

19 February 2015

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## **SC6 CADLAO (PHILIPPINES) INTERESTS HELD VIA VENTUROIL INC**

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Peak Oil & Gas Limited ("Peak") (ASX: PKO) advises that VenturOil Philippines Inc ("VenturOil") has claimed to terminate unspecified agreements between VenturOil and Peak in connection with the SC6 Cadlao Service Contract. Peak holds its interests through a wholly owned subsidiary Energy Best Limited ("EBL").

All of Peak's interests in SC6 Cadlao were fully impaired in the period ended 31 December 2013.

In January 2013 Peak announced that the Department of Energy of the Republic of the Philippines (**DOE**) had advised SC6 Cadlao's Operator, Cadlao Development Co Inc (Cadco), that failure to fulfil the 2013 work program obligations may result in a withdrawal of the approval and ultimately the possible cancellation of the service contract.

In January 2014 the DOE granted approval to the Operator for the 2014 work program subject to a series of conditions (which were outlined in a February 2014 ASX Release) and specified that a failure to satisfy the conditions by Cadco would render "*SC6 as due for termination and cancellation*".

As announced on 11 April 2014, DOE granted approval for the implementation of the Calendar Year 2014 Work Program and Budget, as well as the extension of timeline for the drilling of two initial wells in March-April 2015 and "First Oil" in June 2015.

To Peak's knowledge, no milestones have been met that would enable drilling to be undertaken in March 2015.

In December 2014, following the significant decline in oil price and apparent lack of progress in the development of the Cadlao oilfield, Peak acted to reduce costs and ceased paying certain non binding "pre-funding amounts" it had paid to VenturOil since 2011.

VenturOil is a 20% non-operator participant in SC6 Cadlao. Peak holds interests in SC6 Cadlao via VenturOil as follows:

- A 5% interest in SC6 Cadlao, held in trust for EBL by VenturOil. VenturOil will hold a residual 15% interest in SC6 following transfer of that 5% interest held in trust for EBL
- 6,000,000 shares in VenturOil,

together with the benefit of a shareholders agreement entered into between VenturOil and all of its shareholders

VenturOil has now sought to terminate "all agreements" between Peak and its subsidiaries and VenturOil and Figurado Energy Investment Holdings ("Figurado") on the basis that Peak is in "breach" of its "pre-funding obligations" (despite such "obligations" being non-binding).

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VenturOil has further asserted that Figurado is the *“SEC registered 100% shareholder 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 between any of them and either of VenturOil or Figurado and that there are no grounds for termination of any agreement which arise from any act or omission of any of Peak or any of its subsidiaries, directors or officers.

In addition to the interest held in VenturOil, Peak holds a 25% working interest in SC6 Cadlao under a farmin agreement which is subject to arbitration with Cadlao Development Company Limited (Cadco).