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ABN 79 131 843 868

Annual Report

for the year ended 30 June 2018

PEAKO LIMITED

ABN 79 131 843 868

Corporate Directory

Directors

| | |
|-----------------|------------------------|
| Geoffrey Albers | Non-Executive Chairman |
| Raewyn Clark | Executive Director |
| Peter Armitage | Non-Executive Director |

Company Secretary

Robert Wright

Registered Office

Level 21, 500 Collins Street
Melbourne Vic 3000
Website: www.peako.com.au
Email: info@peako.com.au
Ph: (03) 8610 4702
Fax: (03) 8610 4799

Auditor

Grant Thornton Audit Pty Ltd
Collins Square, Tower 1
727 Collins Street
Melbourne, Victoria 3008
Australia

Share Registry

Automic Pty Ltd
Level 3
50 Holt Street
Surry Hills, NSW 2010, Australia

Telephone: 1300 288 664 (within Australia)
Telephone: +61 (2) 9698 5414 (outside Australia)
Website: www.automic.com.au

Securities Exchange Listing

ASX Limited
Level 4, North Tower, Rialto
525 Collins Street
Melbourne Victoria 3000
Website: www.asx.com.au

ASX Code: PKO
Incorporated in Western Australia 25 June 2008

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Chairman's Letter

Dear Shareholders

2017/18 was a year in which we expanded our minerals exploration activities, focusing on base metal mineralization in Western Australia.

Geophysical methods are a key focus of our exploration strategy, with previously acquired data over our Paterson Province - Sunday Creek project reprocessed in order to help identify base metal target zones for investigation.

During the year we reached an agreement whereby we can earn a 60% interest in the Eastman project, located in the East Kimberley region, following which we applied for an additional, contiguous Exploration Licence.

Past exploration in this area has been inhibited by significant superficial cover, deep weathering and structural complexity, with exploration primarily guided by surface gossans and geochemistry. Only the more significant geochemical anomalies have been tested by limited drilling. Our recently completed Induced Polarisation (IP) survey over two previously drilled prospects at the Eastman project indicates that IP is a suitable method for detecting chargeable or resistive responses within this geological setting. This opens up exploration opportunities throughout the tenement and the contiguous application area.

There have been no developments in relation to the Company's Cadlao petroleum interests during the year.

During the year the Company raised \$315,023, before costs, via a pro-rata non renounceable rights issue on the basis of four new shares for every five shares held, together with one new option for every share taken up.

I thank my co-directors for their services to the Company over the past year.



EG Albers – Chairman
Peako Limited
27 September 2018

PEAKO LIMITED

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Operations Report

Peako has minerals exploration interests in two areas of Western Australia; the East Kimberley Region and the Patterson Province.

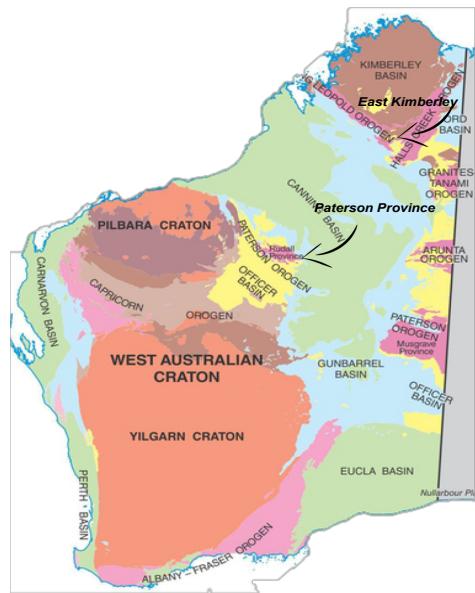


Figure 1 Peako Exploration Interests Location Map

East Kimberley Region

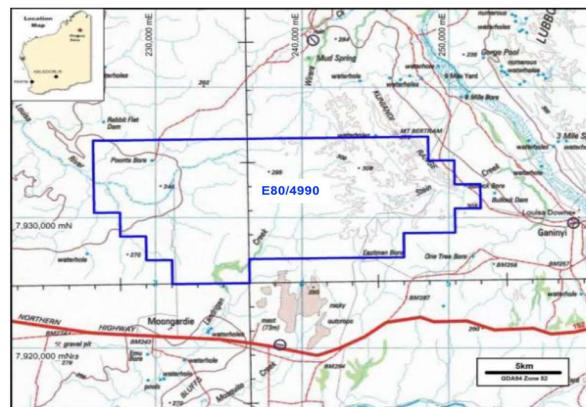
Eastman Project

Peako has the right to earn a 60% interest in the Eastman Project Tenement, located 120 km southwest of Halls Creek, Western Australia (refer *Figure 2*). The Eastman Project lies within the southwest extension of the Central Zone of the East Kimberley province and close to the junction between the north-northeast trending Halls Creek Mobile Zone and the northwest trending King Leopold Mobile Zone.

Historical exploration has been primarily guided by surface gossans and geochemistry and only the more significant geochemical anomalies have been tested by limited drilling. Most previous exploration targeted the southeast quadrant of the tenement and numerous wide-spaced and generally shallow drill intercepts of strongly anomalous mineralisation have not been effectively explored. In the western part of the tenement geochemical and magnetic targets remain untested beneath extensive transported sand and gravel cover.

Minerals Exploration

Following farmin to the Eastman Project in November 2017, Peako engaged Resource Potentials Pty Ltd (Resource Potentials), a specialist consultant geophysical company, to design an Induced Polarisation (IP) survey with the objective of allowing a better understanding of the structure and geology of two known and drilled areas of mineralization, Eastman and Landrian, with the objective of defining drill targets. Geophysical contractor Moombarriga Geoscience Pty Ltd was engaged to conduct the IP survey program which has now been completed. The acquired IP data will be processed and interpreted by Resource



Potentials.

Figure 2 Eastman Project Location

Peako has been awarded a Western Australian Government Exploration Incentive Scheme (EIS) grant of \$116,000, as a co-funding contribution towards 50% of direct drilling costs incurred by Peako prior to 30 June 2019.

Eastman Prospect

Previous exploration has identified copper, lead, zinc, silver and gold mineralisation at the Eastman Prospect. This oxidised copper-enriched zone of outcrop has been identified by geologists as being 25-50 metres wide and 300 metres long at the surface. A shale horizon with inter-beds of banded iron-formation (the "southern BIF") outcrops immediately to the north.

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The Eastman prospect consists largely of layered sequences of disseminated sulphides which displays some of the characteristics of VMS base metal deposits, including distinctive patterns of metal zonation, the presence of magnesian alteration and an association with exhalative horizons (BIF, chert-carbonate rocks). The mineralization remains open to the west. The morphology of the mineralisation is not well understood.

Previously reported¹ intersections include 7m @ 50.58g/t Au, 35.2g/t Ag, 1.2% Cu, 2.3% Pb and

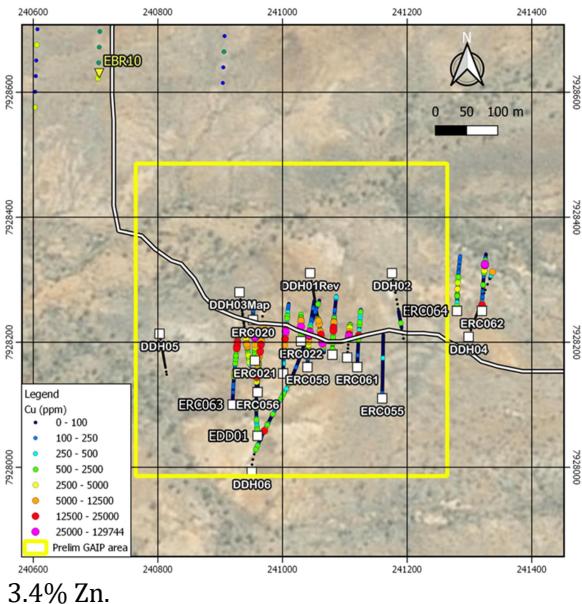
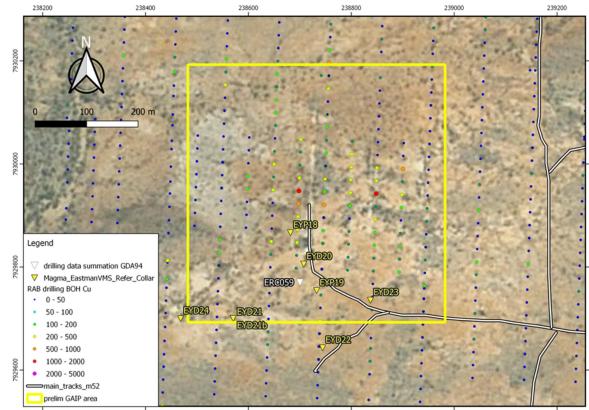


Figure 3 Planned IP survey grid at Eastman Prospect showing prior drillholes

Landrigan Prospect

The Landrigan prospect is located where a BIF ridge is prominently displaced along an interpreted NW-SE fault. A number of locally 'gossanous' and malachite stained, silicified and talc-altered outcrops are present at the surface. Initial interest was generated by an airborne electromagnetic anomaly.

The Landrigan prospect is defined by a single drillhole (EYD20), drilled by BHP in 1982, which was reported to intersect 9.6m at 2.7% Cu, 1.5%



Zn, 0.3% Pb, 12.6 g/t Ag and 1.5 g/t Au associated from 143.3 to 152.9m¹.

Figure 4 Planned IP survey grid at Landrigan prospect showing prior drillholes

East Kimberleys Application Area

Exploration Licence E80/5182, comprising 536 km² and contiguous to the Eastman Project, was applied for during the year. Peako has commenced a review of prior exploration undertaken in the application area.

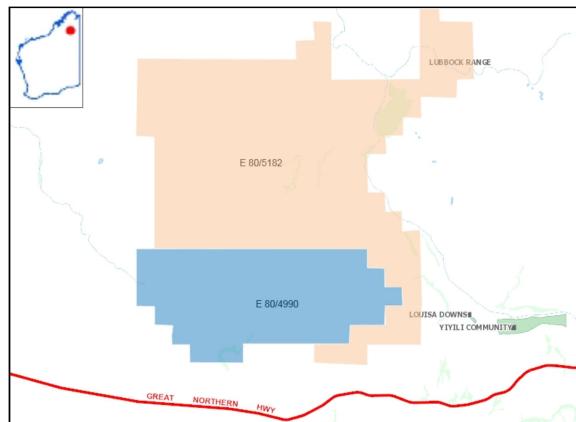


Figure 5 Location of E80/5182 Application (orange) (Eastman tenement in blue)

Paterson Province

Sunday Creek Project

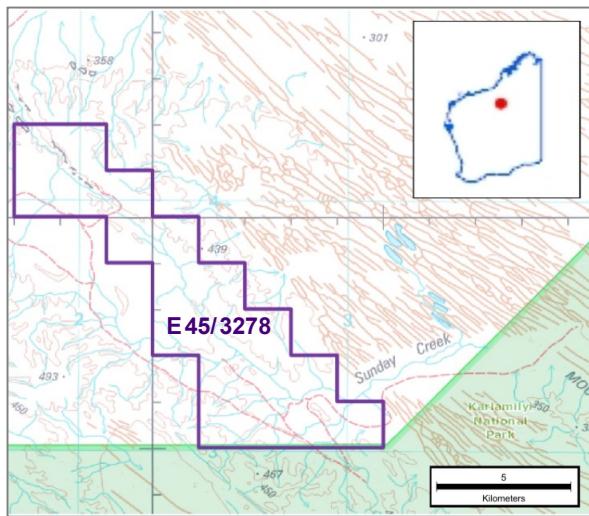
Peako's Sunday Creek tenement is located in the Rudall River area of the Paterson Province of Western Australia, known for its gold, base metals and uranium potential.

¹ Refer Peako's ASX announcement dated 15/8/2018

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Historically, the Sunday Creek Project has mainly been explored for uranium mineralisation in the eastern part of the project area, with little exploration carried out for base metal mineralisation.



metal mineralisation.

Figure 6 Eastman Project Location

According to historical geological mapping, the bedrock geology of the project area is entirely made up of the carbonaceous shales and siltstones of the Broadhurst Formation, and quartz sandstones and siltstones of the underlying Coolbro Sandstone Formation.

The Broadhurst Formation shales are interpreted in regional GSWA bedrock geology maps, to extend along strike to the north west of Sunday Creek, where the shale units host the Metals X Nifty Cu deposit, as well as several Cu and other base metal prospects (mainly Pb-Zn) held by Encounter Resources and others.

Peako is using geophysical methods to identify base metal target zones for investigation. Previously acquired open-file airborne EM data acquired along 1km spaced E-W flight lines has been re-processed to assist with highlighting broad scale conductivity patterns, estimating thickness of regolith and Permian Paterson Formation sedimentary cover, and estimating depth to top of conductive Broadhurst Formation shale units.

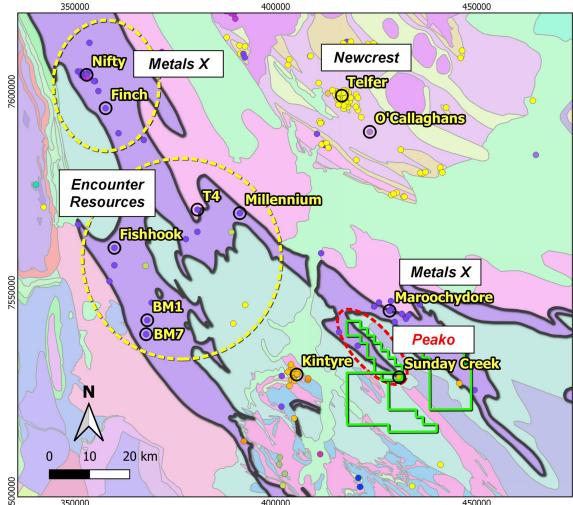


Figure 7 Broadhurst Formation (yellow) overlain on aeromagnetic image mosaic

3D inversion modelling has been carried out on the high-resolution airborne magnetic survey data acquired by Peako in 2008. As well as allowing for the identification of relatively shallow pyrrhotite rich beds within the Broadhurst Formation sitting below regolith cover, the resulting models can be used to assist with mapping and targeting folds and faults within the Broadhurst Formation.

Paterson Province Application Areas

Peako also has three long standing applications for exploration licences located close to its Sunday Creek Project (Figure 8).

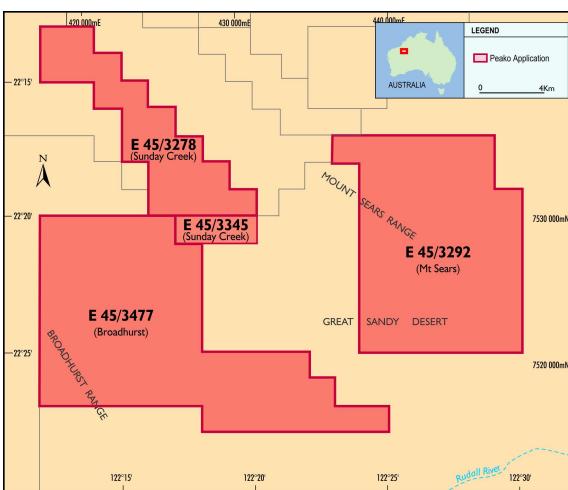


Figure 8 Patterson province tenements

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Petroleum Interests

There have been no developments in relation to the company's Cadlao petroleum interests during the year.

Directors' Report

Your directors present their annual financial report on the consolidated entity (referred to hereafter as the "Group") consisting of Peako Limited (the "Company" or "parent entity") and the entities it controlled at the end of, or during, the financial year ended 30 June 2018. In order to comply with the Corporations Act 2001, the directors report is as follows:

Directors

The following persons were directors of the Company during the financial year and up to the date of this report:

| | |
|-----------------|------------------------|
| Geoffrey Albers | Non-Executive Chairman |
| Raewyn Clark | Executive Director |
| Peter Armitage | Non-Executive Director |

Information on Directors

E. Geoffrey Albers LLB, FAICD

Mr Albers was appointed to the board of Peako Limited on 4 February 2013. Mr Albers has over 35 years' experience as a director and administrator in corporate law, resource exploration and resource sector investment.

Mr Albers has interests in a number of companies active in the petroleum industry in Australia and Malaysia. Mr Albers is a director of the ASX listed companies Octanex Limited and Enegelex Limited.

His companies are active resource sector investors.

Raewyn Clark, B.Bus(dist), CA, MAICD, AGIA, ACIS

Ms Clark has more than twenty years experience focussed primarily on the upstream oil and gas sector. Her experience includes business development, financial modelling and analysis, capital raising and mergers and acquisitions, as well as managing joint venture partners, government, regulator and investor relations.

Ms Clark was appointed to the Board on 4 December 2014. Mrs Clark is also a Director of the ASX listed companies Octanex Limited and Enegelex Limited.

Peter Armitage FCA FAICD

Mr Armitage was appointed to the board of Peako Limited on 18 August 2015. Mr Armitage began his professional career with an international accounting firm. After qualification he was invited into partnership of a national firm.

Since the early 1980s he has been a director of a number of listed exploration companies in both Australia and New Zealand. He is also a Non-Executive director of ASX listed Enegelex Limited.

Information on Company Secretary

Robert Wright B Bus, CPA

Mr Wright was appointed as Company Secretary of Peako on 2 May 2017. Mr Wright is a senior financial professional with over 25 years commercial experience in the resource, energy and manufacturing industries gained at various companies and locations, including 14 years at BHP. As well as carrying out his secretarial duties for Peako, he is the company's Chief Financial Officer and the Company Secretary and CFO of the ASX listed companies Octanex Limited and Enegelex Limited. Mr Wright is a member of CPA Australia.

Ordinary shares

During the year, the Company raised \$315,023 before costs, via a non-renounceable rights issue. 21,001,541 shares were issued. The number of shares on issue at 30 June 2018 and to the date of this report is 72,020,678 fully paid ordinary shares (2017: 51,019,137).

Options

During the year, via the non-renounceable rights issue (see above), 21,001,541 options (exerciseable at \$0.025 (2.5 cents) on or before 30 June 2019) were granted. As at 30 June 2018 and to the date of this report there were 21,001,541 listed options and 5,000,000 unlisted options on issue (30 June 2017: 5,000,000 unlisted options).

Dividends

No dividend has been paid or declared since the start of the financial year and the directors do

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not recommend the payment of a dividend in respect of the financial year.

Principal activities

The principal activities of the Group during the financial year continue to be direct and indirect equity investments made with the objective of advancing the exploration for and development of natural resources.

Review of operations

A detailed review of the Group's activities and operations is set out on pages 4-6 of this Report.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group to the date of this Report, other than those changes detailed in the review of activities and operations, and elsewhere in this Report.

Matters subsequent to balance date

Following the end of the financial year, Peako entered into term sheets providing it with potential exposure to early stage exploration activities. The term sheets relate to two Western Australian tenements, one granted, and one in the application process.

Likely developments and expected results

The likely developments in the company's operations in future years and the expected result from those operations are dependent on exploration success in the tenements in which the company holds an interest.

Environmental legislation

The Group is subject to significant environmental legal regulations in respect to its exploration and evaluation activities in Australia. There have been no known breaches of these regulations and principles.

Indemnification of directors and officers

During the financial year and to the date of this report, the company did not pay premiums in respect of contracts insuring officers or auditors of the company against liabilities arising from their position of officers or auditor of the company.

Meetings of directors

The number of formal meetings of the Company's board of directors and relevant committees attended by each director are set out in the table below. All other matters that required formal Board resolutions were dealt with via written circular resolutions. In addition, the directors met and corresponded at numerous times throughout the financial year to discuss the Group's affairs.

| | Directors' Meetings | | Audit Committee Meetings | |
|-----------------|---------------------|----------|--------------------------|----------|
| | Held | Attended | Held | Attended |
| Geoffrey Albers | 2 | 2 | 2 | 2 |
| Raewyn Clark | 2 | 2 | 2 | 2 |
| Peter Armitage | 2 | 2 | 2 | 2 |

Proceedings on behalf of Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Corporate Governance Statement

A corporate governance statement reporting on Peako's governance framework, principles and practices is provided on the Peako website www.peako.com.au

Remuneration Report

This report is audited.

Directors / Executives Position Held

| | |
|-----------------|------------------------|
| Geoffrey Albers | Non-Executive Chairman |
| Raewyn Clark | Executive Director |
| Peter Armitage | Non-Executive Director |

During the year there were no employees or consultants to the company that meet the definition of key management personnel, other than the directors.

Remuneration levels for company officers are competitively set to attract and retain experienced directors.

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REMUNERATION REPORT (Continued)

The remuneration structure explained below is designed to attract suitably qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders.

The remuneration structure takes into account:

- the capability and experience of the directors; and
- the ability of directors to control the entity's performance.

Remuneration levels are reviewed annually through a process that considers the performance of individual directors and the overall performance of the entity.

Director Remuneration

During the year under review, directors were remunerated a total of \$Nil (2017: \$33,744)

which included shareholder-approved non-executive remuneration of \$Nil (2017: \$6,949).

This remuneration is non-cash and made up entirely in the form of granted options.

There is no performance related remuneration for directors.

The directors do not receive employee benefits, including annual leave and long service leave, but remuneration may include the grant of options (share based payments) over shares of the company to align directors' interests with that of the shareholders. The company aims to reward directors with a level and mix of remuneration commensurate with their position and responsibilities within the company.

There is no direct relationship between remuneration of directors and the company's performance for the last five years.

Components of directors' compensation are disclosed below.

| | Salary and/or consulting fees \$ | Primary benefits paid / payable Directors' fees \$ | Super-annuation \$ | Equity Settled Equity option issues \$ | TOTAL \$ |
|--------------------------------|-------------------------------------|--|-----------------------|--|---------------|
| Year ended 30 June 2018 | | | | | |
| Directors | | | | | |
| Geoffrey Albers | - | - | - | - | - |
| Raewyn Clark | - | - | - | - | - |
| Peter Armitage | - | - | - | - | - |
| | - | - | - | - | - |
| Year ended 30 June 2017 | | | | | |
| Directors | | | | | |
| Geoffrey Albers | - | - | - | - | - |
| Raewyn Clark | - | - | - | 26,995 | 26,995 |
| Peter Armitage | - | - | - | 6,949 | 6,949 |
| | - | - | - | 33,744 | 33,744 |

Loans to key management personnel

No loans were made to key management personnel during the current or previous financial year.

Other transactions with key management personnel

In the year ended 30 June 2018, the Company incurred consulting fees of \$33,412 (2017: \$25,211) with Samika Pty Ltd, a director-related entity of Raewyn Clark. The fees were provided under normal commercial terms and conditions with \$3,037 remaining unpaid at 30 June 2018 (2017 \$nil).

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REMUNERATION REPORT (Continued)

Key management personnel interest in equity holdings

Fully paid ordinary shares

| | Number of shares at start of year | Other Change | Number of shares at end of year |
|---------------------|--------------------------------------|-------------------|------------------------------------|
| 30 June 2018 | <i>1 July 2017</i> | | <i>30 June 2018</i> |
| Geoffrey Albers | 22,962,089 | 18,369,974* | 41,331,763 |
| Raewyn Clark | - | - | - |
| Peter Armitage | - | - | - |
| | 22,962,089 | 18,369,974 | 41,331,763 |
| 30 June 2017 | <i>1 July 2016</i> | | <i>30 June 2017</i> |
| Geoffrey Albers | 22,962,089 | - | 22,962,089 |
| Raewyn Clark | - | - | - |
| Peter Armitage | - | - | - |
| | 22,962,089 | - | 22,962,089 |

* via right issue participation

Unlisted options (exercisable at \$0.04 on or before 24 November 2019)

| | Number of options at start of year | Number of options at end of year | Numbers of options vested and exercisable |
|---------------------|---------------------------------------|-------------------------------------|---|
| 30 June 2018 | <i>1 July 2017</i> | <i>30 June 2018</i> | <i>30 June 2018</i> |
| Geoffrey Albers | - | - | - |
| Raewyn Clark | 4,000,000 | 4,000,000 | 4,000,000 |
| Peter Armitage | 1,000,000 | 1,000,000 | 1,000,000 |
| | 5,000,000 | 5,000,000 | 5,000,000 |
| 30 June 2017 | <i>1 July 2016</i> | <i>30 June 2017</i> | <i>30 June 2017</i> |
| Geoffrey Albers | - | - | - |
| Raewyn Clark | 4,000,000 | 4,000,000 | 4,000,000 |
| Peter Armitage | 1,000,000 | 1,000,000 | 1,000,000 |
| | 5,000,000 | 5,000,000 | 5,000,000 |

* via right issue participation

Listed options (exerciseable at \$0.025 on or before 30 June 2019)

| | Number of options at start of year | Options acquired during year | Number of options at end of year | Numbers of options vested and exercisable |
|---------------------|--|------------------------------------|--|---|
| 30 June 2018 | <i>1 July 2017</i> | | <i>30 June 2018</i> | <i>30 June 2018</i> |
| Geoffrey Albers | - | 18,369,974* | 18,369,974 | 18,369,974 |
| Raewyn Clark | - | - | - | - |
| Peter Armitage | - | - | - | - |
| | - | 18,369,974 | 18,369,974 | 18,369,974 |

* acquired via pro-rata non renounceable rights issue

End of remuneration report

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Auditor independence

Section 307C of the *Corporations Act 2001* requires our auditors, Grant Thornton Audit Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 12 and forms part of this directors' report for the year ended 30 June 2018.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. The Company has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The auditor has not provided any non-audit services and as such auditor independence was not compromised.

This report is made in accordance with a resolution of the directors.



E.G. Albers
Director
27 September 2018

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727 Collins Street
Melbourne VIC 3008

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Melbourne VIC 3001

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W www.grantthornton.com.au

Auditor's Independence Declaration

To the Directors of Peako Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Peako Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.


Grant Thornton Audit Pty Ltd

Chartered Accountants


B L Taylor

Partner – Audit & Assurance

Melbourne, 27 September 2018

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

| | Note | 2018 | 2017 |
|---|------|------------------|------------------|
| | | \$ | \$ |
| Financial income | | 518 | 3,767 |
| | | <u>518</u> | <u>3,767</u> |
| Expenses | | | |
| Audit fees | 17 | (25,117) | (25,126) |
| Professional and consultancy fees | | (34,813) | (26,318) |
| Office costs | | (33,504) | (33,929) |
| Other costs | | (41,685) | (38,915) |
| Share based payment | 10 | - | (33,743) |
| Stock exchange and share registry costs | | (21,821) | (23,781) |
| Loss before income tax expense | | <u>(156,940)</u> | <u>(181,812)</u> |
| Income tax expense | 2 | | |
| | | <u>(156,422)</u> | <u>(178,045)</u> |
| Net loss for the year | | (156,422) | (178,045) |

Other comprehensive income

| | | |
|---|--|--|
| Items that may be reclassified to profit or loss | | |
| Foreign exchange loss on translation of subsidiary financial statements | | |
| Other comprehensive income net of tax | | |
| Total comprehensive income for the year | | |

| | Cents | Cents |
|------------------------|-------|--------|
| Basic loss per share | 3 | (0.25) |
| Diluted loss per share | 3 | (0.25) |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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Consolidated Statement of Financial Position as at 30 June 2018

| | Note | 2018 | 2017 |
|----------------------------------|------|----------------|----------------|
| | | \$ | \$ |
| Current Assets | | | |
| Cash and cash equivalents | | 191,419 | 112,685 |
| Trade and other receivables | 4 | 5,182 | 1,788 |
| Total Current Assets | | 196,601 | 114,473 |
| Non-Current Assets | | | |
| Trade and other receivables | 4 | 6,012 | 5,777 |
| Mineral exploration costs | 6 | 86,204 | 8,322 |
| Total Non-Current Assets | | 92,216 | 14,099 |
| Total Assets | | 288,817 | 128,572 |
| Current Liabilities | | | |
| Trade and other payables | 7 | 49,534 | 30,924 |
| Total Current Liabilities | | 49,534 | 30,924 |
| Total Liabilities | | 49,534 | 30,924 |
| Net Assets | | 239,283 | 97,648 |
| Equity | | | |
| Issued capital | 8 | 37,106,549 | 36,808,483 |
| Reserves | 9 | 33,990 | 33,999 |
| Accumulated losses | | (36,901,256) | (36,744,834) |
| Total Equity | | 239,283 | 97,648 |

The above statement of financial position should be read in conjunction with the accompanying notes.

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Consolidated Statement of Changes in Equity for the year ended 30 June 2018

| | Issued capital | Share compensation reserve | Foreign currency translation reserve | Accumulated losses | Total equity |
|--|-----------------------|-----------------------------------|---|---------------------------|---------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2017 | 36,808,483 | 33,744 | 255 | (36,744,834) | 97,648 |
| Loss for the year | - | - | - | (156,422) | (156,422) |
| Other comprehensive loss | - | - | (9) | - | (9) |
| Total comprehensive loss for the year | - | - | (9) | (156,422) | (156,431) |
| Issue of Shares | 315,023 | - | - | - | 315,023 |
| Costs of issue | (16,957) | - | - | - | (16,957) |
| Balance at 30 June 2018 | 37,106,549 | 33,744 | 246 | (36,901,256) | 239,283 |
| Balance at 1 July 2016 | 36,808,483 | 1,895,127 | 462 | (38,461,916) | 242,156 |
| Loss for the year | - | - | - | (178,045) | (178,045) |
| Other comprehensive loss | - | - | (207) | - | (207) |
| Total comprehensive loss for the year | - | - | (207) | (178,045) | (178,252) |
| Expiry of options | - | (1,895,127) | - | 1,895,127 | - |
| Issue of options | - | 33,744 | - | - | 33,744 |
| Balance at 30 June 2017 | 36,808,483 | 33,744 | 255 | (36,744,834) | 97,648 |

The above statement of changes in equity should be read in conjunction with the accompanying notes.

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Consolidated Statement of Cash Flows for the year ended 30 June 2018

| | Note | 2018 | 2017 |
|--|------|------------------|------------------|
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | (147,368) | (153,988) |
| Financial income | | 550 | 3,860 |
| Net cash outflows from operating activities | 16 | (146,818) | (150,128) |
| Cash flows from investing activities | | | |
| Payments to suppliers - exploration | | (72,528) | (8,322) |
| Net cash outflows from investing activities | | (72,528) | (8,322) |
| Cash flows from financing activities | | | |
| Proceeds from the issue of shares | | 315,023 | - |
| Share issue costs | | (16,957) | - |
| Net cash inflows from financing activities | | 298,066 | - |
| Net increase / (decrease) in cash held | | 78,720 | (158,450) |
| Cash at the beginning of reporting period | | 112,685 | 271,158 |
| Effect of exchange rate fluctuations on cash held | | 14 | (23) |
| Cash at the end of the reporting period | | 191,419 | 112,685 |

The above statement of cash flows should be read in conjunction with the accompanying notes.

PEAKO LIMITED

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Notes to the Financial Statements for the Year Ended 30 June 2018

Note 1: Statement of significant accounting policies

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards and Interpretations and other requirements of the law. The financial report has also been prepared on a historical cost basis. The Parent Entity is registered and domiciled in Australia.

The financial statements comprise the consolidated financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial statements are presented in Australian dollars, unless otherwise stated.

Going concern

For the year ended 30 June 2018 the Group incurred a net cash outflow from operating and investing activities of \$223,523 (2017: \$158,450) and a net loss after tax of \$156,422 (2017: \$178,045). As at 30 June 2018, the Group has working capital of \$147,067 (2017: \$83,549).

The financial report has been prepared on a going concern basis. Directors expect that the Group will be able to successfully raise sufficient funding to enable it to continue as a going concern for at least 12 months from the signing of the annual financial report.

(b) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

The Group has adopted all of the new and revised Accounting Standards issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2017.

The Directors do not believe that new and revised standards issued by AASB (that are not as yet effective), AASB 15 Revenue from Contracts with Customers and AASB 16 Leases, will have any material financial impact on the financial statements as the Group has no revenue or leases.

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Notes to the Financial Statements for the Year Ended 30 June 2018

Note 1: Statement of significant accounting policies continued

(b) Adoption of new and revised standards (continued)

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace AASB139 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. There will be no material impact on the carrying values. Changes in fair value are expected to continue being recorded through OCI, with the one-time election to record equity investments as such expected to be undertaken by the directors. Under AASB 9 the fair value gains/losses in relation to equity are not recycled to the Statement of Profit and Loss (even on disposal of the investment) and are not subject to impairment testing. The balance affected is not material to the financial statements.

(c) Statement of compliance

The financial report was authorised by the board of directors for issue on 27 September 2018.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (IFRS). Compliance with IFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of consolidation

The consolidated financial statements consolidate those of the parent company and all of its subsidiaries as of 30 June 2018 ("Group"). The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective.

Notes to the Financial Statements

for the Year Ended 30 June 2018

Note 1: Statement of significant accounting policies continued

(d) Basis of consolidation (continued)

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(e) Exploration and evaluation expenditure

Exploration and evaluation assets, including the costs of acquiring tenements, are capitalised as exploration and evaluation assets on an area of interest basis. Exploration and evaluation assets are only recognised if the rights to tenure of the area of interest are current and either:

- (i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale or partial sale; or
- (ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

The tests contained in AASB6.20 are applied to determine whether exploration and evaluation assets are assessed for impairment:

- (i) the exploration and evaluation tenure right has expired or are expected to expire in the near future, and is not expected to be renewed.
- (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- (iv) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale

Proceeds from the sale of exploration tenements or recoupment of exploration costs from farming arrangements are credited against exploration costs previously capitalised. Any excess of the proceeds over costs recouped are accounted for as a gain on disposal.

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Notes to the Financial Statements for the Year Ended 30 June 2018

Note 1: Statement of significant accounting policies continued

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(g) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Temporary bank overdrafts are included in cash at bank and in hand. Permanent bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(h) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in controlled entities, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

Notes to the Financial Statements for the Year Ended 30 June 2018

Note 1: Statement of significant accounting policies continues

(h) Income tax (continued)

- when the deductible temporary difference is associated with investments in controlled entities, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the financial period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(i) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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Notes to the Financial Statements for the Year Ended 30 June 2018

Note 1: Statement of significant accounting policies continued

(j) Impairment of assets

The carrying amounts of the company's assets are reviewed at each statement of financial position date to determine whether there are indicators of impairment. At each reporting date the company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Due to the uncertainty surrounding each of the interests that Group holds in relation to the Cadlao development project, the directors have, as a matter of caution, decided to continue to impair all of the interests associated with Cadlao. As a result, no value is attributed to those interests, with the assets therefore not included on the Statement of Financial Position.

(k) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(l) Provisions

Where applicable, provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(m) Share-based payment transactions

Equity settled transactions

The fair value of options granted are recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the grantee become unconditionally entitled to the options.

Notes to the Financial Statements

for the Year Ended 30 June 2018

Note 1: Statement of significant accounting policies continued

(n) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares.

(p) Foreign currency translation

Both the functional and presentation currency of Peako Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the foreign operations are not nominated in Australian Dollars. As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Peako Limited at the rate of exchange ruling at the balance date and their income statements are translated at the weighted average exchange rate for the year. The exchange differences arising on the translations are taken directly to a separate component of recognised in the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

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Notes to the Financial Statements

for the Year Ended 30 June 2018

Note 1: Statement of significant accounting policies continued

(q) Trade and other receivables

Trade receivables are initially valued at fair value and then subsequently measured at amortised cost. Trade receivables on oil and gas sales are due for settlement within 30 days from the date of the sale. Collectability of trade debtors is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable.

(r) Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker, which has been identified as the Board of Directors of Peako Limited.

(s) Parent entity financial information

The financial information for the parent entity, Peako Limited, disclosed in Note 14 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(t) Critical accounting estimates and judgements

Management determine the development, selection and disclosure of the company's critical accounting policies and estimates and the application of these policies and estimates. There are no estimates and judgements that are considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

Management exercise judgement as to the recoverability of exploration expenditure. Any judgement may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off through profit or loss and other comprehensive income.

Recovery of deferred tax assets

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. Currently the Group has not recognised any deferred tax assets in the Statement of Financial Position.

Notes to the Financial Statements

for the Year Ended 30 June 2018

Note 1: Statement of significant accounting policies continued

(u) Financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(v) Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

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Notes to the Financial Statements for the Year Ended 30 June 2018

Note 1: Statement of significant accounting policies continued

(v) Derecognition of financial assets and financial liabilities (continued)

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Note 2: Income tax

Income tax expense recognised in statement of comprehensive income

Current income tax

Current income tax payable

Deferred income tax

Relating to origination and reversal of temporary differences

Income tax expense

| | Consolidated | | Consolidated | |
|---------------------|--------------|----|--------------|----|
| | 2018 | \$ | 2017 | \$ |
| Current income tax | - | | - | |
| Deferred income tax | - | | - | |
| Income tax expense | - | | - | |

Reconciliation to income tax expense on accounting profit / (loss)

| | | |
|---|-----------------|-----------------|
| Accounting loss before tax | (156,422) | (178,045) |
| Tax benefit at the statutory income tax rate of 30% | (46,927) | (53,414) |
| Non-deductible expenses | 1,804 | 13,844 |
| Non-assessable income | (49) | (32) |
| Unrealised tax losses not recognised | 80,489 | 65,676 |
| Temporary differences not recognised | <u>(35,317)</u> | <u>(26,074)</u> |
| Income tax expense | - | - |

Unrecognised deferred tax balances

Deferred tax assets:

| | | |
|------------------------------------|------------|------------|
| Tax revenue losses (Australian) | 14,706,812 | 14,442,926 |
| Tax capital losses (Australian) | 4,430,516 | 4,430,516 |
| Tax revenue losses (Foreign) | 174,175 | 169,763 |
| Unamortised business related costs | 21,182 | 64,268 |
| Accruals & provisions | 17,500 | 14,300 |

Deferred tax liabilities:

| | | |
|--------------------------------------|-------------------|-------------------|
| Exploration expenses | (86,204) | (8,332) |
| Accrued income | (13) | (45) |
| Net unrecognised deferred tax assets | <u>19,263,968</u> | <u>19,113,396</u> |

Potential tax benefit @ 30% (2017: 30%)

5,779,190 5,730,019

The deductible temporary differences and tax losses do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items because there is presently no expectation of future taxable profit against which the Group could utilise such benefits.

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Notes to the Financial Statements for the Year Ended 30 June 2018

Note 3: Earnings per share

| | Consolidated | |
|---|---------------|---------------|
| | 2018 | 2017 |
| | \$ | \$ |
| The loss and weighted average number of ordinary shares used in the calculation of basic and dilutive loss per share is as follows: | | |
| Net loss for the year | (156,422) | (178,045) |
| The weighted average number of ordinary shares | 62,066,523 | 51,019,137 |
| Total basic and dilutive loss per share (cents) | <u>(0.25)</u> | <u>(0.35)</u> |

Note 4: Trade and other receivables

Current

| | | |
|-------------------|--------------|--------------|
| GST | 5,182 | 1,742 |
| Other receivables | - | 46 |
| | <u>5,182</u> | <u>1,788</u> |

Non-current

| | | |
|------------------|--------------|--------------|
| Security deposit | 6,012 | 5,777 |
| | <u>6,012</u> | <u>5,777</u> |

Note 5: Segment information

Segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the directors. At regular intervals, the board is provided management information at a group level for the company's cash position, and a company cash forecast for the next twelve months of operation. On this basis, no segment information is included in these financial statements.

Note 6: Mineral exploration costs

Areas of interest in the exploration and evaluation phase

| | | |
|--------------------------------------|---------------|--------------|
| Balance at the beginning of the year | 8,322 | - |
| Costs for the year | 77,882 | 8,322 |
| Balance at the end of the year | <u>86,204</u> | <u>8,322</u> |

The recoupment of exploration project acquisition costs carried forward is dependent upon the recoupment of costs through successful development and commercial exploitation, or alternatively by sale of the respective areas. Exploration assets relate to the areas of interest in the exploration phase for minerals exploration licences as shown in the table below:

| 30/06/2018 | 30/06/2017 | Notes |
|------------|------------|--|
| E 45/3278 | E 45/3278 | <i>Granted 30 September 2016</i> |
| E 80/4990 | - | <i>In November 2017 the company executed an agreement with Sandrib Pty Ltd under which it has the right to earn a 60% interest</i> |
| E 80/5182 | - | <i>Application lodged April 2018</i> |

PEAKO LIMITED

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Notes to the Financial Statements

for the Year Ended 30 June 2018

Note 7: Trade and other payables

Consolidated

| | 2018 \$ | 2017 \$ |
|--|---------------|---------------|
| Current | | |
| Trade and other payables* | 29,198 | 15,952 |
| Director-related entities – other payables (Note 13) | 20,336 | 14,972 |
| | 49,534 | 30,924 |

* Trade payables are non-interest bearing and are normally paid on 30 day terms.

Note 8: Issued Capital

As at 30 June 2018 there were 72,020,678 fully paid ordinary shares on issue (2017: 51,019,137).

| Movement in ordinary share capital | Consolidated | | | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2018 \$ | 2017 \$ | 2018 # | 2017 # |
| At the beginning of the year | 36,808,483 | 36,808,483 | 51,019,137 | 1,020,380,247 |
| Shares issued during the year | 315,023 | - | 21,001,541 | - |
| Costs associated with share issue | (16,957) | - | - | - |
| Consolidation | - | - | - | (969,361,110) |
| At reporting date | 37,106,549 | 36,808,483 | 72,020,678 | 51,019,137 |

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares.

On a show of hands every shareholder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Movement in share options

During the year, via a non-renounceable rights issue, 21,001,541 options (exerciseable at \$0.025 (2.5 cents) on or before 30 June 2019) were granted. As at 30 June 2018 there were 21,001,541 listed options and 5,000,000 unlisted options on issue (30 June 2017: 5,000,000 unlisted options).

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Notes to the Financial Statements for the Year Ended 30 June 2018

Note 9: Reserves

| | Consolidated | |
|--|---------------|---------------|
| | 2018 | 2017 |
| | \$ | \$ |
| Foreign currency translation reserve (a) | 246 | 255 |
| Share compensation reserve (b) | 33,744 | 33,744 |
| | 33,990 | 33,999 |

- (a) Foreign currency translation reserve

The foreign currency translation reserve represents foreign exchange movements on the translation of financial statements for controlled entities from the functional currency into the presentation currency of Australian dollars.

- (b) Share compensation reserve

The share compensation reserve is used to record the value of equity benefits provided to employees, consultants and directors as part of their remuneration.

Note 10: Share based payments

Share options to directors

No options were granted to directors in the year ended 30 June 2018. (2017: 5,000,000 options)

Note 11: Financial instruments

(a) Capital risk management

Prudent capital risk management implies maintaining sufficient cash and marketable securities to ensure continuity of tenure to exploration assets and to be able to conduct the Group's business in an orderly and professional manner. The Board monitors its future capital requirements on a regular basis and will when appropriate consider the need for raising additional equity capital, debt funding or to farm-out exploration projects as a means of preserving capital.

(b) Categories of financial instruments

The Group's principal financial instruments comprise of cash and short-term deposits and short term borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

(c) Financial risk management objectives

The Group is exposed to market risk (including, interest rate risk and equity price risk), credit risk and liquidity risk.

The main risks arising from the Group's financial instruments are interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(d) Market risk

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

Interest rate risk management

All cash balances attract a floating rate of interest. Excess funds that are not required in the short term are placed on deposit for a period of no more than 6 months. The Group's exposure to interest rate risk and the effective interest rate by maturity periods is set out below.

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Notes to the Financial Statements for the Year Ended 30 June 2018

Note 11: Financial instruments (continued)

(d) Market risk (continued)

Interest rate sensitivity analysis

At 30 June 2018, if interest rates had changed on cash and cash equivalent by 100 basis points (1%) and all other variables were held constant, the Group's after tax profit would have been \$1,911 (2017: \$1,126) lower/higher as a result of higher/lower interest income on cash and cash equivalents.

(e) Credit risk management

Credit risk relates to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from any defaults.

(f) Liquidity risk management

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. Liquidity risk is monitored to ensure sufficient monies are available to meet contractual obligations as and when they fall due.

The following are the contractual maturities of the financial liabilities, including interest payments. Contractual amounts have not been discounted.

| | Carrying Amount | Contractual cash flows | 0-12 month | 1-2 years | 2-10 years |
|---|--------------------|---------------------------|---------------|--------------|---------------|
| | \$ | \$ | \$ | \$ | \$ |
| 30 June 2018 Consolidated: | | | | | |
| <i>Non-derivative Financial Liabilities</i> | | | | | |
| Trade and other payables | 49,534 | 49,534 | 49,534 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 49,534 | 49,534 | 49,534 | - | - |
| 30 June 2017 Consolidated: | | | | | |
| <i>Non-derivative Financial Liabilities</i> | | | | | |
| Trade and other payables | 30,924 | 30,924 | 30,924 | - | - |
| Current payables | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 30,924 | 30,924 | 30,924 | - | - |

(g) Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency. The functional currency of the group is denominated in Australian dollars.

The Group's policy is to maintain and hold the sufficient foreign currency to meet its liabilities when due. Surplus financial assets are transferred and held within Australian dollar currency based financial products.

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Notes to the Financial Statements for the Year Ended 30 June 2018

Note 11: Financial instruments (continued)

(g) Foreign currency risk (continued)

| | Consolidated | |
|---|--------------|--------------|
| | 2018 | 2017 |
| | \$ | \$ |
| Unhedged amounts in respect of cash, receivable and payable in foreign currency | | |
| Cash | - | - |
| Receivables - current | - | - |
| Receivables – non-current | 6,012 | 5,777 |
| Payables | - | - |
| | 6,012 | 5,777 |

The only foreign currency the Group is currently exposed to is the US dollar. At 30 June 2018 if AUD:USD rates had changed by +/- 10% and all other variables were held constant, the Group's after tax loss would have been \$601 (2017: \$(578)) higher/ (lower) as a result of lower/higher foreign exchange translations on cash, receivables and payables.

Note 12: Commitments for expenditure

| | | |
|--|----------------|---------------|
| Not longer than 1 year | 88,000 | 20,000 |
| Longer than 1 year and not longer than 5 years | 40,000 | 60,000 |
| | 128,000 | 80,000 |

Expenditure commitments (minerals)

The Group has a commitment in minerals tenements E45 /3278 which has a current year commitment of \$20,000. The permit year ends 29 September each year and currently expires 29 September 2021.

In November 2017 the Group signed a farmin agreement in relation to the tenement E80/4990. Following the expenditure of \$68,000 in the first permit year (ending 3 October 2018) Peako may spend \$600,000 to earn a 60% interest in the tenement with the right to exit the arrangement after spending the initial \$68,000 and after spending an aggregate \$193,000.

Note 13: Related party disclosure

The ultimate parent entity in the wholly-owned group and the ultimate Australian parent entity is Peako Limited. The consolidated financial statements include the financial statements of Peako Limited and the controlled entities listed in the following table:

| Name of entity | Country of incorporation | Class of shares | Equity holding % | |
|------------------------------------|--------------------------|-----------------|------------------|------|
| | | | 2018 | 2017 |
| Peak Oil & Gas (Australia) Pty Ltd | Australia | Ordinary | 100 | 100 |
| Peak Oil & Gas (Singapore) Pte Ltd | Singapore | Ordinary | 100 | 100 |
| Peak Royalties Ltd | British Virgin Islands | Ordinary | 100 | 100 |
| Peak Oil & Gas Philippines Ltd | British Virgin Islands | Ordinary | 100 | 100 |
| Energy Best Limited | British Virgin Islands | Ordinary | 100 | 100 |
| SA Drilling Pty Ltd | Australia | Ordinary | 100 | 100 |
| Samarai Pty Ltd | Australia | Ordinary | 100 | 100 |

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Notes to the Financial Statements for the Year Ended 30 June 2018

Note 13: Related party disclosure (continued)

The transactions between Peako Limited and its controlled entities during this financial year consisted of loans between Peako Limited and its controlled entities.

Related Parties

The following table provides details of advances to related parties and outstanding balances at balance date.

| | Parent entity | |
|--|---------------|--------------|
| | 2018 | 2017 |
| | \$ | \$ |
| Peak Oil & Gas (Australia) Pty Ltd | 10,957,811 | 10,420,932 |
| SA Drilling Pty Ltd | 206,356 | 206,356 |
| Samarai Pty Ltd | 255,884 | 255,884 |
| Impairment of loans to controlled entities | (11,420,051) | (10,883,172) |
| | - | - |

Director-related entities

During the year services and/or facilities were provided under normal commercial terms and conditions by director-related entities as disclosed below:

| Entity | Related director | Service | Amounts paid 2018 | Amounts paid 2017 | Payable at 30/06/18 | Payable at 30/06/17 |
|-----------------|------------------|---------------------------------------|-------------------|-------------------|---------------------|---------------------|
| | | | \$ | \$ | \$ | \$ |
| Samika Pty Ltd | RL Clark | Consulting | 33,412 | 25,211 | 3,037 | - |
| Exoil Pty Ltd | EG Albers | Office services | 33,698 | 33,929 | 8,840 | 7,800 |
| Octanex Limited | EG Albers | Accounting and administrative support | 18,615 | 14,590 | 8,459 | 7,172 |
| | | | 85,725 | 73,730 | 20,336 | 14,972 |

Note 14: Parent Entity Disclosures

Financial position

| | Parent Entity | |
|-------------------------|----------------|----------------|
| | 2018 | 2017 |
| | \$ | \$ |
| Current assets | 191,419 | 114,472 |
| Non-current assets | 86,204 | 8,322 |
| Total assets | 277,623 | 122,794 |
| Current liabilities | 44,877 | 30,922 |
| Non-current liabilities | - | - |
| Total liabilities | 44,877 | 30,922 |
| Net Assets | 237,927 | 91,872 |
| Issued capital | 59,023,421 | 58,725,355 |
| Accumulated losses | (58,819,238) | (58,667,227) |
| Options reserve | 33,744 | 33,744 |
| Total Equity | 237,927 | 91,872 |

Financial performance

| | | |
|---------------------------------|------------------|------------------|
| Loss for the year | (152,011) | (178,045) |
| Other comprehensive income | - | - |
| Total comprehensive loss | (152,011) | (178,045) |

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Notes to the Financial Statements for the Year Ended 30 June 2018

Note 15: Matters Subsequent to Balance Date

Following the end of the financial year, Peako entered into terms sheets providing it with potential exposure to early stage exploration activities. The term sheets relate to two Western Australian tenements, one granted, and one in the application process.

Note 16: Reconciliation of loss after income tax to net cash outflow from operating activities

Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities

| | | |
|--|------------------|------------------|
| Net loss for the year | (156,422) | (178,045) |
| Foreign exchange (loss) gain | (258) | 23 |
| Grant of options | - | 33,744 |
| Decrease in trade and other receivables | (3,394) | 4,568 |
| Decrease in trade and other payables | 13,256 | (10,418) |
| Net cash outflow from operating activities | (146,818) | (150,128) |

Note 17: Auditor's remuneration

The auditors of the Group are Grant Thornton Audit Pty Ltd.

Assurance services

| | | |
|------------------------------|--------|--------|
| Grant Thornton Audit Pty Ltd | 25,117 | 25,126 |
|------------------------------|--------|--------|

Non-Audit services

| | | |
|------------------------------|---|---|
| Grant Thornton Audit Pty Ltd | - | - |
|------------------------------|---|---|

Total auditors' remuneration

| | |
|---------------|---------------|
| 25,117 | 25,126 |
|---------------|---------------|

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Directors' Declaration

The directors of the company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001;
 - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
 - (c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures included in pages 8 to 10 of the directors' report, (as part of audited Remuneration Report), for the year ended 30 June 2018, comply with section 300A of the Corporations Act 2001.
4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



E.G. Albers
Director
27 September 2018

Independent Auditor's Report

To the Members of Peako Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Peako Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(a) in the financial statements, which indicates that the Group incurred a net loss of \$156,422 during the year ended 30 June 2018, and as of that date, the Group's remaining cash balance was \$191,149 with current liabilities of \$49,534 and net assets of \$239,283. As stated in Note 1(a), these events or conditions, along with other matters as set forth in Note 1(a), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter

How our audit addressed the key audit matter

Exploration and Evaluation Assets Valuation

The tenements held by Peako Limited and its subsidiaries are in the exploration stage and exploration expenditure is capitalised in accordance with Australian Accounting Standard AASB 6 *Exploration for and Evaluation of Mineral Resources*.

The group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. Any impairment losses are then measured in accordance with AASB 136 Impairment of Assets.

AASB 6 Exploration for and Evaluation of Mineral Resources requires exploration and evaluation asset to be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. AASB 6 provides a list of 4 indicators, however that list is not exhaustive and therefore subjectivity is involved in the assessment.

This area is a key audit matter as significant judgement is required in determining whether the facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, and then consequently in measuring any impairment loss.

Our procedures included, amongst others:

- Obtaining the management prepared reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;
- Selecting a sample of capitalised exploration and evaluation expenditure and obtain documentation to support the amount capitalised in line with AASB 6;
- Critically reviewing management's assessment of impairment indicators for the Group's capitalised exploration assets under AASB 6 by:
 - Assessing the period for the right to explore the areas of interest had not expired or will not expire in the near future without an expectation of renewal;
 - Enquiring of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of managements' budgeted expenditure;
 - Understanding whether any data exists that indicates the carrying value of these exploration and evaluation assets are unlikely to be recovered from successful development or by sale; and
 - Considering any other available evidence of impairment.
- Assessing management's consequent determination of impairment loss (if any).
- Reviewing related financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the financial report

The Directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

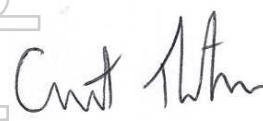
Opinion on the remuneration report

We have audited the Remuneration Report included in pages 8 to 10 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Peako Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B L Taylor
Partner – Audit & Assurance

Melbourne, 27 September 2018

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Additional Shareholder Information (unaudited)

The shareholder information set out below was applicable as at 21 September 2018.

A. Distribution of equity securities - ordinary shares

Analysis of numbers of equity security holders by size of holding:

| Ordinary shares | |
|--------------------------|------------|
| 1 – 1,000 | 236 |
| 1,001 – 5,000 | 212 |
| 5,001 – 10,000 | 64 |
| 10,001 – 100,000 | 147 |
| <u>100,001 and above</u> | <u>48</u> |
| Total | 707 |

There were 631 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders - ordinary shares

Twenty largest holders

| Name | No. of ordinary shares held | % of issued shares |
|--|-----------------------------|--------------------|
| Hawkestone Resources Pty Ltd | 10,240,334 | 14.22% |
| Southern Energy Pty Ltd | 8,609,451 | 11.95% |
| Sacrosanct Pty Ltd | 7,020,000 | 9.75% |
| 500 Custodian Pty Ltd | 5,040,000 | 7.00% |
| Ram Platinum Pty Ltd | 3,500,000 | 4.86% |
| Mr Ernest Geoffrey Albers | 2,730,000 | 3.79% |
| Australis Finance Pty Ltd | 2,695,404 | 3.74% |
| Sagepark Holdings Pty Ltd | 2,139,041 | 2.97% |
| Albers Custodian Company Pty Ltd | 1,980,000 | 2.75% |
| Pontia Pty Ltd | 1,886,637 | 2.62% |
| Mr Charles Waite Morgan | 1,753,157 | 2.43% |
| Auralandia Pty Ltd | 1,645,404 | 2.28% |
| Hebei Mining (Australia) Holding Pty Ltd | 1,387,298 | 1.93% |
| Great Missenden Holdings Pty Ltd | 1,371,170 | 1.90% |
| Mr Issy Lissek | 1,345,570 | 1.87% |
| Mr Rohitendra Pathik | 1,175,843 | 1.63% |
| Dr Joshua Ehrlich | 1,000,000 | 1.39% |
| Noah's Ark Investment Group Pty Ltd | 1,000,000 | 1.39% |
| Mr Michael Leslie Jefferies | 900,000 | 1.25% |
| | 60,591,835 | 84.13% |

C. Substantial holders - ordinary shares

Substantial shareholders as disclosed in substantial shareholding notices given to the Company are as follows:

| | Number Held | Percentage |
|--------------|-------------|------------|
| Albers Group | 41,331,763 | 57.39% |

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D. Distribution of listed Option Holders exerciseable at \$0.025 on or before 30 June 2019

Analysis of numbers of option holders by size of holding:

| Options Held | |
|-------------------|-----------|
| 1 – 1,000 | 14 |
| 1,001 – 5,000 | 19 |
| 5,001 – 10,000 | 8 |
| 10,001 – 100,000 | 10 |
| 100,001 and above | 13 |
| Total | 64 |

E. Equity security holders – listed options

Twenty largest holders

| Name | No. of Listed options held | % of issued listed option |
|----------------------------------|----------------------------|---------------------------|
| Hawkestone Resources Pty Ltd | 4,551,260 | 21.67% |
| Southern Energy Pty Ltd | 3,826,423 | 18.22% |
| Sacrosanct Pty Ltd | 3,120,000 | 14.86% |
| 500 Custodian Pty Ltd | 2,240,000 | 10.67% |
| Mr Ernest Geoffrey Albers | 1,680,000 | 8.00% |
| Albers Custodian Company Pty Ltd | 880,000 | 4.19% |
| Mr Charles Waite Morgan | 779,181 | 3.71% |
| Australis Finance Pty Ltd | 731,291 | 3.48% |
| Auralandia Pty Ltd | 731,291 | 3.48% |
| KSLCORP Pty Ltd | 640,000 | 3.05% |
| Great Missenden Holdings Pty Ltd | 609,409 | 2.90% |
| Mr Michael Leslie Jefferies | 400,000 | 1.90% |
| Mrs Julia Grace Parfitt | 400,000 | 1.90% |
| Mr Peter Scott | 76,600 | 0.36% |
| Mrs Helen Hardwick | 40,000 | 0.19% |
| Mr Trevor Tryphon | 40,000 | 0.19% |
| Wragg Super Pty Ltd | 38,183 | 0.18% |
| Mrs Florence Lynette Kellet | 28,000 | 0.13% |
| Mr David John Incher | 23,360 | 0.11% |
| | 20,883,702 | 99.44% |

F. Unlisted Option Holders (exercisable at \$0.04 on or before 24 November 2019)

Two holders hold 5,000,000 unlisted options.

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Minerals Exploration Interests

Mining Tenements held at 30 June 2018 and their location

| Western Australia (Paterson Province) | |
|--|-------------|
| E 45/3278 (100%) | Granted |
| E 45/3345 (100%) | Application |
| E 45/3477 (100%) | Application |
| E 45/3292 (100%) | Application |
| Western Australia (East Kimberley) | |
| E 80/5182 (100%) | Application |

Tenements acquired during the year and their location

Nil.

Tenements disposed of during the year and their location

Nil.

Beneficial percentage interests held in farm-in or farm-out agreements at 30 June 2018:

Farm-out Agreements

Nil.

Farm-in Agreements:

| Western Australia (East Kimberley) | |
|---|--|
| E 80/4990 | Granted – Peako earning a 60% interest via Farmin arrangement with Sandrib Pty Ltd |

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Petroleum Interests

Petroleum Tenements held at 30 June 2018 and their location

| The Philippines | |
|-----------------|---------|
| SC-6 Cadlao | Granted |

Tenements acquired during the year and their location

Nil.

Tenements disposed of during the year and their location

Nil.

Beneficial percentage interests held in farm-in or farm-out agreements at 30 June 2018:

Farm-out Agreements

Nil.

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of

Farm-in / Other Agreements

Peako's interests in relation to the SC6 Cadlao Oilfield re-development project are held via its subsidiary Peak Oil & Gas (Australia) Pty Ltd (Peak). The interests are all disputed, as follows:

1. A 25% Cadlao joint venture interest (held in trust by Cadlao Development Company Limited (Cadco)) for Peak or, alternatively, an entitlement to receive \$6.7 million as consideration for the buyback of the 25% interest; and
2. A prospective indirect economic interest held by way of a 40% shareholding held by our subsidiary, Energy Best Limited (EBL), in VenturOil Philippines Inc (VenturOil) (itself a 20% interest holder in the Cadlao Joint Venture) and a 5% interest in the Service Contract SC6 Cadlao held by VenturOil in trust for EBL. The 40% shareholding and subsequent associated funding obligation was intended to provide EBL with 75% dividend rights in respect to its 40% shareholding.
3. An aggregate 80% interest in overriding royalty interests relating to 3.3% of production held by Peak Royalties Limited
4. A loan receivable from VenturOil for US\$736,188