of significant accounting policies (continued)

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(ii) *Rental income*

Rental income from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income.

(f) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Temporary bank overdrafts are included in cash at bank and in hand. Permanent bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(g) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of 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 profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in controlled entities, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

Note 1: Statement of significant accounting policies (continued)

(g) Income tax (continued)

- when the deductible temporary difference is associated with investments in controlled entities, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the financial period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(h) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

(i) Property, plant and equipment and oil and gas properties

Plant and equipment, equipment under finance lease and oil and gas properties, including carried forward development expenditure, are stated at cost less accumulated depreciation and impairment. Costs include expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, costs are determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Note 1: Statement of significant accounting policies (continued)

(i) Property, plant and equipment and oil and gas properties (continued)

All other repairs and maintenance are charged to profit or loss during the financial period in which they incurred.

All tangible assets have limited useful lives and are depreciated using the straight-line method over their existing useful lives, with the exception of carried forward development expenditure in the production phase and oil and gas plant and well equipment which are amortised on a units of production method based on the ratio of actual production to remaining proved reserves (1P) as estimated by independent petroleum engineers, and finance lease assets which are amortised over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset.

Depreciation is calculated as follows:

Plant and equipment	20% - 33% on a straight line basis
Oil and gas properties	Based on units of production

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial period end.

(j) Impairment of assets

The Group assesses at each balance date whether a financial asset or Group of financial assets is impaired and information regarding such assessments is provided below.

Due to the uncertainty surrounding each of the interests that Group holds in relation to the Cadlao development project, The directors have, as a matter of caution, decided to continue to impair all of the interests associated with Cadlao. As a result, no value is attributed to those interests, with the assets therefore not included on the Statement of Financial Position. However, Note 21 (Contingent Assets) describes the nature and potential amount of each of the rights and claims that we consider the Group holds in relation to those assets. The directors will review and seek advice in relation to the claims with the objective of making a re-assessment of the continued need for impairment by the time of release of the Half Yearly result to 31 December 2015.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Group of financial assets with similar credit risk characteristics and that Group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Note 1: Statement of significant accounting policies (continued)

(j) Impairment of assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(k) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(l) Provisions

Where applicable, provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(m) Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Note 1: Statement of significant accounting policies (continued)

(n) Share-based payment transactions

Equity settled transactions:

The Group provides benefits to employees and consultants of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees and consultants is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black and Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which any performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects

(i) the extent to which the vesting period has expired, and
(ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

(o) 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.

(p) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares.

(q) Exploration and evaluation expenditure

Exploration and evaluation assets, including the costs of acquiring permits or licences, are capitalised as exploration and evaluation assets on an area of interest basis. Exploration and evaluation assets are only recognised if the rights to tenure of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale or partial sale: or

(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Proceeds from the sale of exploration permits are credited against exploration costs previously capitalised.

Expenditure relating to development of oil and gas leases are shown separately and not included in exploration and evaluation assets.

Note 1: Statement of significant accounting policies (continued)

(r) Foreign currency translation

Both the functional and presentation currency of Peak Oil & Gas Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the foreign operations are not nominated in Australian Dollars. As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Peak Oil & Gas Limited at the rate of exchange ruling at the balance date and their income statements are translated at the weighted average exchange rate for the year. The exchange differences arising on the translations are taken directly to a separate component of recognised in the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(s) Leases

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(t) Trade and other receivables

Trade receivables are initially valued at fair value and then subsequently measured at amortised cost. Trade receivables on oil and gas sales are due for settlement within 30 days from the date of the sale. Collectability of trade debtors is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable.

(u) Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker, which has been identified as the Board of Directors of Peak Oil & Gas Limited.

(v) Business Combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the Group on acquisition date.

Note 1: Statement of significant accounting policies (continued)

(v) Business Combinations (continued)

Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the Group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the Group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed when incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

(w) Parent entity financial information

The financial information for the parent entity, Peak Oil & Gas Limited, disclosed in Note 19 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(x) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Note 1: Statement of significant accounting policies (continued)

(x) Critical accounting estimates and judgements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Oil and gas deferred exploration expenditure carried forward

The Group's accounting policy for oil and gas deferred exploration expenditure is set out at Note 1(q). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the Statement of Comprehensive Income.

The Group's accounting policy for oil & gas development expenditure is set out under note 1(i). The recoverability of the carrying amount of oil & gas development expenditure carried forward has been reviewed by the directors. In conducting the review, the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell" and "value in use". In determining value in use, future cash flows are based on estimates of Oil reserves and resources for which there is a high degree of confidence of economic extraction, Production and sales levels, future commodity prices, future costs of production, future capital expenditure, and/or future exchange rates.

Due to the uncertainty surrounding each of the interests that Group holds in relation to the Cadlao development project, The directors have, as a matter of caution, decided to continue to impair all of the interests associated with Cadlao. As a result, no value is attributed to those interests, with the assets therefore not included on the Statement of Financial Position. However, Note 21 (Contingent Assets) describes the nature and potential amount of each of the rights and claims that we consider the Group holds in relation to those assets. The directors will review and seek advice in relation to the claims with the objective of making a re-assessment of the continued need for impairment by the time of release of the Half Yearly result to 31 December 2015.

Recovery of deferred tax assets

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. Currently the Group has not recognised any deferred tax assets in the Statement of Financial Position.

(y) Going concern

For the year ended 30 June 2015 the Group incurred a net cash outflow from operating and investing activities of $1,114,269 and a net loss after tax of $4,672,436. As at 30 June 2015, the Group had a deficiency of net current assets of $1,145,554 and working capital deficiency of $1,155,755 . The net deficiency of assets is largely attributable to the decision by Peak's directors to impair Peak's interests in relation to the Cadlao development in addition to being impacted by the loss arising on the disposal of South Block A.

The Board considers that the Group is a going concern and recognises that additional funding may be required to ensure that it can continue to fund its operations and further develop its oil and gas assets during the twelve month period from the date of this financial report

Note 1: Statement of significant accounting policies (continued)

(y) Going concern (continued)

Such additional funding may be derived from either one or a combination of the following:

- an underwritten rights issue made to all shareholders
- the placement of securities under the ASX Listing Rule 7.1 and or 7.1A;
- an excluded offer pursuant to the Corporations Act 2001;
- debt funding; or

the sale of assets.

Directors are confident that the Group, if need be, 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 annual financial report. If the Group is unable to raise sufficient capital for these purposes, there is a material uncertainty that may cast doubt on the Group's ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

(z) Financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Note 1: Statement of significant accounting policies (continued)

(Z) Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models

(aa) Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

Note 1: Statement of significant accounting policies (continued)

(aa) Derecognition of financial assets and financial liabilities (continued)

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Note 1: Statement of significant accounting policies (continued)

(aa) Derecognition of financial assets and financial liabilities (continued)

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(ab) Borrowing costs

Borrowing costs are capitalised that are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Note 2: Income tax

	Consolidated 2015 $	2014 $
Income tax expense recognised in statement of comprehensive income		
Current income tax		
Current income tax payable	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	-	-
Income tax expense	**-**	**-**
Reconciliation to income tax expense on accounting loss		
Accounting loss before tax	(4,672,436)	(9,558,760)
Tax benefit at the statutory income tax rate of 30%	(1,401,731)	(2,867,628)
Non-deductible expenses	1,618,266	2,561,038
Non-assessable income	(398,600)	-
Unrealised tax losses not recognised	283,739	465,077
Temporary differences not recognised	(101,674)	(158,487)
Income tax expense	**-**	**-**
Unrecognised deferred tax balances		
Deferred tax assets:		
Tax revenue losses (Australian)	4,550,766	4,268,896
Tax revenue losses (Foreign)	51,131	49,261
Unamortised business related costs	75,890	222,119
Accruals & provisions	6,600	21,399
Deferred tax liabilities:		
Exploration expenses	-	(56,734)
Accrued income	-	(2,620)
Net unrecognised deferred tax assets	**4,684,387**	**4,502,321**

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits thereof.

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

Note 3: Loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

	2015	2014
Net loss for the year	(4,672,436)	(9,558,760)
The weighted average number of ordinary shares	680,253,247	565,768,398
Total basic loss per share (cents)	(0.69)	(1.82)

The diluted loss per share is not reflected as the result is anti-dilutive.

Note 3: Loss per share (continued)

	Consolidated 2015 $	Consolidated 2014 $
Continuing operations		
Net loss from continuing operations	(6,865,169)	(9,558,760)
The weighted average number of ordinary shares	680,253,247	565,768,398
Basis loss per share from continuing operations (cents)	(1.01)	(1.82)

The diluted loss per share is not reflected as the result is anti-dilutive.

Note 4: Trade and other receivables

	2015	2014
Current		
GST	708	15,156
Other receivables	26,329	244,931
Receivable of sale of discontinued operations (Note 24)	540,000	-
	567,037	**260,087**
Non-current		
Other receivables	-	56,120
Security deposit	6,623	10,435
	6,623	**66,555**

The group has loans to VenturOil Philippines Inc and PT. Realto Energi Nusantara Corelasi that have been disclosed as contingent assets (Note 21).

Note 5: Plant and equipment

	Consolidated Total $
Year ended 30 June 2015	
At 1 July 2014, net of accumulated depreciation	15,144
Additions	-
Disposals	(5,495)
Depreciation charge for the year	(6,072)
At 30 June 2015, net of accumulated depreciation	**3,578**
Year ended 30 June 2014	
At 1 July 2013, net of accumulated depreciation	66,411
Additions	6,586
Disposals	(13,354)
Depreciation charge for the year	(44,499)
At 30 June 2014, net of accumulated depreciation	**15,144**
At 30 June 2015	
Cost or fair value	10,405
Accumulated depreciation	(6,827)
Net carrying amount	**3,578**
At 30 June 2014	
Cost or fair value	126,427
Accumulated depreciation	(111,283)
Net carrying amount	**15,144**

Note 6: Segment information

For management purposes, the Board of Directors of Peak Oil & Gas Limited has been defined as the Chief Operating Decision Maker. Segment information is presented in respect of the Group's business segments based on the Group's management and internal reporting structure.

During the year the Group operated predominantly in the upstream oil and gas segment which included both oil and gas exploration and development. The Group holds four minerals exploration applications. Geographically, the Group operated during the year in The Philippines, Indonesia and Australia. Offices were maintained in Australia. Segment accounting policies are the same as the Group's policies described in Note 1. Segment results are classified in accordance with their use within geographical segments regardless of legal entity ownership. Intersegment pricing is determined on an arm's length basis.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The following table present revenue and result information and certain asset and liability information regarding business segments for the years ended 30 June 2015 and 30 June 2014.

	Oil and Gas Exploration and Development		**Mineral Exploration**	**Unallocated**	**Total**
	Philippines	**Indonesia**	**Australia**		
	$	**$**	**$**	**$**	**$**
2015					
Revenue					
Financial income	-	-	-	585	585
Other income	-	-	-	209,898	209,898
Total segment revenue	**-**	**-**	**-**	**210,483**	**210,483**
Segment net operating result after tax	**(49,625)**	**(3,754,877)**	**(189,277)**	**(678,657)**	**(4,672,436)**
Discontinued operations after tax inc in above	**-**	**(51,342)**	**-**	**-**	**(51,342)**
Segment assets	**12,862**	**-**	**-**	**617,361**	**630,223**
Segment liabilities	**(8,014)**	**-**	**-**	**(1,767,763)**	**(1,775,777)**
Other segment information					
Additions to non-current assets	-	-	-	-	-
Depreciation segment assets	-	-	-	6,072	6,072

Note 6: Segment information (continued)

	Oil and Gas Exploration and Development		Mineral Exploration	Unallocated	Total
	Philippines	Indonesia	Australia		
	$	$	$	$	$
2014					
Revenue					
Financial income	-	6,470	-	9,053	15,523
Other income	-	-	-	234,419	234,419
Total segment revenue	**-**	**6,470**	**-**	**243,472**	**249,942**
Segment net operating result after tax	**(8,307,893)**	**6,470**	**(1,628)**	**(1,255,709)**	**(9,558,760)**
Discontinued operations after tax	**-**	**-**	**-**	**-**	**-**
Segment assets	**-**	**4,477,281**	**189,113**	**555,098**	**5,221,492**
Segment liabilities	**(1,000)**	**-**	**-**	**(1,232,460)**	**(1,233,460)**
Other segment information					
Additions to non-current assets	26,485	2,225,625	-	4,980	2,257,090
Depreciation segment assets	-	-	-	44,499	44,499

Note 7: Oil and gas deferred exploration expenditure

	Consolidated 2015	2014
Areas of interest in the exploration and evaluation phase	$	$
Balance at the beginning of the year	4,477,281	1,932,383
Expenditure incurred	676,966	2,453,475
Assets reclassified	(49,222)	-
Foreign exchange differences	842,585	91,423
Costs written off	(5,947,610)	-
Balance at the end of the year	**-**	**4,477,281**

The recoupment of deferred exploration expenditure is dependent upon the recoupment of costs through successful development and commercial exploitation, or alternatively by sale of the respective areas.

In June 2015, following receipt of approval of shareholders in General Meeting, Peak sold the Company's indirect 38.25% interest in the South Block A PSC and associated intercompany debt for consideration of $800,000 (Note 24).

Note 8: Oil and gas development expenditure	**Consolidated**	
	2015	**2014**
	$	**$**
Balance at the beginning of the year	-	10,889,989
Expenditure incurred*	36,952	26,485
Reversal of accrued expenditures*	-	(2,993,693)
Foreign exchange differences	-	(375,825)
Impairment	(36,952)	(7,546,956)
Balance at the end of the year	**-**	**-**

The group has a buyback right for $6,700,000 associated with the Cadlao Project that has been disclosed as a contingent asset (Note 21).

* At 30 June 2014 this expenditure was impaired and the related accrual reclassified as a contingent liability (Note 21) in light of the uncertainty around the Cadlao Project.

Note 9: Mineral exploration project acquisition costs	**Consolidated**	
	2015	**2014**
Areas of interest in the exploration and evaluation phase	**$**	**$**
Balance at the beginning of the year	189,113	189,113
Project acquisition costs impaired	(189,113)	-
Balance at the end of the year	**-**	**189,113**

The Group continues to hold applications for four mineral exploration tenements location. As they are at the application stage only, the mineral assets have been fully impaired.

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.

Note 10: Trade and other payables	**Consolidated**	
	2015	**2014**
	$	**$**
Current		
Trade and other payables*	60,168	272,765
Other	1,228	6,082
	61,396	**278,847**

* Trade payables are non-interest bearing and are normally paid on 30 day terms.

Note 11: Borrowings

	Consolidated 2015 $	Consolidated 2014 $
Secured		
Balance at the beginning of the year	954,613	-
Loan funds received	937,805	944,586
Borrowings repaid (Note 24)	(260,000)	-
Interest accrued	81,963	10,027
Total secured borrowings at end of year	**1,714,381**	**954,613**

Fair value disclosures
Details of the fair value of the Group's borrowings are set out in Note 15.

Summary of borrowing arrangements
In March 2015 Octanex NL executed an amended loan agreement and associated security documentation with Peak and its subsidiary (Peak Oil & Gas (Australia) Pty Ltd) (POGA) (Peak Group) in relation to Peak's debt due to Octanex. The key principles of these documents are summarised below.

(a) Peak Group's indebtedness to Octanex was fixed as at 31 December 2014 at $1,952,815 which, from 1 January 2015, bears interest at the RBA cash rate from time to time. Unpaid interest will be capitalised.

(b) The amended agreement provides for extensions (with Octanex's approval) of the due date for payment of Peak's debt to Octanex on a rolling 60 day cycle with possible extensions on a rolling basis for a maximum term of 18 months until 30 June 2016.

(c) During each 60 day extension period Peak Group and Octanex will consult as to action being taken or steps available to Peak Group to repay its indebtedness to Octanex.

(d) Peak and POGA have assumed joint and several liability to Octanex repay all such moneys which were advanced by Octanex to Peak Group and which were used substantially by POGA to fund its obligations in relation to South Block A in Indonesia.

(e) the loan documentation has been revised with an Amended and Restated Loan Agreement being entered into and both Peak and POGA have, following a further ASX waiver granted on 27 February 2015, granted charges over their assets to secure repayment of the Peak Group's indebtedness.

Financing facilities available
At balance date, the following financing facilities had been negotiated and were available:

	Consolidated 2015 $	Consolidated 2014 $
Secured		
Debt facility	-	2,360,000
Amount used	-	(954,613)
Unused and available debt facility	**-**	**1,405,387**

Note 12: Issued Capital

As at 30 June 2015 there were 680,253,247 fully paid ordinary shares on issue (2014: 680,253,247)

	Consolidated			
Movement in ordinary share capital	**2015**	**2014**	**2015**	**2014**
	$	**$**	**#**	**#**
At the beginning of the year	36,528,192	34,725,276	680,253,247	485,895,247
Shares issued during the year	-	1,943,580	-	194,358,000
Costs associated with share issue	-	(140,664)		
At reporting date	**36,528,192**	**36,528,192**	**680,253,247**	**680,253,247**

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.

On a show of hands every shareholder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Movement in share options

The Company has share-based options in place under which options to subscribe for the Company's shares have been granted to employees, executives and other parties. There are 20,000,000 options (2014: 107,307,569) on issue (refer to Note 14).

Note 13: Reserves

	Consolidated	
	2015	**2014**
	$	**$**
Foreign currency translation reserve (a)	-	461,150
Share compensation reserve (b)	1,895,127	1,895,127
	1,895,127	**2,356,277**

(a) Foreign currency translation reserve
The foreign currency translation reserve represents foreign exchange movements on the translation of financial statements for controlled entities from the functional currency into the presentation currency of Australian dollars.

(b) Share compensation reserve
The share compensation reserve is used to record the value of equity benefits provided to employees, consultants and directors as part of their remuneration.

Note 14: Share based payments

Employee Share Option Plan
The Employee Share Option Plan (ESOP) was approved by shareholders at the 2011 Annual General Meeting on 25 November 2011 and an amendment to the ESOP allowing for a cashless exercise mechanism was approved by shareholders at the General Meeting held on 12 April 2013. The ESOP allows participants to be directors, employees of, and consultants to the Company or any of its subsidiaries.

Share options to employees, Key Management Personnel and Associates
No options (2014: nil) were issued during the year.

The following options issued to employees, Key Management Personnel and their Associates were in place during the current and prior periods:

Number	Grant date	Expiry date	Exercise	Fair value at grant date
6,000,000	24 Sept 2008	31 December 2013	$0.3500	$0.0050
2,000,000	16 June 2009	31 December 2013	$0.3500	$0.0234
500,000	19 October 2009	31 December 2013	$0.3500	$0.1008
6,000,000	24 Sept 2008	31 December 2014	$0.5000	$0.0550
3,000,000	16 June 2009	31 December 2014	$0.5000	$0.0240
500,000	19 October 2009	31 December 2014	$0.5000	$0.1026
4,150,000	17 April 2009	31 December 2013	$0.3500	$0.0000*
200,000	17 April 2009	31 December 2014	$0.4000	$0.0000*
4,450,000	17 April 2009	31 December 2014	$0.5000	$0.0000*
100,000	06 June 2012	01 August 2015	$0.0500	$0.0216#
68,207,569	17 April 2013	31 December 2014	$0.0500	$0.0057

* As these options were issued upon incorporation of Peak Oil & Gas (Australia) Pty Ltd before any funding, there was a $nil value placed upon them.

Options cancelled 2 February 2015.
There has been no alteration of the terms and conditions of the above share-based payment arrangements since grant date.

The following table illustrates the number and weighted average exercise prices and movements in employee share options on issue during the year:

	2015	2015	2014	2014
	#	Weighted average exercise price	#	Weighted average exercise price
Outstanding balance at the beginning of the year	82,457,569	$0.1270	95,107,569	$0.1566
Expired/cancelled during the year	(82,457,569)	$0.1270	(12,650,000)	$0.3500
Granted during the year	-	-	-	-
Outstanding at the end of the year	-	-	82,457,569	$0.1270
Exercisable at the end of the year	-	-	82,457,569	$0.1270

Note 14: Share based payments (continued)

Share options to consultants/other parties
No options were issued during the current and prior year.

The following consultant share options were in place during the current and prior periods:

Number	Grant date	Expiry date	Exercise price	Fair value at grant date
3,850,000	17 April 2009	31 December 2013	$0.0035	$0.0000(*)
3,850,000	17 April 2009	31 December 2014	$0.5000	$0.0000(*)
20,000,000	25 Nov 2012	25 November 2016	$0.3500	$0.0100(*)
1,000,000	17 April 2013	31 December 2014	$0.0500	$0.0057(*)

* Where options are granted to external consultants at arm's length fair value of options is deemed to be the value of services supplied.

The following table illustrates the number and weighted average exercise prices and movements in share options issued to consultants during the year:

	2015 #	2015 Weighted average exercise price	2014 #	2014 Weighted average exercise price
Outstanding balance at the beginning of the year	24,850,000	$0.3591	28,700,000	$0.3109
Expired/cancelled during the year	(4,850,000)	$0.4072	(3,850,000)	$0.350
Granted during the year	-		-	-
Outstanding at the end of the year	20,000,000	$0.3500	24,850,000	$0.3591
Exercisable at the end of the year	20,000,000	$0.3500	24,850,000	$0.3591

Note 15: Financial instruments

(a) Capital risk management
Prudent capital risk management implies maintaining sufficient cash and marketable securities to ensure continuity of tenure to exploration assets and to be able to conduct the Group's business in an orderly and professional manner. The Board monitors its future capital requirements on a regular basis and will when appropriate consider the need for raising additional equity capital, debt funding or to farm-out exploration projects as a means of preserving capital.

(b) Categories of financial instruments
The Group's principal financial instruments comprise of cash and short-term deposits and short term borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

Note 15: Financial instruments (continued)

(c) Financial risk management objectives

The Group is exposed to market risk (including, interest rate risk and equity price risk), credit risk and liquidity risk.

The main risks arising from the Group's financial instruments are interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(d) Market risk

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

Interest rate risk management

All cash balances attract a floating rate of interest. Excess funds that are not required in the short term are placed on deposit for a period of no more than 6 months. The Group's exposure to interest rate risk and the effective interest rate by maturity periods is set out below.

Interest rate sensitivity analysis

On 30 June 2015, if interest rates on borrowings had changed by 100 basis points (1%) and all other variables were held constant, the Group's after tax loss would have been $17,144 (2014: $9,546) lower/higher on interest bearing borrowings.

At 30 June 2015, if interest rates had changed on cash and cash equivalent by 100 basis points (1%) and all other variables were held constant, the Group's after tax loss would have been $530 (2014: $2,384) lower/higher as a result of higher/lower interest income on cash and cash equivalents.

(e) Credit risk management

Credit risk relates to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from any defaults.

(f) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to ensure continuity of tenure to exploration assets and to be able to conduct the Group's business in an orderly and professional manner. Cash deposits are only held with major financial institutions.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been prepared based on the undiscounted cash flows expected to be received / paid by the Group.

Note 15: Financial instruments (continued)

2015	Weighted average effective interest rate %	Maturity Less than 1 month $	1-3 months $	3 months to 1 year $	1-5 years $	5+ years $	Total $
Financial assets:							
Non-interest bearing							
Cash and cash		52,720	-	-	-	-	52,720
Trade & other receivables		573,660	-	-	-	-	573,660
		626,380	**-**	**-**	**-**	**-**	**626,380**
Variable interest rate							
Cash and cash	2.00	265	-	-	-	-	265
Trade & other receivables		-	-	-	-	-	-
		265	**-**	**-**	**-**	**-**	**265**
Financial Liabilities							
Non-interest bearing							
Trade & other payables		61,396	-	-	-	-	61,396
		61,396	**-**	**-**	**-**	**-**	**61,396**
Variable Interest rate							
Borrowings	2.00	-	-	1,714,381	-	-	1,714,381
		-	**-**	**1,714,381**	**-**	**-**	**1,714,381**

2014	Weighted average effective interest rate %	Maturity Less than 1 month $	1-3 months $	3 months to 1 year $	1-5 years $	5+ years $	Total $
Financial assets:							
Non-interest bearing							
Cash and cash		213,047	-	-	-	-	213,047
Trade & other receivables		18,905	30,000	185,788	66,555	-	301,248
		231,952	**30,000**	**185,788**	**66,555**	**-**	**514,295**
Variable interest rate							
Cash and cash	2.00	265	-	-	-		265
Trade & other receivables	2.30	-	25,394	-	-		25,394
		265	**25,394**	**-**	**-**	**-**	**25,659**
Financial Liabilities							
Non-interest bearing							
Trade & other payables		168,849	69,470	40,530	-	-	278,849
		168,849	**69,470**	**40,530**	**-**	**-**	**278,849**
Variable Interest rate							
Borrowings	10.47	-	-	954,613	-	-	954,613
		-	**-**	**954,613**	**-**	**-**	**954,613**

Note 15: Financial instruments (continued)

(g) Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency. The functional currency of the group is denominated is Australian dollars.

The Group's policy is to maintain and hold the sufficient foreign currency to meet its liabilities when due. Surplus financial assets are transferred and held within Australian dollar currency based financial products.

	Consolidated	
Unhedged amounts in respect of cash, receivable and payable in foreign currency	**2015** **$**	**2014** **$**
Cash	6,239	82,357
Receivables - current	-	185,787
Receivables – non-current	6,623	66,555
Payables	(8,015)	(100,225)
	4,847	**234,474**

The only foreign currency the Group is currently exposed to is the US dollar. At 30 June 2015 if AUD:USD rates had changed by +/- 10% and all other variables were held constant, the Group's after tax loss would have been $485 (2014: $(23,447)) higher/ (lower) as a result of lower/higher foreign exchange translations on cash, receivables and payables.

Note 16: Commitments for expenditure

	Consolidated	
	2015 **$**	**2014** **$**
Not longer than 1 year	-	1,359,150
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 Years	-	-
	-	**1,359,150**

Expenditure commitments (oil and gas)

The commitments reflect the minimum expenditure to meet the conditions under which the licenses are granted or such greater amounts that have been contractually committed. These commitments may vary from time to time, subject to approval by the grantor of titles or by variation of contractual agreements. The expenditure represents potential expenditure which may be reduced by entering into sale, farm-out or relinquishment of the interests and may vary depending upon the results of exploration activities. The estimate does not include possible expenditure on certain drilling programs as the Group has the right but not the obligation to participate in most wells. Should expenditure not reach the required level in respect of each area of interest, the Group's interest could be either reduced of forfeited.

Expenditure commitments (minerals)

The Group's interests in minerals tenements are limited to applications at this stage. No expenditure to maintain the tenements is therefore required.

Note 17 Directors and executives disclosures

The aggregate compensation made to directors and other key management personnel of the Group is set out below:

	Consolidated	
	2015	2014
	$	$
Primary benefits	293,972	544,502
Post-employment benefits	-	41,001
Share-based payment		-
	293,972	**585,503**

Note 18: Related party disclosure

The ultimate parent entity in the wholly-owned group and the ultimate Australian parent entity is Peak Oil & Gas Limited. The consolidated financial statements include the financial statements of Peak Oil & Gas Limited and the controlled entities listed in the following table:

Name of entity	Country of incorporation	Class of shares	Equity holding%	
			2015	2014
Peak Oil & Gas (Australia) Pty Ltd	Australia	Ordinary	100	100
Peak Oil & Gas (Singapore) Pte Ltd	Singapore	Ordinary	100	100
Peak Oil & Gas (SBA) Pte Ltd*	Singapore	Ordinary	-	100
Peak Royalties Ltd	British Virgin Islands	Ordinary	100	100
Peak Oil & Gas Philippines Ltd	British Virgin Islands	Ordinary	100	100
Energy Best Limited	British Virgin Islands	Ordinary	100	100
SA Drilling Pty Ltd	Australia	Ordinary	100	100
Samarai Pty Ltd	Australia	Ordinary	100	100
Renco Elang Energy Pte Ltd*	Indonesia	Ordinary	-	75

*Peak Oil & Gas (SBA) Pte Ltd and its 75% interest in Renco Elang Energy Pte Ltd were sold to Bow Energy International Holdings Inc (Bow), a subsidiary of ACL International Ltd (Note 24).

The transactions between Peak Oil & Gas Limited and its controlled entities during this financial year consisted of loans between Peak Oil & Gas Limited and its controlled entities.

Note 18: Related party disclosure (continued)

Related parties
The following table provides details of advances to related parties and outstanding balances at balance date.

	Parent entity	
	2015	**2014**
	$	**$**
Peak Oil & Gas (Australia) Pty Ltd	10,958,475	8,359,466
Peak Oil & Gas (SBA) Pte Ltd (Note 24)	-	10,147
SA Drilling Pty Ltd	206,356	206,356
Samarai Pty Ltd	255,884	255,884
Impairment of loans to controlled entities	(11,420,715)	(462,240)
	-	**8,369,613**

Transactions With Related Parties

During the year, the Company entered into an amended loan facility with Octanex N.L. (Note 11). As at 30 June 2015, $1,714,381 (2014: $954,586) was payable. During the year, Peak received $165,398 (2014: $238,490) from Octanex N.L. for the provision of geological and management services provided at the request of Octanex N.L.

During the year, $nil (2014: $97,179) was paid to Octanex N.L, a related entity of Mr Geoffrey Albers for the provision of underwriting services for a shareholder entitlement issue.

Note 19: Parent Entity Disclosures

	Parent Entity	
	2015	**2014**
	$	**$**
Financial position		
Current assets	65,809	120,565
Non-current assets	3,578	13,442,810
Total assets	69,387	13,563,375
Current liabilities	1,767,689	1,183,667
Non-current liabilities	-	-
Total liabilities	1,767,689	1,183,667
Net (Liabilities) /Assets	**(1,698,302)**	**12,379,708**
Issued capital	58,445,065	58,445,065
Accumulated losses	(62,334,793)	(48,256,783)
Reserves	2,191,426	2,191,426
(Total Deficiency) / Total Equity	**(1,698,302)**	**12,379,708**
Financial performance		
Loss for the year	(14,078,010)	(1,405,929)
Other comprehensive income	-	-
Total comprehensive loss	**(14,078,010)**	**(1,405,929)**

Note 20: Matters Subsequent to Balance Date

Since the end of the financial year the directors are not aware of any other matter or circumstance not otherwise dealt with in this report or financial statements that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Note 21: Contingent Assets

Cadlao Buyback Right
Details of the buyback right can be found in the operations report in the director's report (page 9). Given that Cadco has previously failed to make payment of the Cadco Buyback Right (A$6,700,000) and the disputed nature of Cadco's ownership between Blade and Viking, Peak considers that the recoverability of this amount is uncertain. Peak is considering its options in relation to recovery actions.

VenturOil Philippines Inc Loan
Details of the loan can be found in the operations report in the director's report (page 9). In practical terms, Peak's ability to recover this US$736,188 (A$958,578) loan is uncertain

PT. Realto Energi Nusantara Corelasi ("Renco') Loan
Details of the loan can be found in the operations report in the director's report (page 10). In practical terms, Peak's ability to recover this US$585,000 (A$761,719) loan is only likely to be realised from Renco's share of any future revenue from the South Block A PSC.

Note 22: Contingent Liabilities

Contingent liability of US$2,800,000 (A$3,645,833) (2014: A$2,993,693) payable on first two liftings from Cadlao oil project, provided that the project proceeds, which is uncertain, and provided that Peak Oil & Gas (Singapore) Pte Ltd retains its economic interest in the Cadlao Project via VenturOil unless it has lost that interest by virtue of gross negligence. (Note 8)

Note 23: Reconciliation of loss after income tax to net cash outflow from operating activities

	Consolidated	
	2015	**2014**
	$	**$**
Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities		
Net loss for the year	(4,672,436)	(9,558,760)
Depreciation charges	6,072	44,499
Loss from disposal of property, plant and equipment	3,378	3,905
Oil and gas development expenditure impairment	-	7,546,956
Trade and other receivable loan written off	36,952	745,487
Oil and gas deferred exploration expenditure written off	5,947,610	-
Mineral exploration project acquisition costs impaired	189,113	-
Profit on sale of discontinued operations	(2,192,733)	-
Decrease in trade and other receivables	61,405	415,770
Decrease in trade and other payables	(189,816)	(753,686)
Loan interest expense accrued	81,963	-
Net cash outflow from operating activities	**(728,492)**	**(1,555,829)**

Note 24: Discontinued operations

In June 2015, following receipt of approval of shareholders in General Meeting, Peak sold the Company's indirect 38.25% interest in the South Block A PSC and associated intercompany debt for consideration of $800,000.

The sale was effected via deed with respect to the sale of the one issued share in Peak Oil & Gas (SBA) Pte Ltd and assignment of debt (Deed) between Peak's wholly owned subsidiary Peak Oil & Gas (Australia) Pty Ltd (POGA) and Bow Energy International Holdings Inc (Bow), a subsidiary of ACL International Ltd, a company listed on the Ventures Board of the Toronto Stock Exchange.

Pursuant to the Deed, POGA transferred to Bow, the one issued share of Peak Oil & Gas (SBA) Pte Ltd and assigned to Bow the benefit of the $4,164,673 intercompany debt owed by Peak Oil & Gas (SBA) Pte Ltd to POGA.

Peak Oil & Gas (SBA) Pte Ltd was the holder of 75% of the shares in Renco Elang Energy Pte Ltd, the 51% participant and Operator in the South Block A Production Sharing Contract, in North Sumatra.

The results of Peak Oil & Gas (SBA) Pte Ltd are presented below :

	Note	2015 $	20
Revenue		-	
Expenses		(51,342)	
		(51,342)	
Loss before income tax expense from discontinued operations		(51,342)	
Income tax expense		-	
Net loss for the year from discontinued operations		(51,342)	

The net cash flows incurred by Peak Oil & Gas (SBA) Pte Ltd are presented below :

	2015 $	20
Operating	-	
Investing	(67,885)	
Financing	-	75,2
Next cash (outflow) / inflow	(67,885)	75,2

The major classes of assets and liabilities of Peak Oil & Gas (SBA) Pte Ltd at the date of the sale were as follows:

	Carrying value at date of sale **$**
Cash	7,332
Other Current assets	39,105
Non-current assets	64,815
Total assets	111,252
Current liabilities	(175,316)
Non-current liabilities	-
Total liabilities	(175,316)
Net Liabilities disposed of	(64,064)

Note 24: Discontinued operations (continued)

	$
Cash Consideration (1)	800,000
Net liabilities disposed of	64,064
Foreign exchange gain on translation of loan	877,938
Reclassification of foreign currency translation reserve realised on sale of subsidiary	450,731
Profit before tax from discontinued operations	2,192,733
Tax expense	-
Profit after tax from discontinued operations	2,192,733
Total consideration receivable as cash and cash equivalents	800,000
Cash and cash equivalent disposed of	(7,332)
Net cash receivable	792,668

Proceeds of $260,000 were received by Octanex NL and applied to the Octanex NL loan. (Note 11). The balance of $540,000 was received 2 July 2015 (Note 4).

(1) Fair value has been calculated with reference to consideration receivable of $800,000 for the one issued share of Peak Oil & Gas (SBA) Pte Ltd and assignment to Bow the benefit of the intercompany debt owed by Peak Oil & Gas (SBA) Pte Ltd to POGA.

Note 25: Auditors' remuneration

The auditors of the Group are HLB Mann Judd.

	Consolidated	
	2015	**2014**
	$	**$**
Assurance services		
HLB Mann Judd	49,000	50,000
Other auditors – subsidiary company	37,138	-
Non-Audit services		
HLB Mann Judd	-	-
Total auditors' remuneration	**86,138**	**50,000**

Directors' Declaration

1. In the opinion of the directors:
   a. the accompanying financial statements and notes are 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 2015 and of its performance for the financial year then ended; and
      ii. complying with Australian Accounting Standards, and the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements; and

   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the year ended 30 June 2015.

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

RL Clark
Director

30 September 2015

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Peak Oil & Gas Limited

Report on the Financial Report

We have audited the accompanying financial report of Peak Oil & Gas Limited ("the company"), which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the Group. The Group comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

(a) the financial report of Peak Oil & Gas Limited 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 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(y) in the financial report, which indicates that for the year ended 30 June 2015, the Group incurred a net cash outflow from operating and investing activities of $1,114,269 and a net loss after tax of $4,672,436. As at 30 June 2015, the Group had a net deficiency of assets of $1,145,554 and a working capital deficiency of $1,155,755. These conditions, along with other matters as set forth in Note 1(y), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. 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.

Auditor's opinion

In our opinion the remuneration report of Peak Oil & Gas Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R W Ohm
Partner

Perth, Western Australia
30 September 2015

Additional Shareholder Information (unaudited)

The shareholder information set out below was applicable as at 23 September 2015.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity security Ordinary shares
1 – 1,000	24
1,001 – 5,000	44
5,001 – 10,000	83
10,001 – 100,000	357
100,001 and above	273
Total	**781**

There were 547 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders – ordinary shares

	Ordinary Shares	
Name	**No. held**	**% of issued shares**
Octanex NL	142,448,684	20.94%
Southern Energy Pty Ltd	47,830,277	7.03%
Hawkestone Oil Pty Ltd	46,226,298	6.80%
Sagepark Holdings Pty Ltd	42,780,818	6.29%
Sacrosanct Pty Ltd	39,000,000	5.73%
Pontia Pty Ltd	37,732,727	5.55%
500 Custodian Pty Ltd	28,000,000	4.12%
Hebei Mining (Australia)	27,745,959	4.08%
Mr Ernest Geoffrey Albers	21,000,000	3.09%
Mr Peter Smedvig	13,636,363	2.00%
Albers Custodian Company	11,000,000	1.62%
Seaspin Pty Ltd	9,739,757	1.43%
Laconia Holdings Pty Ltd	8,754,545	1.29%
Arotinco Resources Pty Ltd	7,050,000	1.04%
Veblen Group Pty Ltd	7,017,272	1.03%
Mr Scott Andrew Grundmann	6,885,005	1.01%
Citicorp Nominees Pty Limited	6,515,233	0.96%
Lanza Holdings Pty Ltd	5,727,273	0.84%
Veblen Group Pty Ltd	5,600,000	0.82%
Mr Matthew Howison	4,437,555	0.65%
	519,127,766	76.32%

C. Substantial holders

Substantial shareholders as disclosed in substantial shareholding notices given to the Company are as follows:

	Number Held	Percentage
Octanex Group	335,505,259	49.32%
Sagepark Holdings Pty Ltd	42,822,818	6.29%
Pontia Pty Ltd (and associates)	40,887,727	6.01%

D. Voting rights

The voting rights attaching to each class of equity securities 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.

E. Interests in permits and tenements

Permits Granted	Location	Registered Entity Name	Interest %	Peak Entity	Peak's Indirect Economic Interest %
SC6 (Cadlao)	Philippines	Cadlao Development Company Limited (Cadco)	80.00	Peak Oil & Gas Philippines Ltd	25.00(1)
SC6 (Cadlao)	Philippines	VenturOil Philippines Inc	20.00	Energy Best Ltd	Variable(2)
SC6 (Cadlao)	Philippines	Peak Royalties Limited	80.00	Peak Royalties Limited	2.64(3)

(1) As outlined in the Operations Report, the group's interest in SC6 (Cadlao) via Cadco is currently under dispute and subject to arbitration. This interest is subject to a $6.7 million Buyback Right.

(2) As outlined in the Operations Report, the group's aggregate beneficial interest via VenturOil could range between 11% and 16.25%, depending on the implementation of the agreements. The group's prospective interest held through VenturOil Philippines Inc, is subject to dispute.

(3) As outlined in the Operations Report, the group holds an aggregate 80% interest in overriding royalty interests relating to 3.3% of production

Tenements Granted	Location	Registered Entity Name	Registered Interest %	Peak Entity	Beneficial Interest %
E45/3278	Sunday Creek, WA	Peak Oil & Gas Ltd	100.00	Peak Oil & Gas Ltd	100.00
E45/3477	Broadhurst, WA	Peak Oil & Gas Ltd	100.00	Peak Oil & Gas Ltd	100.00
E45/3292	Mt Seers, WA	Peak Oil & Gas Ltd	100.00	Peak Oil & Gas Ltd	100.00
E45/3345	Sunday Creek, WA	Peak Oil & Gas Ltd	100.00	Peak Oil & Gas Ltd	100.00