

# PEAKO LIMITED.

(ABN 79 131 843 868)

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (**Meeting**) of the Members of Peako Limited (**Company**) will be held at The Institute of Chartered Accountants in Australia on Level 3 of 600 Bourke Street, Melbourne, Victoria] on Thursday 24 November 2016 commencing at 10:00 am (AEDT).

### AGENDA

#### ORDINARY BUSINESS

##### Annual Financial Report

To receive and consider the Consolidated Financial Statements of the Company for the year ended 30 June 2016 and the reports of the Directors and Auditor thereon

##### Resolution 1.: Adoption of the Remuneration Report for the year ended 30 June 2016

To consider and if thought fit, to pass the following as a non-binding and advisory resolution in accordance with section 250R of the Corporations Act:

*"To adopt the Remuneration Report as included in the Directors' Report for the year ended 30 June 2016."*

##### Resolution 2.: Re-election of EG Albers as a Director of the Company

To consider and if thought fit, to pass the following as an ordinary resolution:

*"That Mr Ernest Geoffrey Albers, who retires as a Director pursuant to the Constitution and, being eligible, offers himself for re-election and is hereby elected as a Director of the Company."*

#### SPECIAL BUSINESS

##### Resolution 3.: Consolidation of Capital

To consider and if thought fit, to pass the following as an ordinary resolution:

*"That, in accordance with, and pursuant to, section 354H(1) of the Corporations Act, the issued share capital of the Company be consolidated on the basis that every twenty fully paid ordinary shares in the Company be consolidated into one fully paid ordinary share in the Company and that any resulting fractions of a share be rounded up to the next whole number of shares with such consolidation to take effect on the date this Resolution is approved by Shareholders."*

##### Resolution 4.: Issue of Options to Ms R.L Clark or her nominee

To consider and if thought fit, to pass the following as an ordinary resolution:

*"That, for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.1, approval is given to grant Ms R.L. Clark (or her nominee) 3,000,000 options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of \$0.04 cents per option expiring at 5.00pm ADST on 24 November 2019 and further described in the Explanatory Memorandum."*

##### Resolution 5.: Issue of Options to Mr EG Albers or his nominee

To consider and if thought fit, to pass the following as an ordinary resolution:

*"That, for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.1, approval is given to grant Mr EG Albers (or his nominee) 1,000,000 options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of \$0.04 cents per option expiring at 5.00pm ADST on 24 November 2019 and further described in the Explanatory Memorandum."*

## **Resolution 6.: Issue of Options to Mr AP Armitage or his nominee**

To consider and if thought fit, to pass the following as an ordinary resolution:

*“That, for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.1, approval is given to grant Mr AP Armitage (or his nominee) 1,000,000 options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of \$0.04 cents per option expiring at 5.00pm ADST on 24 November 2019 and further described in the Explanatory Memorandum.*

## **Resolution 7.: 10% Placement Capacity under Listing Rule 7.1A**

To consider and if thought fit, to pass the following resolution as a special resolution:

*“That for the purposes of Listing Rule 7.1A and for all other purposes, the issue of up to 10% of the Company’s share capital, calculated in accordance with Listing Rule 7.1A and on the terms and conditions set out in the Explanatory Memorandum, is approved.”*

## **Resolution 8.: Adoption of a new Constitution for the Company**

To consider and if thought fit, to pass the following as a special resolution:

*“That, in lieu of the present Constitution of the Company, there be adopted as the Constitution of the Company, a Constitution in the form of the proposed Constitution marked with the letter “A”, a copy of which Constitution shall be tabled at the meeting and signed by the Chairman of the Company for the purposes of identification.”*

## **OTHER BUSINESS**

To transact any other business which may be properly brought before the Meeting in accordance with the Company’s Constitution and the Corporations Act

## **NOTES**

### **Requisite majorities**

Resolutions 1 through 6 are ordinary resolutions and will be passed only if supported by a simple majority of the votes cast by Shareholders entitled to vote on the resolutions.

Resolutions 7 and 8 are special resolution and will be passed only if supported by 75% of the votes cast by Members present and eligible to vote at the Meeting.

### **Voting exclusion statements**

#### *Resolution 1 - Remuneration Report*

A vote may not be cast (in any capacity) on Resolution 1 by or on behalf of any of the following persons:

- (a) a member of the *Key Management Personnel*, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of a member of the Key Management Personnel.

However, a person described in (a) or (b) may cast a vote on Resolution 1 if:

- (c) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; and
- (d) the vote is not cast on behalf of a person described in (a) or (b).

#### *Resolution 4 – Grant of Options to RL Clark*

In accordance with the provisions of Chapter 2E of the Corporations Act 2001 and the requirements of ASX Listing Rule 10.13 the Company will disregard any votes cast on Resolution 3 on by Ms RL Clark and any Associate of Ms Clark within the meaning of the Corporations Act. However, the Company will not disregard a vote if:

- (a) it is cast by any such person or any of its associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

*Resolution 5 – Grant of Options to EG Albers*

In accordance with the provisions of Chapter 2E of the Corporations Act 2001 and the requirements of ASX Listing Rule 10.13 the Company will disregard any votes cast on Resolution 5 on by Mr EG Albers and any Associate of Mr Albers within the meaning of the Corporations Act. However, the Company will not disregard a vote if:

- (a) it is cast by any such person or any of its associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or  
(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

*Resolution 6 – Grant of Options to AP Armitage*

In accordance with the provisions of Chapter 2E of the Corporations Act 2001 and the requirements of ASX Listing Rule 10.13 the Company will disregard any votes cast on Resolution 6 on by Mr AP Armitage and any Associate of Mr Armitage within the meaning of the Corporations Act. However, the Company will not disregard a vote if:

- (a) it is cast by any such person or any of its associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or  
(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In accordance with sections 250BD(1) and (2) of the Corporations Act, the Chairman will not vote any undirected proxies in relation to these Resolutions unless the Shareholder expressly authorizes the Chairman to vote in accordance with the Chairman's stated voting intentions.

The Chairman of the Meeting intend to vote all undirected proxies in favour of Resolutions 4, 5 and 6.

*Resolution 7 – 10% Placement Capacity*

A vote may not be cast (in any capacity) on Resolution 7 by or on behalf of a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.

The Company will not disregard a vote if it is cast as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

At the date of the Notice the Company had not approached any Member or an identifiable class of Members to participate in the issue of equity securities. No Member's vote will therefore be excluded under the voting exclusion statements in the Notice.

Members should be aware that the Directors and their Associates may not participate in the placement of any equity securities pursuant to this resolution by virtue of the restrictions contained in LR 10.11 relating to placements of securities to related parties.

**Explanatory Memorandum**

The Explanatory Memorandum accompanying this Notice of Meeting is incorporated in and comprises part of this Notice of Meeting.

By order of the Board  
**PEAKO LIMITED**



**Rae Clark**  
Company Secretary  
20 October 2016

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## Explanatory Notes to the Business of the Meeting

### Note 1: Annual Financial Report of the Company

The Consolidated Financial Statements and related reports for the last financial year are contained in the Company's 2016 Annual Report and will be laid before the Meeting. While no resolution is required, Members are encouraged to ask questions of the Directors and the Auditor and make comments on the Consolidated Financial Statements and reports.

The Auditor responsible for preparing the Auditor's Report for the year ended 30 June 2016, (or his representative) will attend the Meeting via teleconference. The Chairman will also allow a reasonable opportunity for Members to ask the Auditor questions about the:

- (e) conduct of the audit;
- (f) preparation and content of the Auditor's Report;
- (g) accounting policies adopted by the Company in relation to the preparation of the Consolidated Financial Statements; and
- (h) independence of the Auditor in relation to the conduct of the audit.

To assist the Directors and the Auditor in responding to questions, please submit your questions by mail to Peako Limited, Level 21, 500 Collins Street, Melbourne 3000 or by fax to +61 (0)3 8610 4799 or by email to [info@peakoil-gas.com](mailto:info@peakoil-gas.com) so they are received by no later than 5:00pm (ADST) on Thursday, 17 November 2016, being five (5) business days prior to the Meeting.

As required under section 250PA of the Corporations Act, at the Meeting the Company will distribute a list setting out the questions directed to the Auditor that have been received in writing from Members, being questions the Auditor considers relevant to the content of the Auditor's Report or the conduct of the audit of the Consolidated Financial Statements for the year ended 30 June 2016. The Chairman will allow reasonable opportunity for the Auditor to respond to the questions set out in this list.

### Note 2: Resolution 1. - Remuneration Report

The Remuneration Report, which is included in the Directors' Report section of the Company's 2016 Annual Report, will be laid before the Meeting. While the resolution to adopt it is not binding on the Company or the Directors, Members are encouraged to ask questions and make comments on the Remuneration Report. You should also note that the following voting restrictions apply in relation to voting on the Remuneration Report.

The Directors unanimously recommend eligible Members vote in favour of adopting the Remuneration Report.

### Note 3: Resolution 2. - Re-election of Director

The Company's Constitution requires that at every Annual General Meeting one third of the Directors (other than the Managing Director) shall, by rotation, retire from office and provides that such Director or Directors are eligible for re-election. Mr Albers retires by rotation and is seeking re-election at the Meeting. Biographical information for Mr Albers can be found in the Company's annual report and on the company's website: [www.peako.com](http://www.peako.com).

The Directors, other than Mr Albers, unanimously recommend all Members vote in favour of the re-election of Mr Albers.

### Note 4: Resolution 3. - Consolidation of Capital

The Company proposes to consolidate its share capital through the conversion of every twenty Shares into one Share.

Under section 254H of the Corporations Act, a company may consolidate its shares if the consolidation is approved by an ordinary resolution of shareholders at a general meeting.

If the consolidation is approved, it is anticipated that trading in consolidated shares on a deferred settlement basis will commence on 28 November 2016, with normal trading to commence from 7 December 2016.

#### Reasons for the consolidation

The Company has a large number of shares on issue (approximately 1.02 billion) due to historical equity-based capital raisings and corporate transactions. The number of shares is disproportionate to the Company's activities, so the Company proposes to reduce this number by way of this share consolidation. The share consolidation will result in a more appropriate and effective capital structure for the Company and a share price more appealing to a wider range of investors/

#### Effect of the consolidation

##### *Shares*

If the proposed share consolidation is approved by shareholders, the number of the Company's shares on issue will be reduced from approximately 1.02 billion to 51 million.

As the consolidation applies equally to all of the Company's shareholders, individual shareholdings will be reduced in the same ratio as the total number of the Company's shares (subject only to the rounding of fractions). It follows that the consolidation will have no material effect on the

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percentage interest of each individual shareholder in the Company.

Therefore, if a Shareholder currently has 15,300,000 Shares, representing approximately 1.50% of the Company's issued capital, then if the shares consolidation is approved and implemented, that Shareholder will have 765,000 Shares following the consolidation, still representing the same 1.50% of the Company's issued capital. Similarly, the aggregated value of each Shareholder's holding (and the Company's market capitalisation) should not materially change – other than minor changes as a result of rounding – as a result of the share consolidation alone (and assuming no other market movement or impact occur). The price per Share should logically increase in proportion to reflect the reduced number of Shares on issue. However, as this is a market issue no definite forecast can be provided.

#### Options

As at the date of this Notice of Meeting, the Company has 20,000,000 unlisted Options on issue. All of those options will expire the day after the meeting, 25 November 2016, if not exercised earlier. As such, the Options will not be consolidated.

#### Rounding

Where the consolidation of a Shareholder's holding results in an entitlement to a fraction of a Share, the fraction will be rounded up to the nearest whole number of Shares.

If the Company reasonably believes that a Shareholder has been a party to the division of a shareholding in an attempt to obtain an advantage from this treatment of fractions, the Company may take appropriate action, having regard as appropriate to the terms of the Company's constitution and the ASX Listing Rules. In particular, the Company reserves the right to disregard the division of a Shareholder's shareholding for the purposes of dealing with fractions so as to round up any fraction to the nearest whole number of shares that would have been received but for the division.

#### Tax implications for shareholders of the Company

Shareholders are encouraged to seek and rely only on their own professional advice in relation to their tax position. Neither the Company nor any of its officers, employees or advisors assumes any liability or responsibility for advising Shareholders about the tax consequences for them from the proposed share consolidation.

The share consolidation will occur through the conversion of every twenty (20) Shares into one (1) Share. Insofar as the Board is aware, no capital gains tax (CGT) event is expected to occur as a result of the share consolidation and therefore

there should be no taxation implications arising for the Company's shareholders. However, it is emphasised that Shareholders must obtain their own advice on this regard.

#### Indicative timetable

If approved by Shareholders, the proposed share consolidation will take effect on and from the close of the Meeting. The following is an indicative timetable (subject to change) of the key events:

Key Event	Indicative Date
General Meeting	24 November 2016
Notification to ASX that Share Consolidation is approved	24 November 2016
Last day for trading in pre-consolidated securities	25 November 2016
Trading in the consolidated securities on a deferred settlement basis commences	28 November 2016
Last day to register transfers on a pre-consolidation basis	29 November 2016
Despatch of new holding statements Deferred settlement trading ends	6 December 2016
Normal trading starts	7 December 2016

#### Other information

Other than as set out in the Notice of Meeting, and other than information previously disclosed to Shareholders, there is no other information that is known to the Company's Directors which may reasonably be expected to be material to the making of a decision by the Shareholders whether or not to vote in favour of the share consolidation.

The Directors recommend that Members vote in favour of Resolution 3.

#### **Note 5: Resolutions 4-6 – Grant of Options**

##### Background

The Company does not pay directors fees to directors and the Board believes that the grant of Options to the Directors in Resolutions 4 to 6 is reasonable and appropriate and constitutes an important incentive for Directors.

The Board considers that the grant of the Options is a cost effective method of aligning the interests of Directors and shareholders whilst maintaining the Company's cash reserves.

The Board resolved on 15 September 2016 to (subject to Shareholder approval) issue unlisted Options to each of the directors.

As at the date the Board resolved to issue Options to the directors the 5 day VWAP of the Company's

shares was \$0.001 per share. Post consolidation, this would equate to \$0.02 per share

#### Terms of options

The proposed terms of grant of options are as follows:

- (a) Each option entitles the holder to subscribe for one ordinary share in Peako Limited (the Company) upon the payment of an amount of \$0.04.
- (b) The option will lapse at 5.00pm (ADST) on 24 November 2019 (**Expiry Date**).
- (c) The options are not transferable to any person other than an Associate of the grantee (within the meaning of the Corporations Act 2001) without the prior approval of the Board of Directors of the Company.
- (d) There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option or in the payment of any dividend without having exercised the option prior to the record date to determine entitlements to any such entitlements or distributions.
- (e) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the options will be re-organised in respect to number and exercise price as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (f) The option shall be exercisable at any time during the period ending on or before the Expiry Date (**Exercise Period**) by the delivery to the registered office of the Company of a notice in writing (**Notice**) stating the intention of the optionholder accompanied by an Option Certificate or Holding Statement and a cheque made payable to the Company for the subscription monies for the shares to be issued on exercise of the options the subject of the Notice. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some options shall not affect the rights of the optionholder to the balance of the options held by him.
- (g) The Company shall allot the resultant shares and deliver a statement of shareholdings with a Holders' Identification Number within 5 business days of exercise of the options.
- (h) The shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

#### Application of Listing Rules 10.11 and 10.13

In compliance with Listing Rules 10.11 and 10.13 the following information is provided in relation to resolutions, 4, 5 and 6 on the Notice of Meeting.

- (a) The names of the grantees of the Options are as set out in resolutions resolutions 4, 5 and 6;
- (b) The maximum number of Options which will be issued under resolution 4 is 3,000,000 options. The maximum number of Options which will be issued under resolution 5 is 1,000,000 options. The maximum number of Options which will be issued under resolution 6 is 1,000,000 options. In aggregate, a total of 5,000,000 options will be granted under resolutions 4, 5 and 6.
- (c) The date by which the Company will issue the Options will be will be not later than 24 December 2016 which is not later than one (1) month after the date of the Meeting.
- (d) The grantees of the Options the subject of resolutions 4, 5 and 6 are each directors of the Company as named in the resolutions (or their respective nominees who will be their respective Associates within the meaning of the Corporations Act).
- (e) The Options are issued free of cost as incentive Options. The exercise price of each Option is \$0.04.
- (f) No funds will be raised by the grant of the Options.
- (g) A voting exclusion for each resolution is included in the Notice of Meeting.

In relation to each of resolutions 4, 5 and 6, if approval is given by such resolution to grant options to the director named in such resolution (or to that director's nominee) under Listing Rule 10.11 further approval to grant such options is not required under Listing Rule 7.1.

The options proposed to be granted have been valued based on current share prices using Black Scholes binomial model. That valuation has determined a value of \$0.0067 for each option with total values as shown in the table below:

<b>Name of Director</b>	<b>No. of Options</b>	<b>Black Scholes Valuation</b>
RL Clark	3,000,000	\$20,246
EG Albers	1,000,000	\$6,749
AP Armitage	1,000,000	\$6,749
<b>Total</b>	<b>5,000,000</b>	<b>\$33,744</b>

Separate from director's remuneration various director related entities received payment for services provided on normal commercial terms

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and conditions as set out in note 18 to the Annual Financial Statements.

Each Director has a relevant interest in existing securities in the capital of the Company as follows.

<b>Name of Director</b>	<b>No. of Fully Paid Shares held</b>
RL Clark	Nil
EG Albers	459,241,739
AP Armitage	Nil

#### Option Valuation

The valuation of the options as at 14 October 2016 using a binomial model shows a value per option of \$0.0067 per option, based on the following assumptions:

- A notional current share price of \$0.02 (assuming the 20:1 consolidation proposed in Resolution 3 and the current share price of \$0.001);
- an exercise price of \$0.04;
- the options being granted on 25 November 2016 and expiring on 24 November 2019;
- a risk free rate of 1.55% for Commonwealth Treasury Bond yields with a maturity approximating the expiry date of the options.
- a volatility factor of 81% calculated by reference to the average volatility of various other relevant companies.

#### Recent market prices of Peako shares on ASX

During the 90-day period to 30 September 2016, the shares traded in a range of \$0.001 to \$0.002 per share. Volume weighted average share price ("VWAP") for various periods are set out below:

<b>VWAP Period</b>	<b>VWAP</b>	<b>Volume</b>	<b>Value Traded \$</b>
30 Day	\$ 0.001	2,307,000	2,307
90 Day	\$ 0.0011	3,455,000	3,855

#### Related Party Requirements of Chapter 2E of the Corporations Act 2001

The requirements of Section 219 of the Act as set out in Chapter 2E thereof require that certain information must be provided to members to enable them to vote in relation to each of the resolutions to be put to the meeting.

Each Director named in the resolution proposing the grant of options to that Director has an interest in the outcome of that resolution. The nature of the financial benefit which may be obtained by each of the named Directors as related parties of the Company is that those Directors (or their nominees) will be granted the options which have values as summarised above.

It is important for members to recognise that for the value in the related party benefit constituted

by the grant of the options to be realisable by the optionholder, that the options must be exercised as they are, generally, not transferable.

The acquisition by any person of options does not change voting power. That voting power will only change in accordance with changes in the relevant interests in shareholdings of any member or of those of his associates.

#### Director's recommendations

The Corporations Act requires in Section 219, inter alia, that, in relation to each director of the company, it must be set out herein:

- (a) if the director wanted to make a recommendation to members about the proposed resolution—the recommendation and his or her reasons for it; or
- (b) if not—why not; or
- (c) if the director was not available to consider the proposed resolution—why not.

Accordingly the following information is provided. Insofar as each resolution relating to the issue of options to the specific Director named in the resolution is concerned, that Director in each case refrains from making any recommendation on the outcome of that resolution because that Director is interested in the outcome of the resolution.

#### **ADDITIONAL INFORMATION**

The directors are not aware of any other information that:

- (a) is reasonably required by members in order to decide whether or not it is in the Company's interests to pass each of the proposed resolution; and,
- (b) is known to the Company or to any of its directors;

that has not previously been disclosed either direct to members or generally to the market in accordance with the Company's continuing disclosure obligations under the Listing Rules of ASX.

#### **Note 6: Resolution 7 - Approval of 10% Placement Capacity under Listing Rule 7.1A**

Under Resolution 7, the Company is seeking Members' approval of a Special Resolution to renew the Company's capacity to issue the maximum number of additional equity securities permitted under ASX Listing Rule 7.1A. This Listing Rule (**LR**) permits the placement of new equity securities (calculated in accordance with LR 7.1A.2) of up to 10% of the number of fully paid ordinary shares (**Shares**) in the Company on issue 12 months before the issue date or the date of agreement to issue the additional equity securities (**10% Placement**). As Resolution 7 is a Special Resolution, it requires approval of 75% of the votes cast by Members present and eligible to vote at the Meeting. The 10% Placement may comprise any equity securities as defined by ASX Listing Rules.

As at the date of the Notice, the Company has not issued any equity securities under LR 7.1A.2 pursuant to the approval provided by Members at the 2015 Annual General Meeting.

#### **Eligibility criteria**

Under LR 7.1A an eligible entity may, subject to shareholder approval by way of special resolution, make such a 10% Placement in addition to the 15% new issue capacity available to ASX-listed entities under LR 7.1. An eligible entity for the purposes of LR 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is not included in the S&P/ASX 300 Index and has a market capitalisation of significantly less than \$300 million, so is an eligible entity.

#### **Placement capacity under Listing Rule 7.1A**

As at the date of this Notice, the Company had 1,020,380,247 ordinary shares on issue. Therefore, in addition to any equity securities it can issue under LR 7.1, if Resolution 7 is approved, the Company will have capacity to issue up to 102,038,025 equity securities under LR 7.1A, being up to 10% of the 1,020,380,247 fully paid ordinary shares presently on issue. However, the number of equity securities that may be issued under LR 7.1A may increase beyond 1,020,380,247, as the actual number of fully paid shares on issue may increase by the date of any issue that may be made should Resolution 7 be approved.

#### **Minimum issue price**

In accordance with LR 7.1A, equity securities issued under the 10% Placement can only be issued at a price that is equivalent to not less than 75% of the volume weighted average price (VWAP) of the Company's equity securities of the same class calculated over the 15 trading days on which trades in its Shares were recorded immediately before:

- the date on which the issue price of the equity securities is agreed; or
- the issue date (if the equity securities are not issued within five trading days of the date on which the issue price is agreed).

#### **Placement period**

Shareholder approval of the 10% Placement under LR 7.1A is valid from the date of the Meeting until the earlier to occur of:

- 12 months after the date of the Meeting; and
- the date of approval by Members of a transaction under LR 11.1.2 (a significant

change to the nature or scale of activities) or LR 11.2 (disposal of main undertaking), or such longer period if allowed by ASX. (The approval of Members to the 10% Placement under LR 7.1A will cease to be valid in the event that Members approve a transaction under LR 11.1.2 or 11.2.)

Shareholder approval under LR 7.1A does not lapse if the Company's market capitalisation subsequently exceeds \$300 million or it is included in the S&P/ASX 300 Index at some time during the placement period; provided the Company meets the criteria under LR 7.1A on the date of the Meeting.

#### **Dilution to existing shareholdings**

If Resolution 7 is approved by Members and the Company issues equity securities under the 10% Placement, there is a potential risk of economic and voting dilution to existing Shareholders as a result.

Further, as the market price of the equity securities may be significantly lower on the issue date of the 10% Placement than on the date of approval at the Meeting, and because equity securities may be issued at a price that is at a discount to the market price on the issue date, there is a risk that the 10% Placement may raise less funding than it would based on current market prices.

The economic dilution will reflect that existing Shareholders who do not participate in the 10% Placement will have their underlying economic interests in the Company's assets diluted pro rata to the dilution in their shareholdings.

Additionally, as the issue price of any equity securities issued under the 10% Placement capacity may be at a discount to the equivalent VWAP of the Company's Shares traded over the 15 trading days prior to their issue price being set or the equity securities being issued, a further economic effect of such a placement may be a reduction in the market price or value of their then existing equity holding in the capital of the Company. Whether such a reduction in market price or value occurs, and if so for how long it continues, will depend on factors not presently known, including the purpose for which the 10% Placement may be made. The converse outcomes may also occur.

It is not possible to set out further economic effects which may arise from the 10% Placement, as they are unknown in advance of such a placement being made.

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**Details of all issues of equity securities by Peako during the 12 months preceding the date of the meeting as required by Listing Rule 7.3A6.**

Date of Issue:	Number Issued:	Class/Type of equity security:	Summary of terms:	Names of persons who received securities or basis on which those persons was determined:	Price at which equity securities were issued:	Discount to market price (if any):				
							Total cash consideration received:	Amount of cash consideration spent:	Use of cash consideration:	Intended use for remaining amount of cash (if any):
19/5/16	340,127,000	Fully paid ordinary shares	Ordinary fully paid shares ranking equally with all other ordinary shares on issue	Rights issue – not applicable	.001	None	\$343,068	\$57,000	Working capital	Working capital

**Table showing various hypothetical scenarios as required by Listing Rule 7.3A.2**

As required by LR 7.3A.2, the table below shows a number of hypothetical scenarios for the 10% Placement where Variable “A” in the formula in LR 7.1A.2 (representing the Company’s share capital) has increased by either 50% or 100% and the share price has decreased by 50% or increased by 100% from the approximate share price as at the date of this Notice.

DILUTION				
Variable “A” in LR 7.1A.2 is presently 1,020,380,247 shares		10% Placement Issue Price \$0.001	10% Placement Issue Price \$0.001	10% Placement Issue Price \$0.002
Current Capital comprises 1,020,380,247 shares		(being a lowest price possible, a 50% decrease not possible)	(being the current Share Price)	(being a 100% increase in Issue Price above current share price)
	Number of Shares	102,038,025	102,038,025	102,038,025
No increase in capital. Variable A remains 1,020,380,247 shares				
	Funds raised (excluding capital raising costs) <sup>1</sup>	\$102,038	\$102,038	\$204,076.05
50% increase in capital to 1,530,371 shares by issue of 510,190,124 shares. Variable A increases to 1,530,570,371 shares				
	Number of Shares <sup>2</sup>	153,057,037	153,057,037	153,057,037
	Funds raised <sup>1</sup>	\$153,057	\$153,057	\$306,114.07

<sup>1</sup> Rounded to nearest whole dollar

<sup>2</sup> No of Shares rounded to nearest whole Share

If Resolution 3 is approved, the Company’s capital will be consolidated on the basis of 1 share for every 20 currently held. The table below has been prepared to show the potential combined impact of Resolution 3 and Resolution 7.

DILUTION				
Variable “A” in LR 7.1A.2 would be 51,019,012 shares post consolidation		10% Placement Issue Price \$0.001	10% Placement Issue Price \$0.02	10% Placement Issue Price \$0.002
Post Consolidation Capital would comprise 51,019,012 shares		(being a 50% decrease in Issue Price below consolidated current share price)	(being the current Share Price consolidated)	(being a 100% increase in Issue Price above consolidated current share price)
	5,101,901	102,038,025	5,101,901	5,101,901
No increase in capital. Variable A remains 51,019,012 shares				
	Funds raised (excluding capital raising costs) <sup>1</sup>	\$51,019	\$102,038	\$204,076
50% increase in capital by issue of 25,509,506 shares. Variable A increases to 76,528,519 shares				
	Number of Shares <sup>2</sup>	7,652,852	7,652,852	7,652,852
	Funds raised <sup>1</sup>	\$76,529	\$153,057	\$306,114

<sup>1</sup> Rounded to nearest whole dollar

<sup>2</sup> No of Shares rounded to nearest whole Share

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The table has been prepared on the following hypothetical assumptions but the Company does not represent the assumptions will necessarily occur:

- the Company issues the maximum number of Shares available under the 10% Placement.
- any increase in Variable A (being the Company's issued share capital at the time of issue under the 10% Placement) is due solely to an issue of Shares which is an exception in LR 7.2; for example a pro-rata rights issue. However, a 15% placement under LR 7.1 does not increase Variable "A" for the purposes of calculating the placement capacity under LR 7.1A.
- the table shows only the effect of issues of shares under LR 7.1A, not under the 15% placement capacity available to ASX listed entities under LR 7.1.
- the table does not show the dilution that may be caused to any particular Shareholder by reason of placements of Shares under LR 7.1A, based on that Shareholder's holding at the date of the Meeting. For instance, Shareholders will have different outcomes depending on whether or not they participate in a pro-rata issue which has the effect of increasing Variable "A"; and
- the current price for shares is assumed to be \$0.002, being the price on 13 October 2016 immediately prior to lodgement of this Notice with ASX.

#### **Purpose of the 10% Placement**

The Company may seek to issue equity securities under the 10% Placement:

- at a cash issue price, in which case the Company would use the funds for existing projects, to fund new venture opportunities, as working capital generally or for other corporate purposes; or
- for a non-cash consideration, such as for the acquisition of new assets or investments, subject to any applicable ASX requirements.

In either case, the cash issue price or the value of the non-cash consideration must comply with the minimum issue price noted above.

The most probable purpose of a 10% Placement will be to fund ongoing working capital generally or, if the Company should make any acquisition(s), fund or partially fund such acquisition(s).

If equity securities under the 10% Placement are issued for a non-cash consideration then the Company will provide, and release to the market, a valuation of the non-cash consideration that demonstrates the issue price of the equity securities under the 10% Placement complies with the requirements of LR 7.1A. Such a valuation may be provided by an independent expert or by the Directors, provided in the latter case the Directors have appropriate expertise to value the

relevant non-cash consideration and the report contains a similar level of analysis and is of a similar standard to an independent expert's report.

#### **Allocation policy**

The allottees of any equity securities to be issued under the 10% Placement capacity have not yet been determined. However, the allottees of equity securities could consist of current shareholders or new investors (or both), none of whom will be related parties of the Company.

No priority of application will be accorded to existing shareholders and, unless the 10% Placement was made with disclosure, the allottees will be excluded offerees under section 708(8), 708(10) or 708(11) of the Corporations Act.

Subject to the above provisos, the Company will determine the allottees and the manner of their selection at the time of the issue of the 10% Placement, having regard for the following factors:

- the purpose of the issue of equity securities;
- alternative methods for raising funds available to the Company at that time including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- the effect of the issue of equity securities on the control of the Company;
- the circumstances of the Company including, but not limited to, the financial position and solvency of the Company;
- prevailing market conditions; and
- advice from corporate, financial and broking advisors (if applicable).

#### **Recommendation**

As at the date of the Notice containing these Explanatory Notes, the Company has no plans to raise additional capital utilising the 10% Placement authority provided by Resolution 5. However, many eligible resource companies are, as a matter of corporate prudence, seeking to obtain this form of available shareholder approval to enable capital raisings to be made, if appropriate, during the 12 months following the Meeting. Accordingly, Members' approval of Resolution 7 is considered prudent.

The Directors believe Resolution 7 will provide the Company with the flexibility to raise capital quickly if advantageous terms are available or if required for funding the Company and where doing so is in the best interests of the Company.

The Directors unanimously recommend that all Members vote in favour of Resolution 7.

### **Note 7: Resolution 8 - Adoption of a new Constitution for the Company**

Under Resolution 8, the Company is seeking Members' approval of a Special Resolution to adopt a new Constitution for the Company to enable direct voting.

While the Company's share registry provides facilities for online completion and lodgment of proxies, its Constitution does not provide for direct voting. Section 250J of the Corporations Act governing how votes are cast is a replaceable rule and the proposed Constitution permits direct voting by all shareholders without the need for any lodgment of a proxy provided the shareholders authenticates its right to vote by provision of required details (SRN, correct address, shareholding).

Additionally the proposed amendments provide that a shareholder lodging a valid direct vote so that:

- shareholders lodging a direct vote will be deemed to be present at the meeting for all purposes (including for constituting a quorum);
- where a resolution is put to a meeting to be voted on, on a show of hands, they will be deemed to have voted on a show of hands according to the manner in which they have voted on when direct voting;
- where a poll is carried out in respect of any resolution on any notice of meeting, the direct voting form completed at the time of voting will be deemed to constitute the poll slip required to be completed on any poll being taken insofar as the subject of the poll is a resolution voted upon.

The Directors unanimously recommend all Members vote in favour of Resolution 8.

### **Voting Generally**

- The Company has determined that, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cwth), the holders of shares of the Company who are on the Company's share register as at 10:00am (ADST) on 22 November 2016 will be taken for the purposes of the Meeting to be held by the persons who held them at that time. Accordingly, those persons will be entitled to attend and vote at the Meeting.
- A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Member's voting rights.
- A proxy duly appointed need not be a Member.
- A proxy form accompanies this Notice and, to be effective, the executed proxy form and any document necessary to show the validity of the

proxy form must be lodged with the Company not less than 48 hours before the time appointed for the Meeting. Any proxy form lodged after that time will be treated as invalid.

- Directors and Officers of corporate shareholders should note that unless the corporate shareholder either:
  - (a) completes and lodges with the Company a valid form of appointment of proxy in accordance with the instructions on the enclosed proxy form; or
  - (b) completes and either lodges with the Company prior to the Meeting a form of appointment of personal representative in accordance with the provisions of Section 250D of the Corporations Act or causes such personal representative to attend the Meeting with such form of appointment; or
  - (c) has appointed an attorney,

and such proxy, personal representative or attorney attends the Meeting, then such corporate shareholder will be unable to exercise any votes at the Meeting.

- Proxy and corporate appointment of representative forms may be returned to the Company in the manner detailed at point 6 on the reverse of the proxy form.
- Corporate shareholders should comply with the execution requirements set out above and on the reverse of the proxy form and otherwise comply with the provisions of Section 127 of the Corporations Act, as detailed at point 7 on the reverse of the proxy form.
- Completion of a proxy form will not prevent individual Members from attending the Meeting in person if they wish. Where a Member completes and lodges a valid proxy form and attends the Meeting in person then the proxy's authority to speak and vote for that Member is suspended while the Member is present at the Meeting.
- Where a proxy form or form of appointment of personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy.

PROXY FORM  
**PEAKO LIMITED**

(ABN 79 131 843 868)

Peako Limited.  
Level 21, 500 Collins Street  
Melbourne Vic 3000  
Fax: +61 3 8610 4799

I/We (name of Member) .....

of (address) .....

being a Member/Members of Peako Limited (**Company**) HEREBY APPOINT

(name) ..... or, failing that person, then the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at The Institute of Chartered Accountants in Australia on Level 3 of 600 Bourke Street, Melbourne, Victoria on 24 November 2016 commencing at 10:00 am (ADST) and at any adjournment thereof.

**INSTRUCTIONS AS TO VOTING ON RESOLUTIONS** To indicate your instructions mark



If no directions are given my/our proxy may vote as he/she thinks fit or may abstain. Otherwise my/our proxy is to vote as follows:

Ordinary Resolutions	FOR	AGAINST	ABSTAIN
Resolution 1: Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2: Re-election of EG Albers as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3: Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4: Issue of Options to Ms RL Clark or her nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5: Issue of Options to Mr EG Albers or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6: Issue of Options to Mr AP Armitage or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Special Resolutions</b>			
Resolution 7: Approval of 10% placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8: Adoption of New Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Chair's voting intention in relation to undirected proxies**

Subject to the operation of the express voting exclusions contained in the Explanatory Notes to the Notice of Meeting, the Chair's intention is to vote an undirected proxy in favour of each resolution to be put to the Meeting, even if he has an interest in the outcome of the resolution/s. You should be aware that votes so cast by the Chair of the Meeting as your proxyholder will not be disregarded because of that interest.

If no direction is given above or if more than one box is marked in relation to a resolution, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of that resolution at the Meeting and any adjournment thereof.

**If you are appointing more than one proxy, you must complete the following statement**

My total voting right is \_\_\_\_\_ shares. This Proxy is appointed to represent \_\_\_\_\_ % of my voting right or if 2 proxies are appointed Proxy 1 represents \_\_\_\_\_ % and Proxy 2 represents \_\_\_\_\_ % of my total votes. If no direction is given above or if more than one box is marked in relation to a resolution, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of that resolution at the Meeting and any adjournment thereof.

**Signature(s)**

Date

Individual or  
Joint Shareholder 1

Director/ Sole Director with no  
Company Secretary

Joint Shareholder 2

Director/Company Secretary

Joint Shareholder 3

Sole Director & Sole Company  
Secretary

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## INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A Member entitled to attend and vote at a General Meeting of the Company is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Member's voting rights.
2. A duly appointed proxy need not be a Member.
3. This proxy form and any document necessary to show the validity of the form must be lodged with the Company not less than 48 hours before the time appointed for the meeting. Any proxy lodged after that time will be treated as invalid.
4. In the case of joint holders of shares in the Company, all holders must sign.
5. Directors and Officers of corporate shareholders should note that unless the corporate shareholder either:
  - (i) completes and lodges with the Company a valid form of appointment of proxy; or
  - (ii) completes and either lodges with the Company a form of appointment of or certificate of appointment of personal representative in accordance with the provisions of Section 250D of the Corporations Act (**Act**) or causes such personal representative to attend the meeting with such form of appointment or certificate; or
  - (iii) has appointed an attorney,and such proxy, personal representative or attorney attends the relevant meeting, then such corporate shareholder will be unable to exercise any votes at the relevant meeting.
6. Proxy and corporate representative appointment forms may be returned to the Company by delivery (by hand, mail, courier or facsimile) to the Company. at its Registered Office.
7. Corporate shareholders should comply with the provisions of Section 127 or Section 204A of the Act as applicable. Section 127 of the Act provides that a company may execute a document without using its common seal if the document is signed by:
  - two directors of the company; or
  - a director and a company secretary of the company; or
  - for a proprietary company that has a sole director who is also the sole company secretary - that director. In this case the signatory must state this next to their signature.Section 204A of the Act permits a proprietary company that does not have a company secretary to validly execute an instrument appointing a proxy if it is executed by the sole company director of that company and the person signing the proxy states that next to their signature.

For the Company to rely on the assumptions set out in sections 129(5) and (6) of the Act, a document must appear to have been executed in accordance with section 127(1) or (2) or section 204A of the Act. This effectively means the status of the person(s) signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) or section 204A as applicable. In all cases the person or persons signing the instrument of proxy will be deemed to have warranted and represented to the Company that the proxy is executed in accordance with sections 129(5) and (6) of the Act or section 204A of the Act as relevant.
8. Where a Member completes and lodges a valid proxy form and attends a meeting in person then the proxy's authority to speak and vote for that Member is suspended while the Member is present at that meeting.
9. Where a proxy form or form of appointment of or certificate of appointment of personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy.