

1 April 2015

APPROVAL SOUGHT FOR SALE OF SBA INTERESTS

Peak Oil & Gas Limited (**Peak or Company**) (ASX Code: PKO) has today despatched to members a Notice of Meeting seeking approval for the sale of the Company's indirect interest in South Block A and associated intercompany debt (together the "**SBA Interests**").

Peak has a 38.25% economic interest in the South Block A Production Sharing Contract (**SBA PSC**) in North Sumatra Indonesia. This interest is held via Peak's wholly owned subsidiary, Peak Oil & Gas (SBA) Pte Ltd ("**POGSBA**"), which is the holder of 75% of the issued capital of Renco Elang Energy Pte Ltd ("**REE**"), the 51% participant and Operator of the PSC .

In addition to the indirect interest in the SBA PSC, there is a \$4,164,673.11 debt owed by POGSBA to the Company and to the Company's wholly owned subsidiary Peak Oil & Gas (Australia) Pty Ltd ("**POGA**").

Members' approval for the sale of Peak's SBA Interests is sought, with explanatory memorandum included in the Notice of Meeting despatched to shareholders today.

Such approval will act as a gateway, placing the Board in a position to secure a transaction, mindful of the timing challenges facing the SBA Interests, and Peak's need to address its debt situation.

Proceeds of sale will be to reduce Peak's debt to Octanex NL ("**Octanex**") and to provide Peak with capital to meet corporate overheads.

Following a sale, Peak will continue to hold its other assets as shown in the table below.

Country	Project	Asset	Direct Interest	Economic Interest
Philippines	SC6 Cadlao	Oil & Gas	25.00% ¹	16.25% ²
Australia	Sunday Creek	Uranium	100.00% ³	

¹ Interest earned by Peak and held on trust by Cadlao Development Company Limited (Cadco) and subject to arbitration

² Prospective interest held through VenturOil Philippines Inc, subject to dispute.

³ Access subject to execution of the relevant Heritage Agreement with Western Desert Lands Aboriginal Corporation

Additionally, Peak will continue to review opportunities for additional assets to create value for shareholders. The directors have contemplated the acquisition of assets via application for new permits which are considered prospective for oil and gas exploration, thus providing a growth strategy for the Company.

Debt to Octanex

As previously reported to members, Peak has an outstanding debt to Octanex, for monies loaned by Octanex to Peak and predominantly spent by Peak to fund the acquisition of 2D seismic and other expenditure on the SBA PSC. At present Peak and POGA can only postpone their requirement to repay the amount owed to Octanex, which, with interest, is now approximately \$1,960,000, if, under the terms of the *Amended and Restated Loan Agreement* entered into with Octanex, as announced to the market, Octanex exercises its

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discretion to grant extensions of the Due Date for repayment of Peaks and POGA's debt on a rolling 60 day cycle.

South Block A PSC – North Sumatra, Indonesia

Peak's majority controlled company, REE, is Operator of the SBA PSC, with the PSC participants shown below:

SBA Joint Venture Interests

REE (Operator)*	51%	Peak holds 75% of REE, the Operator and 51% interest holder in SBA (effective net to Peak of 38.25%)
KRX Energy (SBA) Pte Ltd (KRX)	35%	A subsidiary of Lion Energy Ltd
PT Prosys Oil & Gas	14%	

* REE Shareholders

Peak Oil & Gas (SBA) Pte Ltd	75.000%
PT Realto Energi Nusantara Corelasi	18.125%
Elang Energy Inc	6.875%

SBA Production Sharing Contract

The SBA PSC was granted in 2009 with a term for 30 years, including an initial exploration period of 6 years, which presently expires on 4 May 2015. There is a Firm Work Commitment in relation to the SBA PSC, which is presently required to be carried out by 4 May 2015.

95% of the territorial area of SBA PSC is located in Aceh Province where, between 2009 and 2012, there were negotiations between the Indonesian Central Government and Aceh Local Government in relation to the Law No. 11 of 2006 regarding autonomy of Aceh Province. One of the impacts was that several PSC companies located in Aceh, including REE, were unable to conduct upstream oil and gas activities in Aceh for the first two years of the PSC term.

REE has therefore requested the extension of the initial 6 year exploration period by a corresponding two year period. If approved, this would result in the 6 year exploration period ending in May 2017, rather than May 2015.

Potential Exploration Well

Following processing of the 183 km 2D seismic survey acquired in 2014, seismic interpretation has led to selection of a possible drilling location for a low-risk, shallow well (around 700m total depth) targeting oil on the Paya Bili structure. Small volumes of oil were produced from this structure during the early 1900s. The Paya Bili area has also been the subject of three deeper wells drilled by Asamera Oil (Indonesia) Ltd in 1976 and 1982. The location of the proposed shallow well, to be named Amanah Timur-1, is shown on the map (Figure 1) and seismic line (Figure 2) below.

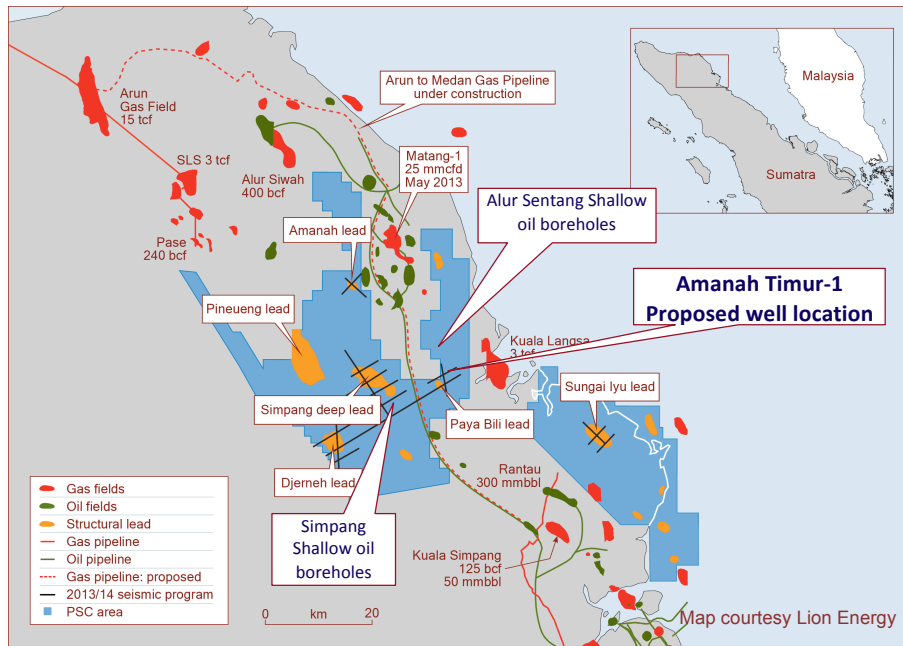


Figure 1: SBA map showing location of proposed Amanah Timur-1 well, key leads and prospects, new seismic, shallow oil samples and gas pipeline under construction

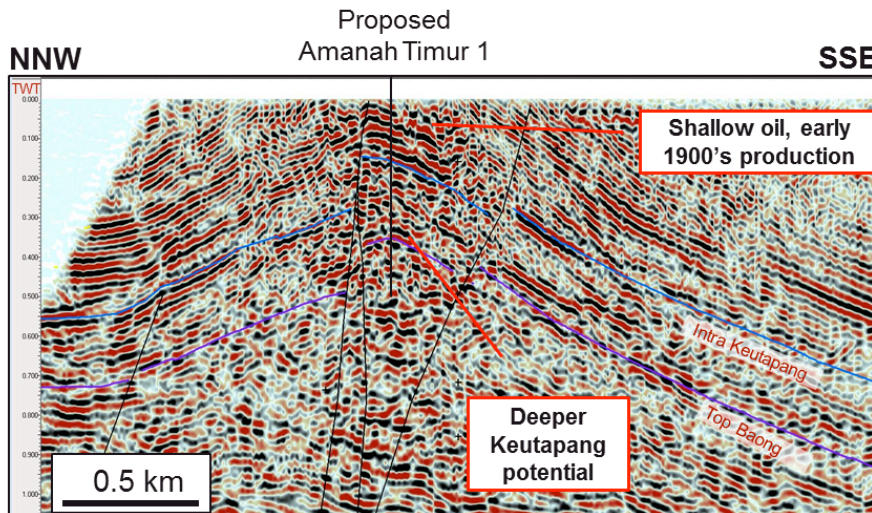


Figure 2: Seismic section showing location of proposed Amanah Timur-1 well and early 1900s shallow oil production

Located in Prolific Basin

The SBA PSC is located in the prolific North Sumatra Basin, in proximity to an established pipeline and facilities. The presence of an active petroleum system in the vicinity of the proposed Amanah Timur-1 well location (Figure 1) is validated by both light, 50° API, high quality live oil samples produced from shallow boreholes hand drilled by local residents and confirmed by the record of historic oil production on the Paya Bili structure. Drilling by Asamera between 1976 and 1982 produced indications of oil and gas.

SBA PSC has potential for both oil and gas development, with both commodities in demand within Sumatra. A subsequent well could target an attractive gas-condensate prospect to be matured through ongoing seismic interpretation activities.

Gas Pipeline Infrastructure

A new gas pipeline has been constructed between Lhokseumawe and Medan, the largest city in Sumatra and the fourth largest city in Indonesia, and provides a new incentive for gas exploration in the SBA block as a potential contribution to increasing energy demand required to underpin the continuation of economic growth in the surrounding region. The pipeline passes through SBA (Figure 1) and is reported to have a capacity of 400 MMSCF per day and will transport gas from the Arun gas facilities (including an LNG receival terminal currently being built). Peak understands it will be an open access pipeline with around 200 MMSCFD forecast spare capacity. The pipeline is located in proximity to key prospects within the SBA permit and could assist in commercialising any gas discovery the SBA Joint Venture may make through its drilling program.