



3 July 2019

Dear Shareholder

Non-Renounceable Rights Issue

Peako Limited (PKO) ("**Peako**" or the "**Company**") is pleased to announce a non-renounceable pro rata rights issue on the basis that for every two Shares held as at the Record Date, Eligible Shareholders will have the right to subscribe for one new Share at an issue price of \$0.02 (2 cents) per new Share. Each subscriber will also be entitled to receive 1 New Option (exercisable at \$0.025 on or before 30 April 2020) for every Share subscribed for and received under this Prospectus, for no additional consideration.

The New Options comprise a new class of quoted security, subject to satisfying the Official Quotation conditions.

The Rights Issue seeks to raise up to \$769,785 (before costs) to provide working capital for Peako to fund drill-testing of IP anomalies detected at Peako's Eastman and Landrigan prospects in the East Kimberley which provide immediate "walk-up" drilling opportunities. If fully subscribed, a total of approximately 38,489,273 new Shares will be issued under the Rights Issue.

The Rights Issue is available to Shareholders who are (as at 7:00pm AEST on the Record Date of 5 July 2019) registered (in accordance with the records of the Company's share registry) with a registered address in Australian or New Zealand (**Eligible Shareholders**).

Shares purchased on-market on or after the "Ex Date" of 4 July 2019 will not carry an entitlement to participate in the Rights Issue. If you have any doubt, please consult your sponsoring broker.

Entitlements to New Shares pursuant to the Rights Issue are non-renounceable and accordingly, there will be no trading of rights.

Various details of the Rights Issue are contained in an ASX Appendix 3B which was released by the Company to the ASX on 2 July 2019.

Further details of the Rights Issue are contained in a Prospectus which will be mailed to Eligible Shareholders on Wednesday, 10 July 2019. The Prospectus will also be available on the Company's announcements platform at www.asx.com.au (ASX Code: PKO) or the company website www.peako.com.au on 10 July 2019.

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Key dates of the Rights Issue

Announcement of Offer, Lodgement of Prospectus with ASIC and ASX, and Appendix 3B lodged with ASX	Tuesday 2 July 2019
Notice sent to Shareholders	Wednesday 3 July 2019
Ex date	Thursday 4 July 2019
Record Date¹ for determining Entitlements	Friday 5 July 2019
Opening Date. Prospectus despatched to Shareholders & Company announces despatch has been completed	Wednesday 10 July 2019
Closing Date²	Friday, 2 August 2019
New Shares quoted on a deferred settlement basis	Monday 5 August 2019
ASX notified of undersubscriptions	Wednesday 7 August 2019
Allotment of new Shares and New Options²	Friday 9 August 2019
Deferred Delivery Trading ceases	Friday 9 August 2019
Despatch of holding statements	Friday 9 August 2019
Quotation of Securities issued under the Offer	Friday 9 August 2019
Deadline for placement of remaining Shortfall Securities	Friday 1 November 2019

¹ This date, and all dates after this date are indicative only.

² Subject to the unqualified right of the Directors to extend the Closing Date, in which case the Allotment Date will change accordingly.

An application for New Shares under the Rights Issue may only be made by completing the Entitlement and Acceptance Form which accompanies the Prospectus. Eligible Shareholders should read the Prospectus in its entirety.

Ineligible Foreign Shareholders

In accordance with ASX Listing Rule 7.7 and Section 9A of the *Corporations Act 2001* (Cth), the Company advises that it has decided that it is unreasonable to offer the Rights Issue to shareholders with a registered address outside of Australia or New Zealand (Ineligible Foreign Shareholders), having regard to:

- (1) the small number of shareholders with addresses outside these countries;
- (2) the small number and value of the shares those shareholders would be offered; and
- (3) the cost of complying with the legal requirements, and requirements of regulatory authorities in each of the countries concerned.

Accordingly, the Rights Issue will not be offered to Ineligible Foreign Shareholders.

Nominee

Ineligible Shareholders may receive value from the sale of new Shares to which they would have been entitled to apply for had they been Eligible Members. With the approval of ASIC, the Company has appointed Holdex Nominees Pty Ltd, a wholly owned subsidiary of Baillieu Holst Limited, as a

nominee for the purposes of section 615 of the Corporations Act (“Nominee”) to sell the new Shares that might have otherwise been issued to Ineligible Shareholders.

The Nominee sale procedure will be as follows:

the Company will issue to the Nominee the new Shares and New Options that Ineligible shareholders would be entitled to if they were to participate in the Offer of new Shares and New Options under the Rights Issue;

- a) the Nominee will use its best endeavours to sell the new Shares and New Options at a price and otherwise in a manner determined by the Nominee in its sole discretion; and
- b) the net proceeds of the sale of the new Shares and New Options (after deducting the aggregate subscription price of the new Shares and the reasonable costs of the Nominee procedure under section 615 of the Act, including costs of sale), if any, will be distributed to the Ineligible Shareholders for whose benefit the new Shares and New Options are sold in proportion to their shareholdings as at the Record Date;
- c) If any such net proceeds of sale are less than such reasonable costs referred to above, such proceeds may be retained by the Company. Accordingly there is a possibility that Ineligible Shareholders may receive no net proceeds if the subscription price plus such costs are greater than the sale proceeds. The Company will not be held liable for the sale of any of the new Shares or New Options of Ineligible Shareholders at any particular price or the timing of such a sale; and
- d) The Nominee will not sell any of the new Shares or New Options to any related party of the Company or to any Associate of any such related party.

The Nominee will be paid a fee of \$500 (plus GST), brokerage at a rate of 7.5% on the sale of the new Shares and New Options together with its expenses of sale and of accounting for the proceeds of sale.

Shortfall Placement

Shortfall Securities not taken up by Eligible Shareholders may be placed at the discretion of the Directors within 3 months of the Closing Date, to sophisticated and professional investors (“Shortfall Placement”).

To the extent that is commercially practicable and taking into account Peako’s requirement for funds, the Directors will endeavour to allot the Shortfall Placement to a spread of investors, in order to mitigate any control effects which may arise from issuing the Shortfall Securities to a single or small number of investors. In any event, no subscriber will be permitted to acquire Shares under the Shortfall Placement to the extent that such acquisition would result in that subscriber having a voting power in Peako in excess of 20% (on a post Rights Issue and Shortfall Placement basis).

If you have any queries about the Rights Issue please contact Peako’s Share Registry, Automic Pty Ltd, on 1300 288 664 (within Australia) or +61 (2) 9698 5414 (outside Australia).

Yours sincerely,



Raewyn Clark
Director