



21 March 2016

Dear Shareholder,

RE: NON-RENOUNCEABLE RIGHTS ISSUE

The Board of Peako Limited (“Peako” or “the Company”) is pleased to invite you to participate in a pro-rata non-renounceable rights issue to raise up to approximately A\$680,253 (before costs), as announced by Peak on 16 March 2016 (“Rights Issue”) and advises as follows.

1. The rights issue is underwritten in an amount of \$340,127 (“Underwritten Amount”) by Natural Resources Group Pty Ltd (ABN 46 004 650 597), which is a company associated with Peako’s Chairman, Mr E G Albers.
2. Proceeds from the Rights Issue will be used to pay the costs of the issue and for working capital purposes.
3. Mr Albers proposes to take up his personal Entitlement of 21,000,000 new shares. Neither of the other directors hold any shares in Peako.
4. Full details of the Rights Issue are set out in the Rights Issue offer document and Appendix 3B lodged with ASX on 17 March 2016. A copy of the Rights Issue offer document is available to download from both the ASX website (at www.asx.com.au) and Peako’s website (www.peako.com.au).
5. The Rights Issue document will be despatched to Eligible Members on Tuesday 29 March 2016. The Rights Issue document will be accompanied by a personalised Entitlement and Acceptance Form which will provide detailed instructions on how to they may participate in the Rights Issue. The Rights Issue document contains a Shortfall Offer under which Eligible Members, other than Directors and their Associates and other related parties may make application for additional new shares in excess of their entitlement. The personalised Entitlement and Acceptance Form contains a provision for Eligible Members to subscribe for such additional new shares.
6. The anticipated timetable for the Rights Issue is as follows:

Event	Date
Announcement and Application for Quotation	Wednesday 16 March 2016
Notice of Rights Issue to ASX and Lodge Appendix 3B, 708AA Notice and Rights Issue document with ASX	Thursday 17 March 2016
Give notice to Optionholder	Thursday 17 March 2016
Despatch Letter to Members containing the information required by App 3B	Friday 18 March 2016
Shares are quoted on an “ex” basis	Monday 21 March 2016
Rights Issue Record Date ¹	Tuesday 22 March 2016
Despatch Rights Issue document and Entitlement and Acceptance Form: Rights Issue opens	Tuesday 29 March 2016
Acceptances Close (“Closing Date”) ²	Wednesday 27 April 2016

Peako Limited ABN 79 131 843 868

Level 21 500 Collins Street Melbourne

t +61 3 8610 4709 e info@peako.com.au w www.peako.com.au

For personal use only

Deferred settlement trading commences	Thursday 28 April 2016
Notify ASX of undersubscriptions	Friday 29 April 2016
Notify Underwriter of Shortfall	Wednesday 4 May 2016
Allotment of Rights Issue Shares ²	Wednesday 4 May 2016
Deferred Delivery Trading ceases	Wednesday 4 May 2016
Despatch of Transaction Confirmation Statements	Wednesday 4 May 2016
Receipt of Applications for Shortfall from Underwriter	Wednesday 18 May 2016
Issue Shares to Underwriter	Thursday 19 May 2016

¹This date, and all dates after this date are indicative only. The Company reserves the right to extend the Closing Date, in which case the Allotment Date will change accordingly.

² Subject to the unqualified right of the Directors to extend the Closing Date.

ADDITIONAL KEY INFORMATION IN CONNECTION WITH THE RIGHTS ISSUE, AS REQUIRED BY THE ASX LISTING RULES, IS SET OUT BELOW FOR YOUR REFERENCE

7. Peako advises:
- (a) The Rights Issue is non-renounceable and is being made to each Eligible Member on the basis of one (1) new fully paid ordinary share ("new Share") for every one (1) ordinary share held by that Eligible Member on the Record Date to determine entitlements to the issue;
 - (b) the issue price is A\$0.01 cents per new share;
 - (c) the record date to determine entitlements is 7.00pm AEDT on Tuesday 22 March 2016 ("**Record Date**").
8. Eligible Members are those members who:
- (a) are registered as a holder of shares as 7.00pm (AEDT) on the Record Date;
 - (b) have registered addresses on the Peako Share Register in Australia or New Zealand or are otherwise eligible under applicable securities laws to receive an offer to subscribe for new shares under the offer. In this context "applicable securities laws" include the securities laws of the jurisdiction in which the member (representing that the member is an Eligible Member) is resident without the Rights Issue document being registered under such applicable securities laws; and
 - (c) are not in the United States and are not acting for the account or benefit of a person in the United States.
9. Peako reserves the right to determine whether a member is an Eligible Member or an Ineligible Shareholder.

Where the Rights Issue document is despatched to a member whose address in Peako's share register is outside of Australia and New Zealand and the member fails to take up its Entitlement in full or in part, Peako will determine that such member is an Ineligible Shareholder and the new shares to which that Ineligible Shareholder had an entitlement will be issued and allotted to the Nominee as provided herein

Where a member whose address in Peako's share register is outside of Australia and New Zealand returns a completed personalised Entitlement and Acceptance Form or makes a payment by BPAY® and thus represents and warrants to Peako that the member satisfies each of the criteria listed above to be an Eligible Member, Peako will accept such representation and determine that the member is an Eligible Member as so represented.

Nominees, trustees and custodians are advised to seek independent professional advice as to how to proceed.

10. Members who are not Eligible Members are Ineligible Shareholders.

- For personal use only
11. By returning a completed personalised Entitlement and Acceptance Form or by making a payment by BPAY® a member with an address outside of Australia and New Zealand will be taken to have represented and warranted that the member satisfies each of the criteria listed above (and in the Rights issue document) to be an Eligible Member.
 12. Peako may (in its absolute discretion) accept applications from members whose addresses in the share register are outside Australia and New Zealand who, if sent the Rights Issue document, represent, by acceptance of the offer, that they are Eligible Members in accordance with all applicable laws as referred to above. However, Peako will not send the Rights Issue document or any Entitlement and Acceptance Form to any person in the United States or accept applications from United States residents or from persons in the United States or from persons who are acting for the account or benefit of United States residents or persons in the United States. Where Peako does not make an offer to any shareholder who has a registered address outside of Australia and New Zealand, Peako will, in accordance with Listing Rule 7.7.1(b), send each holder to whom it will not offer the new shares, details of the Rights Issue and an advice that Peako will not offer new shares to those shareholders.
 13. Shares commence trading without the entitlement to participate in the Rights Issue on Monday 21 March 2016 being one business day (as defined in ASX Listing Rules) prior to the Record Date);
 14. Eligible Members will be able to apply for additional new shares ("**Shortfall Shares**") in excess of their entitlement at the same issue price of A\$0.001 per new share. Allocation of additional new shares applied for will be subject to there being a shortfall in subscriptions under the Rights Issue. The Directors reserve the right to accept or reject any Application for Shortfall Shares.
 15. Each new Share will rank equally with and be issued on the same terms as those quoted fully paid ordinary shares already issued by the Company. Application for quotation of the new shares offered under the Rights Issue was made by the Company on 17 March 2016;
 16. As the Rights Issue is on a one for one basis, no fractional entitlements will be created.
 17. The Rights Issue is underwritten to the Underwritten Amount as set out in item 1 above. A fee of 7.5% of the Underwritten Amount is payable to the Underwriter in relation to the underwriting. Full details of the Underwriter and the underwriting agreement are set out in the Rights Issue offer document.
 18. The Rights Issue is being made in accordance with section 708AA of the Corporations Act 2001 and without disclosure, that is, without a prospectus or other disclosure document.
 19. The Rights Issue is non-renounceable, accordingly "*rights*" will not be tradeable on ASX or otherwise transferrable. Eligible Members who do not take up their entitlements in full will not receive any value in respect of that part of their entitlement that they do not take up.
 20. Ineligible Shareholders may receive value from the sale of new shares to which they would have been entitled to apply for had they been Eligible Members. With the approval of ASIC, the Company has appointed Holdex Nominees Pty Ltd, a wholly owned subsidiary of Baillieu Holst Limited, as a nominee for the purposes of section 615 of the Corporations Act ("**Nominee**") to sell the new shares that might have otherwise been issued to Ineligible Shareholders.
 21. The nominee sale procedure referred to in item 20 will be as follows:
 - (a) the Company will issue to the Nominee the new shares that Ineligible Shareholders would be entitled to if they were to participate in the offer of new shares under the Rights Issue;
 - (b) the Nominee will use its best endeavours to sell the new shares at a price and otherwise in a manner determined by the Nominee in its sole discretion; and
 - (c) the net proceeds of the sale of the new shares (after deducting the aggregate subscription price of the shares and the reasonable costs of the section 615 nominee procedure, including costs of sale), if any, will be distributed to the Ineligible Shareholders for whose benefit the new shares are sold in proportion to their shareholdings as at the Record Date.

- (d) If any such net proceeds of sale are less than such reasonable costs referred to above, such proceeds may be retained by the Company. Accordingly there is a possibility that Ineligible Shareholders may receive no net proceeds if the subscription price plus such costs are greater than the sale proceeds. The Company will not be held liable for the sale of any of the new shares of Ineligible Shareholders at any particular price or the timing of such a sale;
- (e) The Nominee will not sell any of the new shares to any related party of the Company or to any associate of any such related party.

The Nominee will be paid a fee of \$500 (plus GST), brokerage at a rate of 7.5% on the sale of the said new shares together with its expenses of sale of such new shares and of accounting for the proceeds of sale thereof as such nominee.

22. Based on the undiluted share capital of the Company as at 17 March 2016, a maximum of 680,253,247 new shares will be issued under the Rights Issue. This number excludes any allowance for shares issued in the event that the sole option holder exercises its right to convert its options to ordinary shares prior to the Record Date. Based on that number, the maximum number of listed ordinary shares on issue following the Rights Issue will be 1,360,506,494 Shares.
23. No shareholder approval will be required for the Rights Issue.
24. Peako does not have a dividend policy and does not intend to declare a dividend in the near future.

ACTIONS REQUIRED OF ELIGIBLE MEMBERS

25. Pursuant to the Rights Issue there are a number of actions Eligible Members may take:
- (a) take up all or some of your entitlements;
 - (b) take up all of your entitlements and apply for additional new shares;
 - (c) not participate in the Rights Issue and if so; you do not need to take any action.
26. If you are an Eligible Member and wish to participate in the Rights Issue, it will be necessary for you to complete and return the personalised Entitlement and Acceptance Form that will accompany the Rights Issue offer document, expected to be sent to Eligible Members on 29 March 2016. You must complete that Entitlement and Acceptance Form in accordance with the instructions on that form. You will need to ensure your application moneys for the entitlements (and any additional Shortfall Shares) you wish to take up is received by Security Transfer Registrars by no later than 5.00pm (AWST) on Wednesday 27 April 2016.

If you have any queries about the Rights Issue, please contact the Company's Share Registry, Security Transfer Registrars, on +61 (0)8 9315 2333.

Yours sincerely,



Raewyn Clark
Director