

28 April 2015

Australian Securities Exchange  
2 The Esplanade  
PERTH WA 6000

ASX Code: PKO

## QUARTERLY ACTIVITIES REPORT

31 March 2015

### HIGHLIGHTS

- South Block A (SBA) PSC extension sought
- Amended Loan Agreement Executed with Octanex NL

### PROJECTS OVERVIEW

#### Summary of Peak's Project Interests

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

<sup>1</sup> Interest held through REE Pte Ltd

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

<sup>3</sup> Prospective Interest held through VenturOil Philippines Inc

<sup>4</sup> 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

<b>REE (Operator)*</b>	51%	Peak holds 75% of REE, the Operator and 51% interest holder in SBA (effective net to Peak of 38.25%)
<b>KRX Energy (SBA) Pte Ltd (KRX)</b>	35%	An indirect subsidiary of Lion Energy Ltd
<b>PT Prosys Oil &amp; Gas</b>	14%	

\* REE's shareholding is as follows:

#### REE Shareholders

Peak Oil & Gas Limited subsidiaries	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 in May 2015.

Ninety-five (95%) of the territorial area of SBA PSC is located in Aceh Province where between 2009 and 2012 there were certain 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.

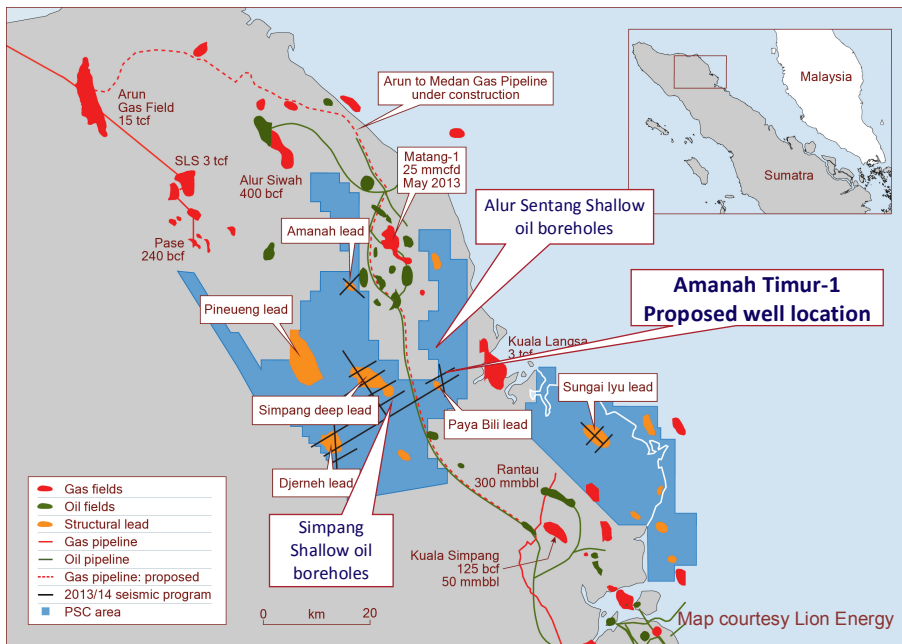
REE has therefore requested the extension of the initial 6 year exploration period by a corresponding period which would result in the 6 year exploration period ending later than May 2015. This application had been favourably received and Peak is hopeful that notification of extension will be forth coming.

If such consent is not granted, and if the Firm Work Commitment has not been completed by May 2015, the SBA PSC may be terminated by the regulator. The outstanding component of the Firm Work Commitment is the drilling of an exploration well.

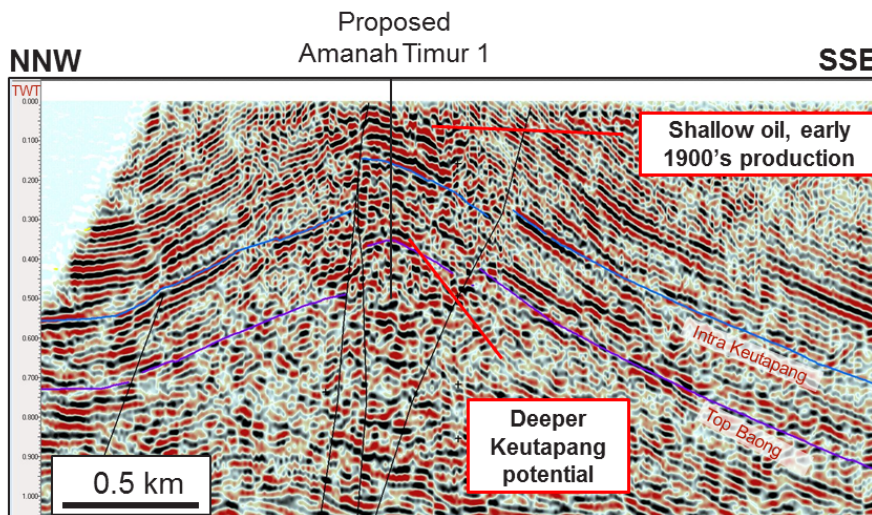
### Potential Exploration Well

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 Paya Bili structure 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 enclosed map (Figure 1) and seismic line (Figure 2).

Following receipt of notification of extension to the PSC term, and in consideration of the recent change in oil price, a prospectivity review will be undertaken to determine the best prospect for drilling. This prospectivity review will consider all field data and will consider the Amanah Timur-1, Simpang Deep, Simpang Djerneh and Sungai Iyu targets.



**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, permit activities were undertaken with significant effort focussed on seeking extension of permit term.

#### Located in Prolific Basin

SBA 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 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.

Drilling by Asamera between 1976 and 1982 produced indications of oil and gas.

SBA has potential for both oil and gas development, with both commodities in strong demand within Sumatra. It is intended that a subsequent well would 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 MMSCFD 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

Peak has two separate interests in the SC6 Cadlao Oilfield re-development project offshore The Philippines as follows:

1. The 25% Cadaco interest; and
2. The effective 16.25% VenturOil interest



The Cadlao Oil Field offshore is located in the Palawan Basin, offshore The Philippines and 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 (\$14/BBL) and escalating FPSO 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.

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 FSO.

### **SC6 status**

As announced on 11 April 2014, the Department of Energy of the Republic of the Philippines (**DOE**), granted approval for the implementation of the Calendar Year 2014 Work Program and Budget, an 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 the stipulated period.

#### *25% Cadco Interest- subject to Cadco Arbitration (Arbitration)*

Peak earned a 25% working interest (**WI**) in SC6 (Cadlao), and which is currently held on trust for Peak by Cadco. During the quarter, Peak and Cadco continued to progress the Arbitration in relation to the Cadco Interest with preliminary hearings scheduled to continue in 2015.

#### *Peak's VenturOil Interest*

In addition to the 25% working interest 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, however, on 19 February 2015, VenturOil claimed to terminate unspecified agreements between VenturOil and the Company in connection with the SC6 Cadlao Service Contract on the basis that Peak is in breach of pre-funding obligations.

The Company 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 its related entity, Figurado Energy Investment Holdings, and that there are no grounds for termination of any agreement.

### **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**

### **Loan Agreement**

During the quarter, the Company entered into an Amended and Restated Loan Agreement (**Amended Loan Agreement**) and associated security documentation with Octanex NL (**Octanex**). This relates to the Loan Facility provided by Octanex in May 2014 pursuant to which Octanex funded the Company's budgeted outgoings to the end of December 2014. The net balance owing under the Loan Facility at 31 March 2015 was \$1,964,126. Both Peak and its subsidiary Peak Oil & Gas (Australia) Pty Ltd (**POGA**) have, pursuant to an ASX waiver, granted charges over their assets to secure repayment of the Peak Group's indebtedness.

The amended agreement provides for extensions of the due date for payment of Peak's debt to Octanex on a recurring 60 day cycle with possible extensions on a rolling basis for a

maximum term of 18 months until 30 June 2016, subject to Octanex not terminating the arrangement at any time during a 60 day period.

### Potential sale of SBA Interests

Following the end of the quarter, on 1 April 2015, Peak 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**).

Such approval will act as a gateway, placing the Board in a position to secure a transaction, mindful of Peak's need to address its debt situation. Proceeds of sale will be to reduce Peak's debt to 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% <sup>1</sup>	16.25% <sup>2</sup>
Australia	Sunday Creek	Uranium	100.00% <sup>3</sup>	

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

<sup>2</sup> Prospective interest held through VenturOil Philippines Inc, subject to dispute.

<sup>3</sup> 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.

Jeff Steketee  
Managing Director

# 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 March 2015

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (9 months) \$A'ooo
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(112)	(442)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(28)	(718)
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
<b>Net Operating Cash Flows</b>		<b>(140)</b>	<b>(1,135)</b>
<b>Cash flows related to investing activities</b>			
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	-	(36)
<b>Net investing cash flows</b>		<b>-</b>	<b>(36)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(140)</b>	<b>(1,171)</b>

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(140)	(1,171)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	1,047
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	1,047
	<b>Net decrease in cash held</b>	(140)	(124)
1.20	Cash at beginning of quarter/year to date	229	213
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	89	89

**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	-
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'ooo	Amount used \$A'ooo
3.1 Loan facilities	1,964	1,964
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'ooo
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	-
4.4 Administration	40
<b>Total</b>	<b>40</b>

### 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'ooo	Previous quarter \$A'ooo
5.1 Cash on hand and at bank	89	229
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>89</b>	<b>229</b>

### 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.

## 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	<b>Preference securities</b> (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	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	<b>+Convertible debt securities</b> (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	20,000,000	-	Exercise price \$0.28	Expiry date 25/11/2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes</b> ( <i>totals only</i> )		
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## 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:  Date: 28 April 2015  
(Director)

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.

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+ See chapter 19 for defined terms.

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