



## ENTITLEMENT OFFER CLEANSING NOTICE UNDER SECTION 708AA(2)(F) CORPORATIONS ACT – PEAKO LIMITED (ASX CODE: PKO)

Peako Limited (“**Peako**”) (ASX Code: PKO) has, on 17 March 2016, announced a proposed capital raising of up to A\$680,253 through a one for one non-renounceable entitlement offer (“**Rights Issue**”) of 680,253,247 new fully paid ordinary shares (“**new Shares**”) in Peako.

The offer has been underwritten in an amount of \$340,127 (“**the Underwritten Amount**”) by Natural Resources Group Pty Ltd (ABN 46 004 650 597) (“**Underwriter**”). The Underwritten Amount represents 340,127,000 new Shares, approximating 50% of the total number of new Shares being offered for subscription.

Peako will offer the new Shares for issue without disclosure to investors under section 708AA(2)(f) of the Corporations Act 2001 (“**Corporations Act**”) as notionally modified by ASIC Class Order 08/35 (CO 08/35).

For the purposes of section 708AA(7) of the Corporations Act, Peako advises:

1. the new Shares will be offered for issue without disclosure under Part 6D.2 Corporations Act as notionally modified by CO 08/35;
2. this notice is given under section 708AA(2)(f) Corporations Act as notionally modified by CO 08/35;
3. as at the date of this notice, Peako has complied with:
  - (a) the provisions of Chapter 2M Corporations Act as they apply to Peako; and
  - (b) section 674 Corporations Act;
4. as at the date of this Notice, there is no excluded information of the type referred to in section 708AA(8) and 708AA(9) Corporations Act as notionally modified by CO 08/35;
5. the potential effect that the Rights Issue will have on the control of Peako, and the consequences of that effect, is set out in the following paragraphs.
  - (a) If Eligible Members (being all Members other than Ineligible Shareholders) take up their full Entitlement under the Rights Issue they will not be diluted.
  - (b) If Eligible Members do not take up their Entitlements or if they only take up part of their Entitlements, they will be diluted.
  - (c) Ineligible Shareholders will have their holdings diluted by the issue of new Shares under the Rights Issue. The extent of any dilution will depend on the level to which the Rights Issue is subscribed by Eligible Members taking up their respective Entitlements and by the Underwriter meeting its obligations to underwrite the Underwritten Amount.
  - (d) The effect of the Rights Issue on control of Peako will depend upon a number of factors including the level to which Eligible Members take up their Entitlements and the identity of those Members. It is not possible for Peako to predict the level of participation by Eligible Members.

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- (e) In relation to the effect of the Underwriting on the control of the Company it should be noted that the Albers Shareholdings currently represent 49.32% of the voting power attached to all Shares on issue.
- (f) If the Underwriting is completed, and the Albers Shareholders (including the Underwriter) acquire the maximum number of new Shares the subject thereof (up to 340,127,000 new Shares) by either taking up their respective Entitlements or, in the case of the Underwriter, by subscribing for that part of the Shortfall as necessary to enable the Underwriter to meet its underwriting obligation, then the Albers Shareholdings relevant interests in Peako may increase substantially depending on the actual level of subscription by Eligible Members taking up their Entitlements.
- (g) The tables below take into account what the Albers Shareholders present relevant interests and voting power in Shares are now and the effect on those relevant interests of various levels of acceptance under the Rights issue. This is analysed in four cases. Table one assumes in all cases that Mr Albers takes up his Entitlement to 21,000,000 new Shares and assumes that other Albers shareholders take up Entitlements to 40,000,000 new Shares. Table two assumes in all cases that Mr Albers takes up his entitlement of 21,000,000 new Shares but that no other Albers shareholder takes up any Entitlement. Each table makes the further assumptions that:
- (i) CASE A: Assumes that no other Eligible Members take up their respective entitlements and that NRG takes up sufficient Shortfall to meet its underwriting obligation. This is 279,126,624 new Shares in Table one and 319,126,624 new Shares in Table two.
  - (ii) CASE B: Assumes that other Members holding 25% of the remaining new Shares in Peako subscribe for 86,186,997 new Shares and that NRG takes up sufficient Shortfall to meet its underwriting obligation. This is 192,939,627 new Shares in Table one and 232,939,627 new Shares in Table two.
  - (iii) CASE C: Assumes that other Members holding 50% of the remaining Shares in Peako subscribed for 172,373,994 new Shares and that NRG takes up su146,752,630 new Shares in Table two.
  - (iv) CASE D: Assumes all Members (other than the Albers Shareholders) take up their full Entitlements) with NRG not taking up any Shortfall.

It is assumed that new Shares not subscribed for by Members or by NRG in satisfaction of its underwriting obligation have lapsed and that Shortfall not subscribed for under the Shortfall Offer or taken up by the Underwriter in satisfaction of its underwriting obligation will not be placed by the Board.

<b>TABLE 1: VARIOUS POSSIBLE INCREASE IN CONTROL SCENARIOS RESULTING FROM UNDERWRITING ASSUMES ALBERS SHAREHOLDERS TAKE UP ENTITLEMENTS FOR 61,000,000 NEW SHARES</b>				
	<b>Case A</b>	<b>Case B</b>	<b>Case C</b>	<b>Case D</b>
<b>Present Issued Capital</b>	680,253,247	680,253,247	680,253,247	680,253,247
<b>Present Albers Shareholding</b>				
EG Albers Personal Holding	21,000,000	21,000,000	21,000,000	21,000,000
Octanex NL (ASX:OXX)	142,448,684	142,448,684	142,448,684	142,448,684
Other Albers Group entities	172,056,575	172,056,575	172,056,575	172,056,575
<b>Total Albers Shareholding</b>	<b>335,505,259</b>	<b>335,505,259</b>	<b>335,505,259</b>	<b>335,505,259</b>
<b>Current Voting Power</b>	<b>49.32%</b>	<b>49.32%</b>	<b>49.32%</b>	<b>49.32%</b>
<b>Albers Shareholders Entitlement</b>				
EG Albers Personal entitlement	21,000,000	21,000,000	21,000,000	21,000,000
Octanex NL (ASX:OXX) entitlement	142,448,684	142,448,684	142,448,684	142,448,684
Other Albers Group entities entitlement	172,056,575	172,056,575	172,056,575	172,056,575

<b>Total Albers entitlement</b>	<b>335,505,259</b>	<b>335,505,259</b>	<b>335,505,259</b>	<b>335,505,259</b>
New Shares				
Shares subscribed for by E G Albers	21,000,000	21,000,000	21,000,000	21,000,000
Shares subscribed for by Octanex NL (1)	0	0	0	0
Shares subscribed for by Other Albers Group entities (2)	40,000,000	40,000,000	40,000,000	40,000,000
<b>Total shares subscribed for by Albers Group</b>	<b>61,000,000</b>	<b>61,000,000</b>	<b>61,000,000</b>	<b>61,000,000</b>
<b>Shares subscribed for by other Members</b>	<b>0</b>	<b>86,186,997</b>	<b>172,373,994</b>	<b>344,747,988</b>
<b>Shares subscribed for by Underwriter</b>	<b>279,126,624</b>	<b>192,939,627</b>	<b>106,752,630</b>	<b>-</b>
Total New Shares	<b>340,126,624</b>	<b>340,126,624</b>	<b>340,126,624</b>	<b>405,747,988</b>
Capital Post Issue	<b>1,020,379,871</b>	<b>1,020,379,871</b>	<b>1,020,379,871</b>	<b>1,086,001,235</b>
Post Issue Albers Shareholding	<b>675,631,883</b>	<b>589,444,886</b>	<b>503,257,889</b>	<b>396,505,259</b>
Albers Shareholders Voting Power Post Issue	<b>66.21%</b>	<b>57.77%</b>	<b>49.32%</b>	<b>36.51%</b>
Increase (decrease) in Albers Shareholders Voting Power	<b>16.89%</b>	<b>8.45%</b>	<b>0.00%</b>	<b>-12.81%</b>
(1) Octanex NL (ASX: OXX) has indicated that it will not participate in the Rights Issue.				
(2) Other Albers Group Entities have not yet determined the level to which they will participate in the Rights Issue. Take up of 40,000,000 new Shares has been shown in order to demonstrate that to the extent that other Albers Shareholders participate, the underwriting obligation will reduce proportionately.				

<b>TABLE 2: VARIOUS VARIATION TO TABLE 1: ASSUMES E G ALBERS TAKES UP 21,000,000 NEW SHARES BUT NO OTHER ALBERS SHAREHOLDERS OTHER THAN E G ALBERS TAKE UP THEIR ENTITLEMENTS</b>				
	<b>Case A</b>	<b>Case B</b>	<b>Case C</b>	<b>Case D</b>
Total shares subscribed for by Albers Group	21,000,000	21,000,000	21,000,000	21,000,000
Shares subscribed for by underwriter	319,126,624	232,939,627	146,752,630	
Post Issue Albers Shareholding	675,631,883	589,444,886	503,257,889	356,505,259
<b>Albers Shareholders Voting Power Post Issue</b>	<b>66.21%</b>	<b>57.77%</b>	<b>49.32%</b>	<b>34.08%</b>
<b>Increase (decrease) in Albers Shareholders Voting Power</b>	<b>16.89%</b>	<b>8.45%</b>	<b>0.00%</b>	<b>-15.24%</b>

6. Save as set out above, it is not possible to state the potential effect the issue of the relevant securities will have on the control of Peako.
7. It is the Underwriter's intention that Peako should;
- continue to carry on its business of identification, exploration and development of natural resources projects;
  - continue with its involvement in SC6 Cadlao with the aim of resolving the various outstanding conflicts so as to create value for Members from the SC6 Cadlao Oilfield re-development project (**Cadlao Project**) and that, for that purpose, Peako take such action as requisite to protect and maintain the ownership of its assets as referred to herein and to maintain its rights in relation to those assets. This is subject to the over-riding caveat that if a resolution of those disputes cannot be achieved within a reasonable time, then it is possible that Peako sell or otherwise dispose of those interests;
  - continue to advance the Sunday Creek and Mount Seers Exploration Licence applications;
  - not dispose of any of Peako's assets otherwise as determined by resolution of the Peako Board. The primary circumstances where a disposition of assets may occur are where:
    - it becomes necessary or desirable to raise funds to meet obligations relating thereto and that requires partial disposition or sale of assets to parties unrelated to NRG or its Associates. Any such sales or dispositions would be negotiated on an arm's length basis.

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- (ii) resolution of the existing disputes relating to Cadlao and Peako's various interests therein may require a total re-organisation of those interests and those of all other relevant parties to those disputes; or
  - (iii) the existing disputes in relation to SC6 Cadlao become, in the opinion of the Board, impossible to resolve and the Board determines to dispose of or relinquish some or all of its various interests in or in relation to SC6 Cadlao.
- (e) Monitor potential recoverability of residual asset (loan to PT Realto Energi Nusantara Corelesi (Renco) of US\$585,000) associated with the South Block A Production Sharing Contract in Indonesia
  - (f) not transfer any of Peako's assets to NRG (or any of its Associates) or transfer any assets of NRG (or any of its Associates) to Peako unless otherwise resolved upon by the then members of Peako at a general meeting convened and held in accordance with the Act, the Listing Rules and all applicable ASIC Regulatory Guidelines
  - (g) to maintain the current employment of all of Peako's present employees and consultants. There is no present intention to adversely change the terms on which any of those persons presently provide services to Peako.
8. The above reflects the Board's and the Underwriter's present attitudes to these matters. However, if circumstances change, this may lead to a change in those attitudes to reflect and accommodate such changed circumstances. Notwithstanding that, any future corporate action taken by Peako will be carried out in accordance with all relevant regulatory requirements.
9. further details regarding the Rights issue are set out in the Rights Issue document.

Signed for and on behalf of Peak Oil & Gas Limited

Dated 17 March 2016



Raewyn Clark  
Director