

30 January 2014

Australian Securities Exchange
2 The Esplanade
PERTH WA 6000

ASX Code: PKO

QUARTERLY ACTIVITIES REPORT

31 December 2014

HIGHLIGHTS

- South Block A (SBA) PSC well design and planning underway for proposed shallow well targeting oil
- SBA Seismic interpretation underway to mature a wet gas prospect for subsequent drilling

PROJECTS OVERVIEW

Summary of Peak's Project Interests

Country	Project	Asset	Direct Interest	Economic Interest
Indonesia	South Block A	Oil & Gas		38.25% ¹
Philippines	SC6C Cadlao	Oil & Gas	25.00% ²	16.25% ³
Australia	Sunday Creek	Uranium	100.00% ⁴	

¹ Interest held through REE Pte Ltd

² Interest earned by Peak and held on trust by Cadlao Development Company Limited(Cadco) and subject to Arbitration

³ Prospective Interest held through VenturOil Philippines Inc

⁴ Access subject to execution of the relevant Heritage Agreement with Western Desert Lands Aboriginal Corporation

South Block A PSC – North Sumatra, Indonesia

Peak's majority controlled company, Renco Elang Energy Pte Ltd (REE), is Operator of the South Block A (SBA) Production Sharing Contract (PSC) with a 51% working interest (Peak's 75% shareholding in REE equates to a net economic interest of 38.25%).

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%	An indirect subsidiary of Lion Energy Ltd
PT Prosys Oil & Gas	14%	

* REE's shareholding is as follows:

REE Shareholders

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

Work Program

The SBA PSC's work program, as extended, calls for a well to be drilled in the permit by May 2015.

Proposed Drilling Location

Following processing of the 183 km seismic survey, seismic interpretation has led to selection of a possible drilling location for a low-risk, shallow well (around 700m total depth) targeting high quality oil on the Paya Bili structure. Small volumes of oil were produced from this structure during the early 1900s. The location of the proposed shallow well, to be named Amanah Timur-1, is shown on the enclosed map (Figure 1) and seismic line (Figure 2).

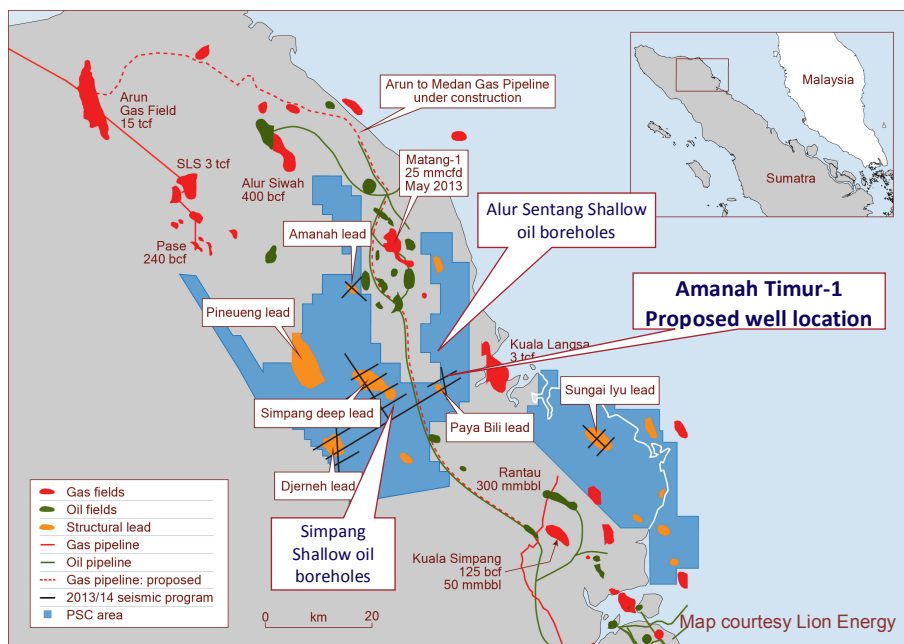


Fig 1: SBA map showing location of proposed Amanah Timur-1 well, key leads and prospects, new seismic, shallow oil samples and gas pipeline under construction

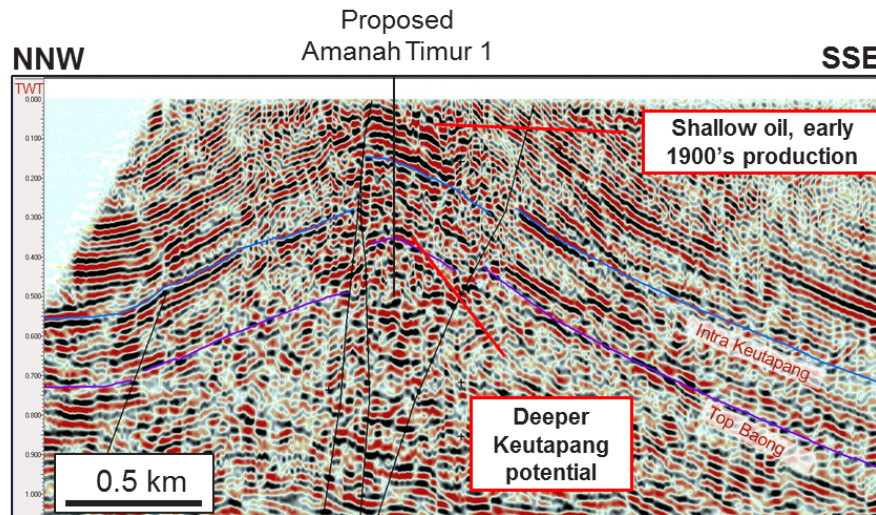


Fig 2: Seismic section showing location of proposed Amanah Timur-1 well and early 1900s shallow oil production

During the quarter well planning activities were undertaken and significant effort was focussed on preparing well cost estimates. Review of these estimates with a focus on cost reductions is currently underway.

Funding

Peak's arrangements for and financial commitment to participation in the Paya Bili well are not firm. In particular, share of contributions from the shareholders of REE remains to be settled. Given Peak's financial position, Peak has a preference to farm out the well.

Located in Prolific Basin

SBA is located in a highly regarded area of the prolific North Sumatra Basin, in close proximity to established pipelines and facilities.

The presence of an active petroleum system in the vicinity of the proposed Amanah Timur-1 well location is validated by both light, 50° API, high quality live oil samples produced from shallow boreholes hand drilled by local residents (Figure 1) and confirmed by the record of historic oil production on the Paya Bili structure.

SBA has potential for both oil and gas development, with both commodities in strong demand within Sumatra. It is intended that a subsequent well will 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 the increasing energy demand required to underpin the continuation of strong 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 close 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.

SC6 (Cadlao) - Cadlao Oilfield Re-development Project, The Philippines*25% Interest subject to Cadco Arbitration (Arbitration)*

Peak and Cadco continued to progress the Arbitration with preliminary hearings scheduled to continue into 2015.

Peak's VenturOil Interest

In addition to the 25%WI held on trust by Cadco, Peak also holds a prospective 16.25% indirect economic interest through its partial ownership of VenturOil Philippines Inc (**VenturOil**) which the Company acquired from Clove Capital Partners Limited in July 2012. This interest is not subject to the Cadco dispute.

Minerals Project

Peak remains focused on its oil and gas portfolio and continues to review options for monetizing the Company's remaining minerals project. Peak believes its Sunday Creek project may provide future value to shareholders should the uranium sector recover and the Company remains open to offers from interested parties.

CORPORATE OVERVIEW**Termination of the Proposed Merger with Octanex NL**

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 and subsequently advised both the Court and ASIC that the Schemes will not proceed.

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.

Loan Agreement

Following the end of the quarter, Peak and Octanex agreed to work together to reschedule Peak's debt due to Octanex of approximately \$1.95 million. As a first step in that process, Octanex and Peak have agreed that the due date for repayment of the debt will be extended to 1 March 2015. During this period, detailed agreements are planned to be entered into under which Peak's debt to Octanex may be able to be satisfied, repaid or otherwise discharged over an 18 month period, including by way of, but not limited to, proceeds of sale of assets and and/or future capital raisings.

Corporate overheads

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

Expiry of options

69,207,569 options with an exercise price of \$0.05 expired on 31 December 2014.

Jeff Steketee
Managing Director

For personal use only

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Peak Oil & Gas Limited

ABN

79 131 843 868

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (6 months) \$A'ooo
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(174)	(330)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(307)	(690)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material) – return of bond	-	25
Net Operating Cash Flows		(481)	(995)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material) – Investment in associate	(15)	(36)
Net investing cash flows		(15)	(36)
1.13	Total operating and investing cash flows (carried forward)	(496)	(1,031)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(496)	(1031)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	497	1,047
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	497	1,047
	Net increase (decrease) in cash held	1	16
1.20	Cash at beginning of quarter/year to date	228	213
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	229	229

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	126
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	1,953	1,953
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	-
4.4 Administration	58
Total	58

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	228	228
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	228	228

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.


		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	680,253,247	680,253,247	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	100,000 20,000,000	- -	Exercise price \$0.05 \$0.28	Expiry date 01/08/2015 25/11/2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)		
------	---	--	--

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Director)

Date: 30 January 2015

Print name: Raewyn Clark

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.