Peako LIMITED



Annual Report 2015/16

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Forward –looking Statements

This Financial Report includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

These factors include, among other things, commercial and other risks associated with the meeting of objectives and their investment considerations, as well as other matters not yet known to the company or not currently considered material by the Company.

Risk Factors

Exploration for and development of natural resources is speculative, expensive and subject to a wide range of risks. There can be no assurance that the activities of the Company will result in the discovery of petroleum or minerals, nor that any discovery or development will prove to be commercially viable. Individual investors should consider these matters in light of their personal circumstances (including financial and taxation affairs) and seek professional advice from their accountant, lawyer or other professional adviser as to the suitability of an investment in the company.

Corporate Directory

Directors

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

Company Secretary
Raewyn Clark

Registered Office
Level 21, 500 Collins Street
Melbourne Vic 3000
Website: www.peakoil-gas.com
Email: info@peakoil-gas.com
Ph: (03) 8610 4702
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Auditor
Grant Thornton Audit Pty Ltd
Level 30
525 Collins Street
Melbourne, Victoria 3000 Australia

Share Registry
Security Transfer Registrars Pty Ltd
770 Canning Highway, Applecross WA 6153
Email: registrar@securitytransfer.com.au
Ph: (08) 9315 2333
Fax: (08) 9315 2233

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

On 27 November 2015 the company changed its name from Peak Oil & Gas Limited to Peako Limited.

Chairman's Letter

Dear Shareholders

2015/16 was a watershed year for the Company in which a number of initiatives were implemented. The year commenced with the completion of the sale of the Company's indirect minority interest in the South Block A Production Sharing Contract in Indonesia. This sale was approved by members following our assessment of underlying prospectivity following the acquisition and interpretation of new 2D seismic carried out in 2014/2015. The Company's debt to Octanex NL, which was otherwise due for repayment in June 2016, which had largely been provided to Peako to fund our share of this 2D Seismic, was partially paid out and subsequently satisfied during the year.

The Company's name was changed to Peako Limited in November 2015 to reflect the general nature of the Company's activities. This change was approved by members and was proposed by the Board to avoid any association with the now-discredited term "peak oil", to shorten the name in order to develop the corporate brand "Peako" and to maintain a name in keeping with its ASX code PKO.

In May 2016 the Company completed a non-renounceable rights issue of 340,127,000 new shares and pursuant to which it raised $340,127 before costs.

Tenement applications with respect to the Rudall River Province Projects in Western Australia, which have been held by the Company for a number of years since ASX listing, were advanced during the year. One of these applications has now progressed to licence stage. Negotiations with Western Desert Lands Aboriginal Corporation were successfully completed during the year and a Land Access and Mineral Exploration Agreement has recently been executed. This Agreement will allow us to secure a licence over the Sunday Creek application area E45/3278. The Rudall River and adjacent Patterson province are active areas of exploration for base and other minerals.

The Company's multifaceted involvement in the Cadlao oil field offshore The Philippines continued to be mired in dispute throughout the year. During the year new mediation efforts were commenced with a third party mediator in an attempt to reach agreement with all of the participants and claimants in respect to the Service Contract. These efforts were unsuccessful and the Company continues to fully impair its Cadlao interests in the enclosed accounts as a reflection of the extreme level of uncertainty surrounding these interests.

As was announced in January 2016, the Company proposes to consolidate its share capital on a 1 for 20 basis in order to make the Company's share structure a more attractive investment vehicle for potential project partners. A proposal to shareholders will be included in the notice of meeting for the upcoming annual general meeting.

It was my pleasure during the year to welcome Mr Peter Armitage to the board following the resignation of the Company's founding directors Mr Jeff Steketee and Mr Jim Durrant. Mr Armitage is an experienced public company director, having served on the boards of numerous resource companies over the past 20 years.

Recent years have been difficult ones for junior resource companies. However, there are signs of change with Peako positioned to test the potential of its minerals exploration interests, as well as its intention to review other opportunities.

EG Albers - **Chairman**
Peako Limited
29 September 2016

Operations Report

Corporate

The Company's sale of its interest in the South Block A Production Sharing Contract in Indonesia was completed in July 2015. This sale was approved by members and followed a downgraded assessment of prospectivity as a result of the acquisition and interpretation of new 2D seismic data in 2014/2015.

In August 2015 Mr Jeff Steketee and Mr Jim Durrant resigned from the board and Mr Peter Armitage was appointed as a director.

Shareholders approved the Company's change of name on 26 November 2015 to Peako Limited.

The Company's debt to Octanex NL of $1,284,744, which was otherwise due for repayment in June 2016, was restructured during the year. The Octanex loan was partly paid out with the balance converted into a proceeds-sharing arrangement whereby Octanex will share in any proceeds that Peako receives in connection with any of its Cadlao up until November 2017.

In May 2016 the Company completed a non-renounceable rights issue pursuant to which it raised $340,127 before costs, and issued 340,127,000 shares.

During the year the Company maintained tight fiscal discipline, with corporate overheads significantly reduced.

Minerals Interests

Mineral Exploration Interests – Rudall River Province, Western Australia

Peako's Rudall River Province Projects; the Sunday Creek and Mount Sears initiatives, are comprised of four applications for Exploration Licences in the Rudall River area of the Paterson region of Western Australia. The Paterson region is well known for its uranium potential, hosting Australia's fifth largest uranium deposit at Kintyre. Uranium occurrences are known in both the Sunday Creek and Mount Sears prospects. Both prospects are polymetallic, containing copper and lead.

These projects were the cornerstone of Peako's portfolio of mineral assets when it first listed on ASX as Raisama Limited in 2009.

Figure 1 Rudall River Projects Location Map

The four applications are set out in Table 1 and shown in Figure 2 below.

Prospect name	Application No	Size (km2)	Application date
Sunday Creek	E45/3278	60.80	30 July 2008
Sunday Creek	E45/3345	9.60	15 December 2008
Broadhurst	E45/3477	182.40	10 August 2009
Mt Sears	E45/3292	150.40	30 June 2008

Table 1 Peako Mineral Exploration Interests

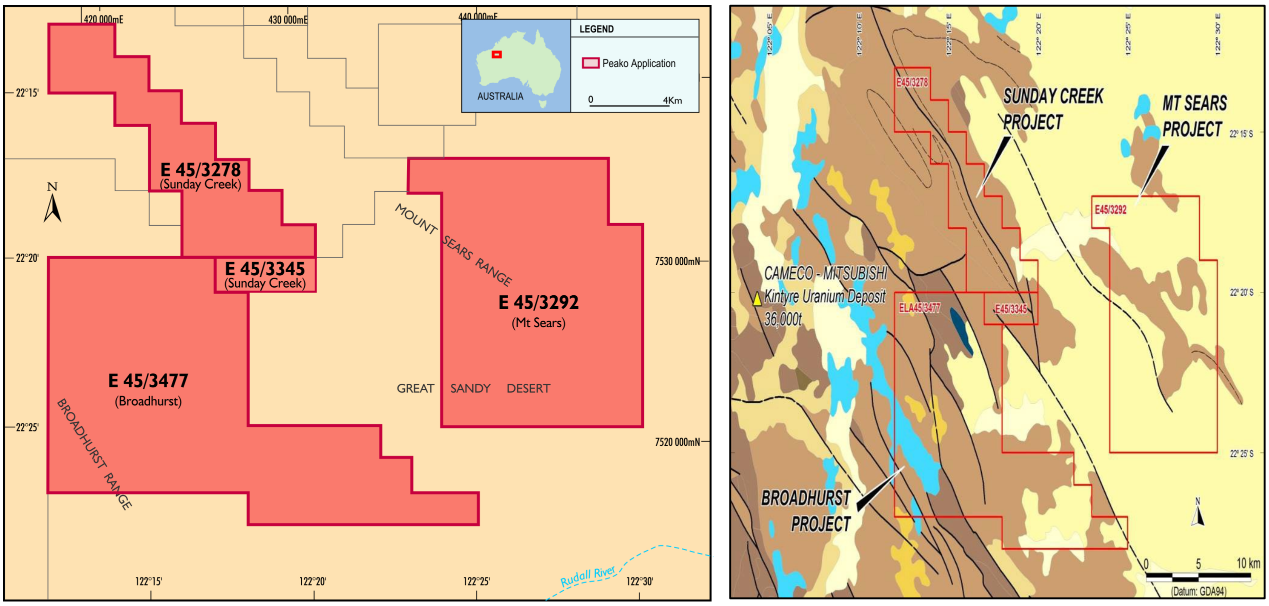

Figure 2 Rudall River Province Four Application Areas

During the year these applications became a significant focus of activity for the Company. E45/3278 was determined by the Western Australian Department of Mines and Petroleum (DMP) to attract the expedited procedure pursuant to the Native Title Act 1993 (NTA). A Land Access and Mineral Exploration Agreement (LAMEA) was negotiated with the Western Desert Lands Aboriginal Corporation (WDLAC) on behalf of the Martu people. In September 2016 the LAMEA was approved by the Board of WDLAC. Peako expects that an Exploration Licence will be granted in the coming months.

Submissions were made to DMP in relation to the other three application areas (E45/3292, E45/3345 and E45/3477) in relation to both the geological model and environmental management. Work has commenced on designing an appropriate exploration programme, in anticipation of the grant of E45/3278.

The Sunday Creek and Mount Sears areas were first explored by others between 1978 and 1981. Exploration activities at Sunday Creek included geochemical sampling, field mapping, airborne and ground magnetic and radiometric surveying, 6 percussion holes for a total of 489 metres and 11 diamond holes (704 m in total). All but one were located within the application areas.

The Sunday Creek Prospect (E45/3278 and E45/3345) was identified as a radiometric anomaly, with subsequent rock chip samples containing copper, uranium and lead. Radiometric anomalies were also followed up with soil geochemical surveys, which produced low assay responses, mainly due to sand cover. Rock chip samples along the contact produced elevated copper and uranium responses and several of these anomalies were drilled, returning several mineralized intersections.

Reconnaissance drilling was done at very wide spacing of 4km and the prospective contact of 20km strike length remains largely untested, with only four drill holes completed. In addition, drill holes were generally shallow and possibly positioned outside the main target zone.

The lack of high resolution data available at the time (1978-1981) resulted in extremely limited structural interpretation by previous explorers. Also, the geological knowledge and the prospective validity of the region for uranium mineralization have increased considerably since the subsequent finding of the Kintyre uranium deposit in 1985 by CRA Exploration Pty Ltd and now operated by Cameco Corporation.

The Mount Sears Prospect (E45/3292) is located 25 kilometres east of the Sunday Creek Prospect covering an area of 150km2. A known uranium occurrence in the Mount Sears Range was discovered by Occidental Minerals Corporation in 1978 and has an associated airborne radiometric uranium anomaly. An overview of the Mount Sears project geology and historic data indicates that the project area is prospective for copper and uranium.

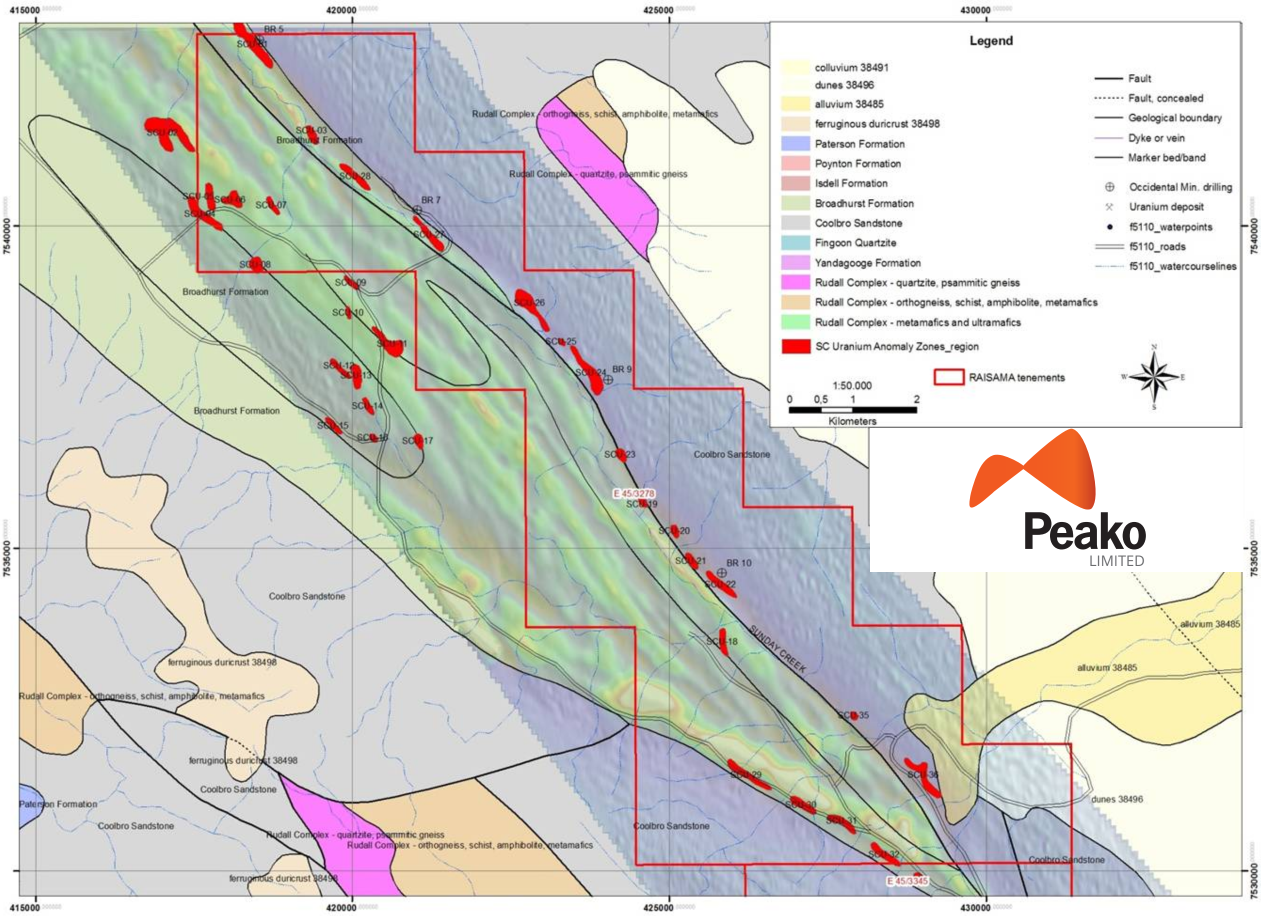

Figure 3 Sunday Creek Exploration Application Area (E45/3278)

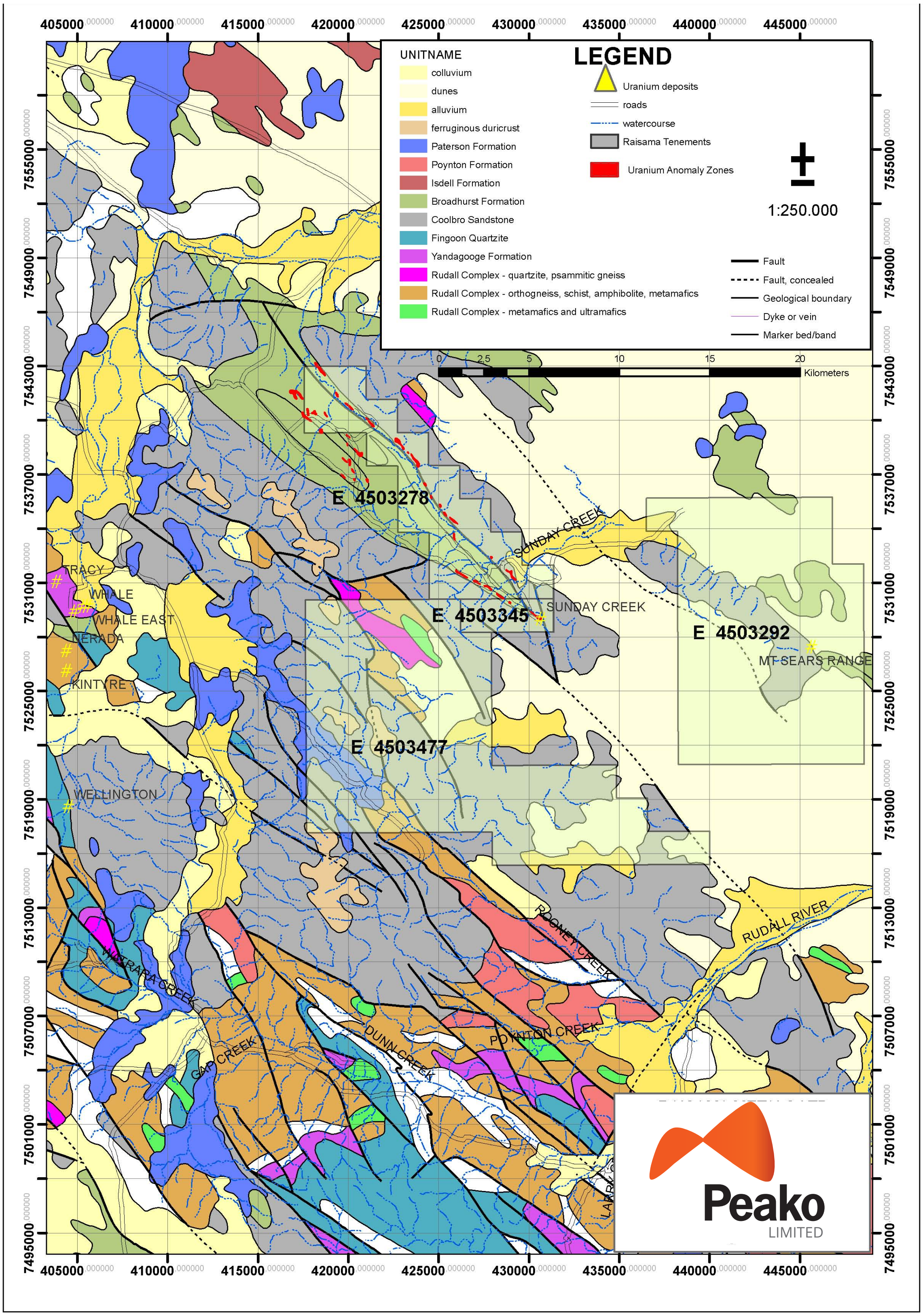

Figure 4 Rudall River Province Projects Geology

Oil & Gas Interests

SC6 (Cadlao) - Cadlao Oilfield Re-development Project, the Philippines

Peako's various interests in relation to the proposed SC6 Cadlao Oilfield re-development project are held via its subsidiary Peak Oil & Gas (Australia) Pty Ltd (Peak) and are 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

SC6 Cadlao – project history and overview

The SC-6 Service Contract, located in the Palawan Basin, offshore the Philippines, was originally granted on 1 September 1973. The Cadlao Oil Field, which is located within the SC6 contract area, was discovered by Amoco in 1977. Between 1981 and 1991, 11.1 MMBBLs of oil was produced from two wells, based on sparse 2D seismic. The field was shut-in in 1991 in response to declining production, low oil price and escalating costs.

In 1996, 3D seismic data was acquired over the permit as part of a regional 'spec' 3D seismic survey. Interpretation of this seismic data identified additional 2P reserves of 6MMBBL (Gaffney Cline & Associates estimate) up-dip from the Amoco wells.

A 100% interest in the Cadlao permit acreage was secured by Blade Petroleum Philippines Ltd (BPPL) (now called Cadco) from local interests in 2007 and 2008. BPPL assumed operatorship and acquired and remapped the 3D seismic recorded earlier to define up-dip structural potential for the field. BPPL subsequently transferred a 20% interest in SC6 Cadlao to VenturOil.

Cadlao oil project is a redevelopment project in shallow water (c.20m water depth). It is intended to be developed via drilling and production from a jack-up drilling rig with export of crude to a moored vessel.

SC6 Cadlao –Peak's interests and involvements

In 2010, Peak entered a Farmin Agreement with BPPL, pursuant to which Peak would earn a 50% interest in SC6 Cadlao. An initial 25% was earned and is held in trust for Peak by BPPL (now named Cadco). The further 25% was to be earned upon Peak securing funding for the development. In 2012, BPPL sought to terminate the Farmin agreement for noncompliance by Peak with the funding obligation provisions of the Farmin agreement. Peak disputed the validity of the termination and litigation and arbitration proceedings ensued. Arbitration proceedings are currently in abeyance. This interest is subject to a "Buy-back Right".

Prior to 2012, Peak also acquired an aggregate 80% interest in overriding royalty interests relating to 3.3% of production.

Peak, through a subsidiary, also acquired a prospective economic interest in SC6 Cadlao through a shareholding in VenturOil. The interest in VenturOil was effected through the acquisition of EBL, a 40% shareholder in VenturOil, from Clove Capital Partners Limited. Peak's subsidiary, Peak Singapore, is obliged to pay further consideration of US$2.8 million to Clove Capital Partners from the first two oil liftings, provided that Peak Singapore retains its economic interest in the Cadlao Project via VenturOil, unless it has lost that interest by virtue of gross negligence.

A subsequent agreement was entered into between EBL and VenturOil relating to the funding of VenturOil's 20% interest. This involved a pre-condition requiring a variation allowing EBL's 40% shareholding in VenturOil to provide 75% dividend rights in lieu of 40% dividend rights in return for which EBL is required to fund VenturOil's 20% share of development costs of the Cadlao Project. VenturOil is obligated to reimburse these costs to Cadco following the "spudding" of the first development well.

EBL also has the right to a 5% interest in SC6 Cadlao, held in trust for it by VenturOil, to be carved out of VenturOil's 20% interest.

In addition, Peak and its subsidiaries have lent VenturOil US$736,188 (A$954,672) as shareholder loans. There is uncertainty regarding the practical ability of Peak to recover these funds.

In February 2015, VenturOil claimed to terminate unspecified agreements between VenturOil and Peak on the basis that Peak is in breach of non binding "pre-funding obligations" in favour of VenturOil. Peak is of the firm opinion that neither it, nor any subsidiary of it, is in breach of any obligation under any binding agreement with either VenturOil or its related entity, Figurado Energy Investment Holdings, and that there are no grounds for termination of any binding agreement.
Cadco Buyback Right.

SC6 Cadlao Project Status

Following the termination of the Peak farmin, in 2012 BPPL entered into funding agreements with Viking Energy Philippines Limited (Viking) at the corporate level, with Viking joining Blade Petroleum Limited (Blade) as a shareholder in BPPL. BPPL then changed its name to Cadlao Development Company Limited (Cadco). Cadco assumed Operatorship of the Joint Venture and Viking assumed funding responsibility. Project funding from Viking has not eventuated and Peak understands that the ownership and control of Cadco is now subject to material dispute between Blade and Viking, neither in any way related to Peak.

Given the multi-dispute nature of both the Cadco interest and the VenturOil interest Peak initiated mediation through a third party mediator during the year, however these efforts were unsuccessful. Peak considers the many obstacles and disputes that face the proposed Cadlao re-development project to be near insurmountable. Accordingly, it continues to fully impair its Cadlao interests, which it first judged uncertain, and impaired, in the December 2013 half-year accounts.

Corporate Governance

The Board is responsible for the strategic direction of the Company, the identification and implementation of corporate policies and goals, and the monitoring of the business and affairs of the Company on behalf of its shareholders.

The Board is currently comprised of three Directors. In accordance with the Company's Constitution and the ASX Listing Rules, the Directors (other than the Chief Executive Officer) are subject to re-election by shareholders every three years.

The Board meets regularly throughout the year.

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

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 2016. In order to comply with the Corporations Act 2001, the directors report 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. His companies are also active resource sector investors.

Mr Albers is also a director of the ASX listed companies Octanex NL and Enegex Limited.

Raewyn Clark, B.Bus(dist), CA, MAICD, AGIA, ACIS
Mrs Clark has more than fifteen 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.

Mrs Clark has been Company Secretary of Peako since 4 February 2013 and was appointed to the Board on 4 December 2014. Mrs Clark is also a Director of the ASX listed companies Octanex NL and Enegex 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 currently a Non-Executive director of ASX listed Strategic Energy Resources Limited.

Jeffrey Steketee and James Durrant both resigned as directors on 18 August 2015.

Ordinary shares
A total of 340,127,000 ordinary shares were issued during the year, raising $343,068 before issue costs.

Options
No options were issued during the year and to the date of this report. There are 20,000,000 options on issue at the date of this report with a $0.35 exercise price and a 25 November 2016 expiry date.

Dividends
No dividend has been paid or declared since the start of the financial year and the directors do 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 5-10 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
In September 2016 the Board of the Western Desert Lands Aboriginal Corporation (WDLAC) approved a Land Access & Mineral Exploration Agreement (LAMEA) with Peako in relation to E45/3278. Pursuant to this LAMEA, WDLAC has withdrawn their objection to the grant of an Exploration Licence in respect to E45/3278.

Likely developments and expected results
The Group will continue to pursue projects which seek to provide sound opportunities for future development during the next financial year. Likely developments and expected results of the operations of the Group in subsequent years are not discussed further in this report. In the opinion of the directors, further information on those matters could prejudice the interests of the Company.

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

Indemnification and insurance of directors and officers
During the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums for a standard Directors and Officers Liability and Company Reimbursement Policy. The details of the policy remain confidential between the insurer and the Company.

Meetings of directors
During the financial year there were two formal directors' meetings. All other matters that required formal Board resolutions were dealt with via written circular resolutions. In addition, the directors met on an informal basis at regular intervals during the financial year to discuss the Group's affairs.

The number of formal meetings of the Company's board of directors and relevant committees attended by each director were:

	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.

Remuneration Report

This report is audited.

Directors / Executives	Position Held
Geffrey 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.

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 (2015: $293,972) which included shareholder-approved non-executive remuneration of $Nil (2015: $Nil).

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.

REMUNERATION REPORT (Continued)

Components of directors' compensation are disclosed below.

	Primary benefits paid / payable			Equity Settled		
	Salary	Directors' fees	Super-annuation	Equity option issues	TOTAL	Options as % of Total
Year ended 30 June 2016	**$**	**$**	**$**	**$**	**$**	**%**
Directors						
Geoffrey Albers	-	-	-	-	-	-
Raewyn Clark	-	-	-	-	-	-
Peter Armitage	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**

Peter Armitage was appointed 18 August 2015. Jeffrey Steketee and James Durrant both resigned 18 August 2015

	Primary benefits paid / payable			Equity Settled		
	Salary and/or consulting fees	Directors' fees	Super-annuation	Equity option issues	TOTAL	Options as % of Total
Year ended 30 June 2015	**$**	**$**	**$**	**$**	**$**	**%**
Directors						
Geoffrey Albers	-	-	-	-	-	-
Raewyn Clark	(550)	-	-	-	(550)	-
Frank Jacobs	-	88	-	-	88	-
Jeffrey Steketee	113,287	-	-	-	113,287	-
James Durrant	181,147	-	-	-	181,147	-
	293,884	**88**	**-**	**-**	**293,972**	**-**

Frank Jacobs resigned 12 November 2014.

Loans to key management personnel

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

Other transactions with key management personnel

In the year ended 30 June 2016, the company incurred consulting fees of $7,290 (2015: $Nil) with Samika Pty Ltd, a director-related entity of Raewyn Clark. The fees were provided under normal commercial terms and conditions with $2,420 remaining unpaid at 30 June 2016(2015 $Nil).

REMUNERATION REPORT (Continued)

Key management personnel interest in equity holdings

Fully paid ordinary shares

30 June 2016	Balance at beginning of year Number	Granted as compensation Number	Net change other Number	Balance at end of year Number
Directors				
Geoffrey Albers*	335,505,259	-	123,736,480	459,241,739
Raewyn Clark	-	-	-	-
Peter Armitage	-	-	-	-
Jeffrey Steketee	42,822,818	-	(42,822,818)	-
James Durrant	40,887,727	-	(40,887,727)	-
	419,215,804	**-**	**40,025,938**	**459,241,739**

Peter Armitage was appointed 18 August 2015. Jeffrey Steketee and James Durrant both resigned 18 August 2015

- 42,000,000 are held directly by Mr Albers
- 417,241,739 are held by private companies associated with Mr Albers

End of remuneration report

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 17 and forms part of this directors' report for the year ended 30 June 2016.

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.

RClark

RL Clark
Director
29 September 2016

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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 2016, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Adrian Nathanielsz
Partner - Audit & Assurance

Melbourne, 29 September 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2016

	Note	2016 $	2015 $
Other revenue from continuing operations			
Financial income		305	585
Other income	2	1,285,601	209,898
		1,285,906	210,483
Other expenses from continuing operations			
Audit fees	24	(37,500)	(86,138)
Professional and consultancy fees		(21,791)	(420,768)
Depreciation charges		(3,578)	(6,072)
Financial expense		(10,497)	(81,965)
Insurance costs		(17,127)	(16,619
Loss on disposal of office equipment		-	(3,378)
Office costs		(25,143)	-
Other costs		(42,296)	(148,949)
Oil & gas development expenditure impairment	8	-	(36,952)
Oil & gas deferred exploration expenditure written off		-	(5,947,610)
Mineral exploration project acquisition costs impaired	9	-	(189,113)
Stock exchange and share registry costs		(21,017)	(22,951)
Wages and salaries		-	(115,137)
		(178,949)	(7,075,652)
Profit / (loss) before income tax expense from continuing operations		**1,106,957**	**(6,865,169)**
Income tax expense	3	-	-
Net profit / (loss) for the year from continuing operations		**1,106,957**	**(6,865,169)**
Discontinued operations			
Net profit after tax for the year from discontinued operations	25	**-**	**2,192,733**
Profit / (loss) for the year		**1,106,957**	**(4,672,436)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign exchange gain / (loss) on translation of subsidiary financial statements		462	(6,018)
Reclassification of foreign currency translation reserve realised on sale of subsidiary		-	(450,731)
Foreign exchange loss on translation of subsidiary foreign loan		-	(4,401)
Other comprehensive income net of tax		**462**	**(461,150)**
Total comprehensive income for the year		**1,107,419**	**(5,133,586)**
		Cents	Cents
Basic profit / (loss) per share	4	0.15	(0.69)
Diluted profit /(loss) per share	4	0.15	(0.69)
Basic profit / (loss) per share from continuing operations	4	0.15	(1.01)
Diluted profit / (loss) per share from continuing operations	4	0.15	(1.01)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
as at 30 June 2016

	Note	2016 $	2015 $
Current Assets			
Cash and cash equivalents		271,158	52,985
Trade and other receivables	5	6,356	567,037
Total Current Assets		**277,514**	**620,022**
Non-Current Assets			
Trade and other receivables	5	5,984	6,623
Plant and equipment	6	-	3,578
Total Non-Current Assets		**5,984**	**10,201**
Total Assets		**283,498**	**630,223**
Current Liabilities			
Trade and other payables	10	41,342	61,396
Borrowings	11	-	1,714,381
Total Current Liabilities		**41,342**	**1,775,777**
Total Liabilities		**41,342**	**1,775,777**
Net Assets / (Net Liabilities)		**242,156**	**(1,145,554)**
Equity			
Issued capital	12	36,808,483	36,528,192
Reserves	13	1,895,589	1,895,127
Accumulated losses		(38,461,916)	(39,568,873)
Total Equity / (Total Deficiency)		**242,156**	**(1,145,554)**

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

Consolidated Statement of Changes in Equity
for the year ended 30 June 2016

	Issued capital $	Share compensation reserve $	Foreign currency translation reserve $	Accumulated losses $	Total equity/ (deficiency) $
Balance at 1 July 2014	**36,528,192**	**1,895,127**	**461,150**	**(34,896,437)**	**3,988,032**
Loss for the year	-	-	-	(4,672,436)	(4,672,436)
Other comprehensive income	-	-	(461,150)	-	(461,150)
Total comprehensive loss for the year	**-**	**-**	**(461,150)**	**(4,672,436)**	**(5,133,586)**
Issue of shares	-	-	-	-	-
Share issue costs	-	-	-	-	-
Balance at 30 June 2015	**36,528,192**	**1,895,127**	**-**	**(39,568,873)**	**(1,145,554)**
Balance at 1 July 2015	**36,528,192**	**1,895,127**	**-**	**(39,568,873)**	**(1,145,554)**
Profit for the year	-	-	-	1,106,957	1,106,957
Other comprehensive profit	-	-	462	-	462
Total comprehensive profit for the year	**-**	**-**	**462**	**1,106,957**	**1,107,419**
Issue of shares	343,068	-	-	-	343,068
Share issue costs	(62,777)	-	-	-	(62,777)
Balance at 30 June 2016	**36,808,483**	**1,895,127**	**462**	**(38,461,916)**	**242,156**

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

Consolidated Statement of Cash Flows
for the year ended 30 June 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Payments to suppliers and employees		(162,539)	(754,471)
Financial income		167	585
Return of bond		-	25,394
Net cash outflows from operating activities	23	**(162,372)**	**(728,492)**
Cash flows from investing activities			
Payments for oil and gas deferred exploration expenditure		-	(348,825)
Proceeds from sale of permit interest	5	100,000	-
Loan to other entities		-	(36,952)
Net cash inflow / (outflows) from investing activities		**100,000**	**(385,777)**
Cash flows from financing activities			
Proceeds from the issue of shares		343,068	-
Share issue costs		(62,777)	-
Proceeds from borrowings		-	937,805
Net cash inflows from financing activities		**280,291**	**937,805**
Net increase / (decrease) in cash held		**217,919**	**(176,464)**
Cash at the beginning of reporting period		52,985	213,312
Effect of exchange rate fluctuations on cash held		254	16,137
Cash at the end of the reporting period		**271,158**	**52,985**

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

Notes to the Financial Statements
for the Year Ended 30 June 2016

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.

(b) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2016, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period. It has been determined by the directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.
The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2016. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

(c) Statement of compliance

The financial report was authorised by the board of directors for issue on 29 September 2016.
The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS 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 2016 ("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. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Note 1: Statement of significant accounting policies (continued)

(d) Basis of consolidation (continued)

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) 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.

(f) 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.

(g) 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:

Note 1: Statement of significant accounting policies (continued)

(g) Income tax (continued)

- 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
- 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.
Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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.

(h) 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.

(i) Property, plant and equipment and oil and gas properties

Plant and equipment, equipment under finance lease and oil and gas properties, including carried forward development expenditure, are stated at cost less accumulated depreciation and

Note 1: Statement of significant accounting policies (continued)

(i) Property, plant and equipment and oil and gas properties (continued)

impairment. Costs include expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, costs are determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to profit or loss during the financial period in which they incurred.

All tangible assets have limited useful lives and are depreciated using the straight-line method over their existing useful lives

Depreciation is calculated as follows:

Plant and equipment	20% - 33% on a straight line basis
Oil and gas properties	Based on units of production

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial period end.

(j) Impairment of assets

The Group assesses at each balance date whether a financial asset or Group of financial assets is impaired and information regarding such assessments is provided below.

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. However, Note 21 (Contingent Assets) describes the nature and potential amount of each of the rights and claims that we consider the Group holds in relation to those assets. On a Half-Yearly basis the directors will continue to review and seek advice in relation to the claims with the objective of making a re-assessment of the continued need for impairment of Cadlao.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Group of financial assets with similar credit risk characteristics and that

Note 1: Statement of significant accounting policies (continued)

(j) Impairment of assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(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 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.

(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.

Note 1: Statement of significant accounting policies (continued)

(p) Exploration and evaluation expenditure

Exploration and evaluation assets, including the costs of acquiring permits or licences, 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.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Proceeds from the sale of exploration permits are credited against exploration costs previously capitalised. Expenditure relating to development of oil and gas leases are shown separately and not included in exploration and evaluation assets.

(r) 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.

(s) 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.

Note 1: Statement of significant accounting policies (continued)

(t) 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.

(u) Business Combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the Group on acquisition date.

Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the Group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the Group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed when incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

(v) Parent entity financial information

The financial information for the parent entity, Peako Limited, disclosed in Note 19 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.

(w) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Note 1: Statement of significant accounting policies (continued)

(w) Critical accounting estimates and judgements (continued)

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.

Oil and gas deferred exploration expenditure carried forward

The Group's accounting policy for oil and gas deferred exploration expenditure is set out at Note 1(q). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the Statement of Profit or Loss and OtherComprehensive Income.

Accounting policy for oil & gas development expenditure

The Group's accounting policy for oil & gas development expenditure is set out under note 1(i). The recoverability of the carrying amount of oil & gas development expenditure carried forward has been reviewed by the directors. In conducting the review, the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell" and "value in use". In determining value in use, future cash flows are based on estimates of oil reserves and resources for which there is a high degree of confidence of economic extraction, Production and sales levels, future commodity prices, future costs of production, future capital expenditure, and/or future exchange rates.

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. However, Note 21 (Contingent Assets) describes the nature and potential amount of each of the rights and claims that we consider the Group holds in relation to those assets. The directors will review and seek advice in relation to the claims with the objective of making a re-assessment of the continued need for impairment by the time of release of the Half Yearly result to 31 December 2016.

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.

Note 1: Statement of significant accounting policies (continued)

(x) 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.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Note 1: Statement of significant accounting policies (continued)

(x) Financial assets (continued)

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.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models

(y) 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.

Note 1: Statement of significant accounting policies (continued)

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

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

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.

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.

Note 1: Statement of significant accounting policies (continued)

(y) 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.

(z) Borrowing costs

Borrowing costs are capitalised that are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Note 2: Other income

	Consolidated	
	2016	**2015**
	$	**$**
Discharge of Octanex NL loan (Note 11)	1,284,774	-
Recovery of overheads	-	209,898
	1,284,774	209,898

Note 3: Income tax

	Consolidated 2016 $	Consolidated 2015 $
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	-	-
Reconciliation to income tax expense on accounting profit / (loss)		
Accounting profit / (loss) before tax	1,106,957	(4,672,436)
Tax expense /(benefit) at the statutory income tax rate of 30%	332,087	(1,401,731)
Non-deductible expenses	5,168	1,618,266
Non-assessable income	243	(398,600)
Unrealised tax losses not recognised	(283,766)	283,739
Temporary differences not recognised	(53,732)	(101,674)
Income tax expense	-	-
Unrecognised deferred tax balances		
Deferred tax assets:		
Tax revenue losses (Australian)	14,224,008	15,169,220
Tax revenue losses (Foreign)	169,763	170,437
Unamortised business related costs	140,103	252,967
Accruals & provisions	17,000	22,000
Deferred tax liabilities:		
Exploration expenses	-	-
Accrued income	-	-
Net unrecognised deferred tax assets	**14,550,874**	**15,614,624**
Potential tax benefit @ 30% (2015: 30%)	**4,365,262**	**4,684,387**

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 it is not probable that future taxable profit will be available against which the Group can utilise the benefits thereof.

Note 4: Earnings per share

The profit/(loss) and weighted average number of ordinary shares used in the calculation of basic and dilutive loss per share is as follows:

	2016	2015
Net profit/(loss) for the year	1,106,957	(4,672,436)
The weighted average number of ordinary shares	730,363,686	680,253,247
Total basic and dilutive profit/(loss) per share (cents)	0.15	(0.69)

Note 4: Earnings per share (continued)

	Consolidated 2016 $	2015 $
Continuing operations		
Net profit/(loss) from continuing operations	1,106,957	(6,865,169)
The weighted average number of ordinary shares	730,363,686	680,253,247
Basis and dilutive profit/(loss) per share from continuing operations (cents)	0.15	(1.01)

Note 5: Trade and other receivables

	2016 $	2015 $
Current		
GST	6,218	708
Other receivables	138	26,329
Receivable on sale of discontinued operations (1)	-	540,000
	6,356	**567,037**
Non-current		
Other receivables	-	-
Security deposit	5,984	6,623
	5,984	**6,623**

(1) In June 2015, following receipt of approval of shareholders in General Meeting, Peak sold the Company's indirect 38.25% interest in the South Block A PSC and associated intercompany debt for consideration of $800,000. Proceeds of $260,000 were received directly by Octanex NL and applied to the Octanex NL loan (non-cash financing activity for Peako) on 29 June 2015. (Note 11). The balance of $540,000 was received 2 July 2015; with $440,000 received directly by Octanex and applied to the Octanex NL loan (non-cash financing activity for Peako) and $100,000 being received by Peak as cash.

The group has receivables from VenturOil Philippines Inc and PT. Realto Energi Nusantara Corelasi that have been disclosed as contingent assets (Note 21).

Note 6: Plant and equipment

	Consolidated Total $
Year ended 30 June 2016	
At 1 July 2015, net of accumulated depreciation	3,578
Additions	-
Disposals	(3,578)
Depreciation charge for the year	-
At 30 June 2016, net of accumulated depreciation	**-**
Year ended 30 June 2015	
At 1 July 2014, net of accumulated depreciation	15,144
Additions	-
Disposals	(5,494)
Depreciation charge for the year	(6,072)
At 30 June 2015, net of accumulated depreciation	**3,578**
At 30 June 2016	
Cost or fair value	-
Accumulated depreciation	-
Net carrying amount	**-**
At 30 June 2015	
Cost or fair value	10,405
Accumulated depreciation	(6,827)
Net carrying amount	**3,578**

Note 7: 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 8: Oil and gas development expenditure	**Consolidated**	
	2016	**2015**
	$	**$**
Balance at the beginning of the year	-	-
Expenditure incurred	-	36,952
Impairment	-	(36,952)
Balance at the end of the year	**-**	**-**

The group has a buyback right for $6,700,000 associated with the Cadlao Project that has been disclosed as a contingent asset (Note 21).

Note 9: Mineral exploration project acquisition costs	**Consolidated 2016**	**2015**
Areas of interest in the exploration and evaluation phase	**$**	**$**
Balance at the beginning of the year	-	189,113
Project acquisition costs impaired	-	(189,113)
Balance at the end of the year	**-**	**-**

The Group continues to hold applications for four mineral exploration tenements location. As they are at the application stage only, the mineral assets have been fully impaired.

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.

Note 10: Trade and other payables	**Consolidated 2016**	**2015**
	$	**$**
Current		
Trade and other payables*	23,431	60,168
Director-related entities – other payables (Note 18)	17,911	-
Other	-	1,228
	41,342	**61,396**

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

Note 11: Borrowings	**Consolidated 2016**	**2015**
	$	**$**
Secured		
Balance at the beginning of the period	1,714,381	954,613
Loan funds received	-	937,805
Borrowings repaid	(440,000)	(260,000)
Interest accrued	10,393	81,963
Discharge of loan	(1,284,774)	-
Balance at the end of the period	**-**	**1,714,381**

Fair value disclosures
Details of the fair value of the Group's borrowings are set out in Note 15.

Discharge of loan
On 25 November 2015 the company advised that it had entered into an agreement with Octanex NL whereby it has discharged the remaining outstanding obligations pursuant to loan and security arrangements made between Peako and its subsidiary, Peak Oil and Gas (Australia) Pty Ltd with Octanex NL. In lieu of the balance of monies of $1,284,774, Octanex has agreed to accept a proceeds sharing arrangement (Note 22). The balance of the loan of discharged of $1,284,774 is disclosed as other income (Note 2).

Note 12: Issued Capital

As at 30 June 2016 there were 1,020,380,247 fully paid ordinary shares on issue (2015: 680,253,247)

	Consolidated			
Movement in ordinary share capital	**2016 $**	**2015 $**	**2016 #**	**2015 #**
At the beginning of the year	36,528,192	36,528,192	680,253,247	680,253,247
Shares issued during the year	343,068	-	340,127,000	-
Costs associated with share issue	(62,777)	-	-	-
At reporting date	**36,808,483**	**36,528,192**	**1,020,380,247**	**680,253,247**

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

The Company has share-based options in place under which options to subscribe for the Company's shares have been granted to employees, executives and other parties. There are 20,000,000 options (2015: 20,000,000) on issue (refer to Note 14).

Note 13: Reserves

	Consolidated	
	2016 $	**2015 $**
Foreign currency translation reserve (a)	462	-
Share compensation reserve (b)	1,895,127	1,895,127
	1,895,589	**1,895,127**

(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 14: Share based payments

Share options to consultants/other parties

No options were issued during the current and prior year.

The following consultant share options were in place during the current and prior periods:

Number	Grant date	Expiry date	Exercise price	Fair value at grant date
20,000,000	25 Nov 2012	25 November 2016	$0.3500	$0.0100(*)

* Where options are granted to external consultants at arm's length fair value of options is deemed to be the value of services supplied.

The following table illustrates the number and weighted average exercise prices and movements in share options issued to consultants during the year:

	2016 Number	2016 Weighted average exercise price	2015 Number	2015 Weighted average exercise price
Outstanding balance at the beginning of the year	20,000,000	$0.3500	24,850,000	$0.3591
Expired during the year	-	-	(4,850,000)	$0.4072
Granted during the year	-	-	-	-
Outstanding at year end	20,000,000	$0.3500	20,000,000	$0.3500
Exercisable at the end of the year	20,000,000	$0.3500	20,000,000	$0.3500

Note 15: 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.

Note 15: Financial instruments (continued)

(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.

Interest rate sensitivity analysis

On 30 June 2016, if interest rates on borrowings had changed by 100 basis points (1%) and all other variables were held constant, the Group's after tax loss would have been $nil (2015: $17,144) lower/higher on interest bearing borrowings.

At 30 June 2016, 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 $2,000 (2015: $530) 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 months $	1-2 years $	2-10 years $
30 June 2016:					
Consolidated					
Non-derivative Financial Liabilities					
Trade and other payables	41,342	41,342	41,342	-	-
Non current payables	-	-	-	-	-
	41,342	41,342	41,342	-	-
30 June 2015:					
Consolidated					
Non-derivative Financial Liabilities					
Trade and other payables	61,396	61,396	61,396	-	-
Borrowings	1,714,381	1,714,381	1,714,381	-	-
Non current payables	-	-	-	-	-
	1,775,777	1,775,777	1,775,777	-	-

Note 15: Financial instruments (continued)
(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 is 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.

	Consolidated	
Unhedged amounts in respect of cash, receivable and payable in foreign currency	**2016** **$**	**2015** **$**
Cash	-	6,239
Receivables - current	-	-
Receivables – non-current	5,984	6,623
Payables	-	(8,015)
	5,984	**4,847**

The only foreign currency the Group is currently exposed to is the US dollar. At 30 June 2016 if AUD:USD rates had changed by +/- 10% and all other variables were held constant, the Group's after tax loss would have been $598 (2015: $(485)) higher/ (lower) as a result of lower/higher foreign exchange translations on cash, receivables and payables.

Note 16: Commitments for expenditure

	Consolidated	
	2016 **$**	**2015** **$**
Not longer than 1 year	-	-
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 Years	-	-
	-	-

Expenditure commitments (oil and gas)
The commitments reflect the minimum expenditure to meet the conditions under which the licenses are granted or such greater amounts that have been contractually committed. These commitments may vary from time to time, subject to approval by the grantor of titles or by variation of contractual agreements. The expenditure represents potential expenditure which may be reduced by entering into sale, farm-out or relinquishment of the interests and may vary depending upon the results of exploration activities. The estimate does not include possible expenditure on certain drilling programs as the Group has the right but not the obligation to participate in most wells. Should expenditure not reach the required level in respect of each area of interest, the Group's interest could be either reduced of forfeited.

Expenditure commitments (minerals)
The Group's interests in minerals tenements are limited to applications at this stage. No expenditure to maintain the tenements is therefore required.

Note 17 Directors and executives disclosures

The aggregate compensation made to directors and other key management personnel of the Group is set out below:

	Consolidated 2016 $	Consolidated 2015 $
Primary benefits	-	293,972
Post-employment benefits	-	-
Share-based payment	-	-
	-	**293,972**

Note 18: 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% 2016**	**Equity holding% 2015**
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

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 2016 $	Parent entity 2015 $
Peak Oil & Gas (Australia) Pty Ltd	10,874,872	10,958,475
SA Drilling Pty Ltd	206,356	206,356
Samarai Pty Ltd	255,884	255,884
Impairment of loans to controlled entities	(11,337,112)	(11,420,715)
	-	**-**

Note 18: Related party disclosure (continued)

Transactions with Related Parties

Director-related entities
Companies in which a Peako director controls or significantly influences, that provide services to the company or to a joint operation in which the company has an interest.

(i) During the year services were provided under normal commercial terms and conditions by:

Samika Pty Ltd (Samika), a director-related entity of RL Clark
Exoil Limited (Exoil), a director-related entity of EG Albers
Natural Resources Group (NRG), a director-related entity of EG Albers
Octanex NL (Octanex), a director-related entity of EG Albers and RL Clark

The following table provides details of services provided by director-related entities	**2016** **$**	**2015** **$**
Samika - consulting	7,290	-
Exoil – office services	25,143	-
Octanex – accounting and administration support	7,110	-
NRG – underwriting services	25,510	-
	65,053	**-**
The following table provides details of amounts payable to director-related entities at balance date.		
Samika	2,430	-
Exoil	7,660	-
Octanex	7,821	-
	17,911	**-**

(ii) During the year, the Company discharged a loan facility with Octanex N.L. (Note 11).

Note 19: Parent Entity Disclosures

	Parent Entity 2016 $	2015 $
Financial position		
Current assets	277,513	65,809
Non-current assets	-	3,578
Total assets	277,513	69,387
Current liabilities	41,340	1,767,689
Non-current liabilities	-	-
Total liabilities	41,340	1,767,689
Net (Liabilities) /Assets	**236,173**	**(1,698,302)**
Issued capital	58,725,355	58,445,065
Accumulated losses	(60,680,608)	(62,334,793)
Options reserve	2,191,426	2,191,426
(Total Deficiency) / Total Equity	**236,173**	**(1,698,302)**
Financial performance		
Profit (loss) for the year	1,654,185	(14,078,010)
Other comprehensive income	-	-
Total comprehensive loss	**1,654,185**	**(14,078,010)**

Note 20: Matters Subsequent to Balance Date

In September 2016 the Board of the Western Desert Lands Aboriginal Corporation (WDLAC) approved a Land Access & Mineral Exploration Agreement (LAMEA) with Peako in relation to E45/3278. Pursuant to this LAMEA, WDLAC has withdrawn their objection to the grant of an Exploration Licence in respect to E45/3278.

Since the end of the financial year the directors are not aware of any other matter or circumstance not otherwise dealt with in this report or financial statements that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Note 21: Contingent Assets

Cadlao Buyback Right

Details of the buyback right can be found in the operations report in the director's report (page 10). Given that Cadco has previously failed to make payment of the Cadco Buyback Right (A$6,700,000) and the disputed nature of Cadco's ownership between Blade and Viking, Peak considers that the recoverability of this amount is uncertain. Peako is considering its options in relation to recovery actions.

VenturOil Philippines Inc Loan

Details of the loan can be found in the operations report in the director's report (page 10). In practical terms, Peako's ability to recover this US$736,188 (A$991,365) loan is uncertain

PT. Realto Energi Nusantara Corelasi ("Renco') Loan

The Company has the benefit of a loan of US$585,000 (A$787,773) made to PT Realto Energi Nusantara Corelasi (Renco) in connection with its participation in the South Bock A production sharing contract (PSC) in Indonesia. This loan is governed by the Renco Elang Energy Pte Ltd (REE) shareholder agreement and is repayable to Peak by Renco. Peak's right to the benefit of this loan was expressly not extinguished by the sale of its shares in REE. In practical terms, Peak's ability to recover this amount is only likely to be realised from Renco's share of any future revenue from the South Block A PSC.

Note 22: Contingent Liabilities

Contingent liability of US$2,800,000 (A$3,770,536) (2015: A$3,645,833) payable on first two liftings from Cadlao oil project, provided that the project proceeds, which is uncertain, and provided that Peak Oil & Gas (Singapore) Pte Ltd retains its economic interest in the Cadlao Project via VenturOil unless it has lost that interest by virtue of gross negligence (Note 8).

Note 22: Contingent Liabilities (continued)

In lieu of the balance of monies of $1,284,774 owing on the Octanex NL loan (Note 11), Octanex NL has agreed to accept a proceeds sharing arrangement with Peako whereby Octanex NL will share proportionately in any proceeds (any economic benefit or entitlement) received by Peako in relation to any of its Cadlao interests in the period to 26 November 2017 up to a limit of $1,603,683.

Note 23: Reconciliation of profit (loss) after income tax to net cash outflow from operating activities

	Consolidated	
	2016	**2015**
	$	**$**
Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities		
Net profit / (loss) for the year	1,106,957	(4,672,436)
Depreciation charges	3,578	6,072
Discharge of loan	(1,284,774)	-
Foreign exchange gain	847	-
Loss from disposal of property, plant and equipment	-	3,378
Trade and other receivable loan written off	-	36,952
Oil and gas deferred exploration expenditure written off	-	5,947,610
Mineral exploration project acquisition costs impaired	-	189,113
Profit on sale of discontinued operations	-	(2,192,733)
Decrease in trade and other receivables	20,680	61,405
Decrease in trade and other payables	(9,660)	(189,816)
Loan interest expense accrued	-	81,963
Net cash outflow from operating activities	**(162,372)**	**(728,492)**

Note 24: Auditors' remuneration

The auditors of the Group are Grant Thornton Audit Pty Ltd.	**Consolidated**	
	2016	**2015**
	$	**$**
Assurance services		
Grant Thornton Audit Pty Ltd	32,000	-
HLB Mann Judd	5,500	49,000
Other auditors – subsidiary company	-	37,138
Non-Audit services		
Grant Thornton Audit Pty Ltd	-	-
HLB Mann Judd	-	-
Total auditors' remuneration	**37,500**	**86,138**

The company changed auditors from HBL Mann Judd to Grant Thornton Audit Pty Ltd, effective 1 July 2015. $5,500 paid to HBL Mann Judd in 2016 related to the 2015 audit.

Note 25: Discontinued operations

In June 2015, following receipt of approval of shareholders in General Meeting, Peak sold the Company's indirect 38.25% interest in the South Block A PSC and associated intercompany debt for consideration of $800,000.

The sale was effected via deed with respect to the sale of the one issued share in Peak Oil & Gas (SBA) Pte Ltd and assignment of debt (Deed) between Peak's wholly owned subsidiary Peak Oil & Gas (Australia) Pty Ltd (POGA) and Bow Energy International Holdings Inc (Bow), a subsidiary of ACL International Ltd, a company listed on the Ventures Board of the Toronto Stock Exchange.

Pursuant to the Deed, POGA transferred to Bow, the one issued share of Peak Oil & Gas (SBA) Pte Ltd and assigned to Bow the benefit of the $4,164,673 intercompany debt owed by Peak Oil & Gas (SBA) Pte Ltd to POGA.

Peak Oil & Gas (SBA) Pte Ltd was the holder of 75% of the shares in Renco Elang Energy Pte Ltd, the 51% participant and Operator in the South Block A Production Sharing Contract, in North Sumatra.

The major classes of assets and liabilities of Peak Oil & Gas (SBA) Pte Ltd at the date of the sale were as follows:

	Carrying value at date of sale $
Cash	7,332
Other Current assets	39,105
Non-current assets	64,815
Total assets	111,252
Current liabilities	(175,316)
Non-current liabilities	-
Total liabilities	(175,316)
Net Liabilities disposed of	(64,064)

	$
Cash Consideration (1)	800,000
Net liabilities disposed of	64,064
Foreign exchange gain on translation of loan	877,938
Reclassification of foreign currency translation reserve realised on sale of subsidiary	450,731
Profit before tax from discontinued operations	2,192,733
Tax expense	-
Profit after tax from discontinued operations	2,192,733

Total consideration receivable as cash and cash equivalents	800,000
Cash and cash equivalent disposed of	(7,332)
Net cash receivable	792,668

Note 25: Discontinued operations (continued)

Proceeds of $260,000 were received by Octanex NL and applied to the Octanex NL loan. (Note 11). The balance of $540,000 was received 2 July 2015 (Note 5).

(1) Fair value has been calculated with reference to consideration receivable of $800,000 for the one issued share of Peak Oil & Gas (SBA) Pte Ltd and assignment to Bow the benefit of the intercompany debt owed by Peak Oil & Gas (SBA) Pte Ltd to POGA.

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; and

    (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date.

    (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 14 to 16 of the directors' report, (as part of audited Remuneration Report), for the year ended 30 June 2016, 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:

RClark

RL Clark
Director

29 September 2016

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Independent Auditor's Report
To the Members of Peako Limited

Report on the financial report

We have audited the accompanying financial report of Peako Limited (the "Entity"), which comprises the consolidated statement of financial position as at 30 June 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Entity and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Entity 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. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

a the financial report of Peako Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 14 to 16 of the directors' report for the year ended 30 June 2016. The Directors of the Entity 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Peako Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Adrian Nathanielsz
Partner

Melbourne, 29 September 2016

Additional Shareholder Information (unaudited)

The shareholder information set out below was applicable as at 27 September 2016.

A. Distribution of equity securities

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

	Class of equity security Ordinary shares
1 – 1,000	25
1,001 – 5,000	40
5,001 – 10,000	74
10,001 – 100,000	332
100,001 and above	284
Total	**755**

There were 619 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders – ordinary shares

Name	Ordinary Shares No. held	% of issued shares
Octanex Nl	142,448,684	13.96%
Hawkestone Res Pl	113,781,475	11.15%
Southern Energy Pl	95,660,554	9.37%
Sacrosanct Pl	78,000,000	7.64%
500 Cust Pl	56,000,000	5.49%
Sagepark Hldgs Pl	42,822,818	4.20%
Albers Ernest Geoffrey	42,000,000	4.12%
Pontia Pl	37,732,727	3.70%
Hebei Mining Aust Hldg Pl	27,745,959	2.72%
Albers Cust Co Pl	22,000,000	2.16%
Seaspin Pl	19,479,514	1.91%
Auralandia Pl	18,282,250	1.79%
Australis Finance Pl	18,282,250	1.79%
Trayburn Pl	18,000,000	1.76%
Great Missenden Hldgs Pl	15,235,210	1.49%
Smedvig Peter	13,636,363	1.34%
Veblen Grp Pl	12,644,544	1.24%
Parfitt Julia Grace	10,000,000	0.98%
Jefferies Michael Leslie	10,000,000	0.98%
Laconia Hldgs Pl	8,754,545	0.86%
	802,506,893	78.65%

C. Substantial holders

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

	Number Held	Percentage
Octanex Group	528,561,834	55.80%

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

E. Interests in permits and tenements

Permits Granted	Location	Registered Entity Name	Interest %	Peako Entity	Peako's Indirect Economic Interest %
SC6 (Cadlao)	Philippines	Cadlao Development Company Limited (Cadco)	80.00	Peak Oil & Gas Philippines Ltd	25.00[(1)]
SC6 (Cadlao)	Philippines	VenturOil Philippines Inc	20.00	Energy Best Ltd	Variable[(2)]
SC6 (Cadlao)	Philippines	Peak Royalties Limited	80.00	Peak Royalties Limited	2.64[(3)]

(1) As outlined in the Operations Report, the group's interest in SC6 (Cadlao) via Cadco is currently under dispute and subject to arbitration. This interest is subject to a $6.7 million Buyback Right.

(2) As outlined in the Operations Report, the group's aggregate beneficial interest via VenturOil could range between 11% and 16.25%, depending on the implementation of the agreements. The group's prospective interest held through VenturOil Philippines Inc, is subject to dispute.

(3) As outlined in the Operations Report, the group holds an aggregate 80% interest in overriding royalty interests relating to 3.3% of production

Tenement Application	Location	Registered Entity Name	Registered Interest %	Peako Entity	Beneficial Interest %
E45/3278	Sunday Creek, WA	Peako Limited	100.00	Peako Limited	100.00
E45/3477	Broadhurst, WA	Peako Limited	100.00	Peako Limited	100.00
E45/3292	Mt Seers, WA	Peako Limited	100.00	Peako Limited	100.00
E45/3345	Sunday Creek, WA	Peako Limited	100.00	Peako Limited	100.00