Peako
LIMITED

ABN 79 131 843 868

Annual Report

for the year ended 30 June 2017

PEAKO LIMITED

ABN 79 131 843 868

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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.

PEAKO LIMITED

ABN 79 131 843 868

Corporate Directory

Directors

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

Company Secretary
Robert Wright

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Level 21, 500 Collins Street
Melbourne Vic 3000
Website: www.peako.com.au
Email: info@peako.com.au
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
(From 2 October 2017)
Automic Pty Ltd
Level 3
50 Holt Street
Surry Hills, NSW 2010, Australia

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

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

ASX Code: PKO
Incorporated in Western Australia 25 June 2008

PEAKO LIMITED

ABN 79 131 843 868

Chairman's Letter

Dear Shareholders

Peako is a natural resources company, incorporated in Australia, with its securities listed on the ASX. Its focus is on energy in all its forms.

2016/17 was a year of further consolidation for the company. Exploration Licence E45/3278 at Sunday Creek, was granted following successful negotiations with Western Desert Lands Aboriginal Corporation which resulted in execution of a Land Access and Mineral Exploration Agreement.

The Sunday Creek Prospect, in the Paterson Province of Western Australia, had been held under application by the company for a number of years since ASX listing. The Paterson region is well known for its gold, base metals and uranium potential and is an active area of exploration for base and other minerals. Following grant, the Company undertook desktop studies and obtained samples and data previously acquired by a third party.

There have been no developments in relation to the Cadlao petroleum interests during the year. The arbitration commenced some years ago by Peako against Cadlao Development Company Limited (Cadco) and Blade Petroleum Limited (Blade), in relation to the Cadco Buy-back Right, was terminated by the Arbitrator at Peako's request in December 2016. Cadco had failed to respond to any communication from Peako or the Arbitrator for more than two years and Peako learned that Blade Petroleum Limited was in liquidation. As such, the arbitration was considered to have little prospect of a meaningful outcome. The investment had been previously fully impaired. The proceeds sharing arrangement with Octanex Limited, whereby Peako agreed to share any proceeds derived in relation its Cadlao interests up to a limit of $1,603,683 will end on 26 November 2017. There is no expectation of their being any such proceeds. The Company will cease reporting on the Cadlao interests, unless further matters arise.

Peako maintained extreme fiscal discipline during the year. Directors continue to forgo directors' fees and all other forms of corporate expenditure have been limited or reduced.

During the year the Company consolidated its share capital on a 1 for 20 basis in order to make the Company's share structure a more attractive investment vehicle for capital raising purposes and attractive to potential project partners. In this vein, the Company anticipates that it will conduct a modest pro rata share capital raising during the last quarter of this year to provide working capital for its activities.

Peako is now positioned to test the potential of its minerals exploration interests, as well as to review other opportunities.

EG Albers - **Chairman**
Peako Limited
28 September 2017

PEAKO LIMITED

ABN 79 131 843 868

Operations Report

Corporate

During the year the Company continued to maintain tight fiscal discipline.

Minerals Interests

Mineral Exploration Interests – Paterson Province Projects, Western Australia

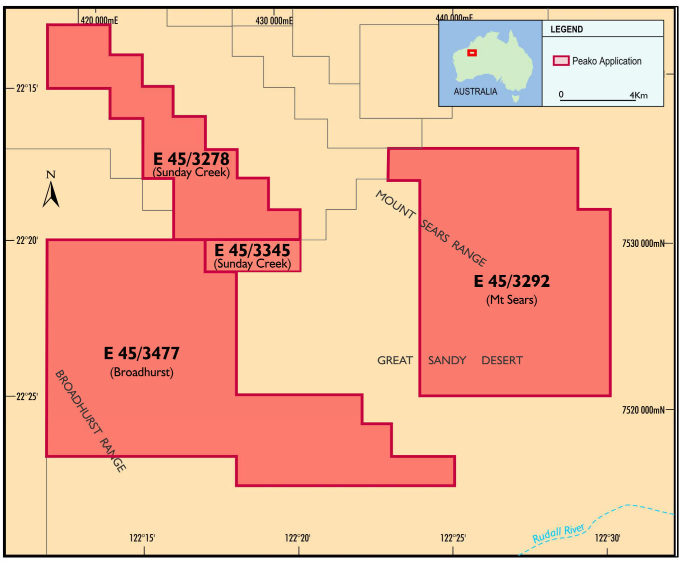
Figure 1 Paterson Province Projects Location Map

Peako's Paterson Province Projects; the Sunday Creek and Mount Sears initiatives, comprise a ~403km2 tenement package in the Rudall River area of the Paterson Province of Western Australia. The Paterson region is well known for its gold, base metals and 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 considered polymetallic.

Peako's tenement package comprises four tenements, one of which is the granted Exploration Licence E45/3278, and three at the applications stage. They were the cornerstone of Peako's portfolio of mineral assets when it first listed on ASX as Raisama Limited in 2009.

Exploration activities commenced with the acquisition of past exploration data, the assessment of which will inform and shape our exploration work program for the Sunday Creek project.

Peako's Paterson Province tenement package is shown below.



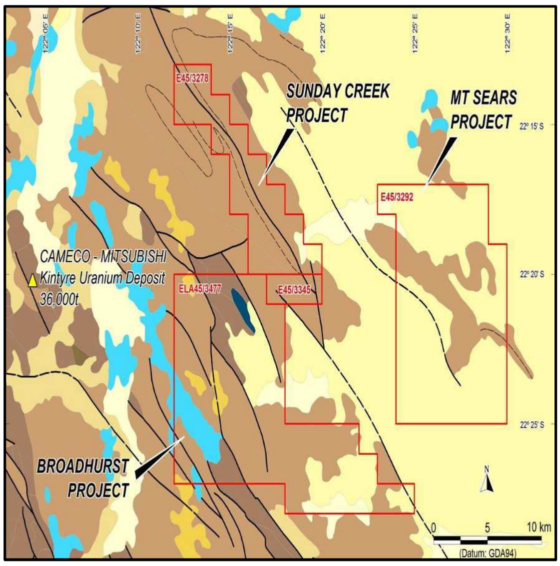


Figure 1 Paterson Province Tenement Package

The Sunday Creek area was first explored by others between 1978 and 1981. The lack of high resolution data available at that time resulted in limited structural interpretation by previous explorers.

The Sunday Creek Prospect was initially identified as a radiometric anomaly without GPS or high resolution airborne data, 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.

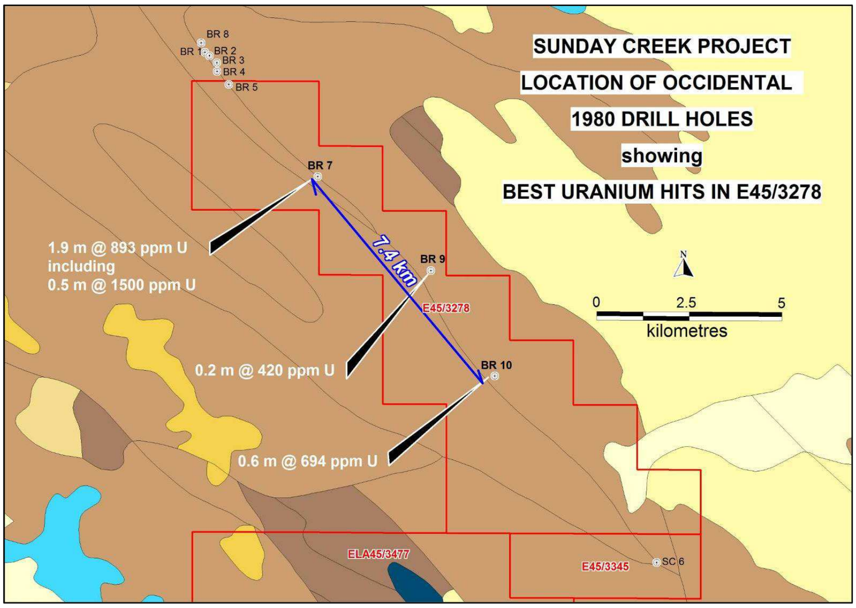


Figure 2 Best Uranium Hits in E45/3278 - Location of Occidental 1980 Drill Holes

A four-hole reconnaissance drilling program was done at spacing of 4km and a prospective contact of 20km strike length is considered to remain largely untested.
The Mount Sears Prospect 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.

In June 2017, following the March 2017 change of government of Western Australia to the Mark McGowan led Labor Party, the McGowan government implemented a ban on uranium mining on all future granted mining leases in Western Australia. Peako is reviewing its exploration work program as a consequence of this ban.

Oil & Gas Interests

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

Since the last Annual Report there have been no developments and no activity in relation to the Cadlao interests. The investment has been previously fully impaired. The Company will cease reporting on this interest.

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 Peako'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 2017. In order to comply with the Corporations Act 2001, the directors report is as follows:

Directors

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

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

Information on Directors

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

Mr Albers has interests in a number of companies active in the petroleum industry in Australia and Malaysia. His companies are also active resource sector investors.

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

Raewyn Clark, B.Bus(dist), CA, MAICD, AGIA, ACIS
Mrs Clark has more than twenty years experience focussed primarily on the upstream oil and gas sector. Her experience includes business development, financial modelling and analysis, capital raising and mergers and acquisitions, as well as managing joint venture partners, government, regulator and investor relations.

Mrs Clark was appointed to the Board on 4 December 2014. Mrs Clark is also a Director of the ASX listed companies Octanex Limited and Enegex Limited. Mrs Clark resigned as Company Secretary of Peako on 2 May 2017.

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 and Enegex Limited.

Information on Company Secretary

Robert Wright B Bus, CPA

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

Ordinary shares
During the year the share capital of the Company was consolidated on a one for twenty basis, making the company's share capital more workable and a more attractive investment vehicle. The number of shares on issue reduced from 1,020,380,247 to 51,019,137.

Options
As at 30 June 2017 and to the date of this report there were 5,000,000 options on issue (30 June 2016: 20,000,000). 5,000,000 options exercisable at $0.04 (4 cents) each, expiring 24 November 2019 were granted to directors at the general meeting on 24 November 2016. 20,000,000 options exercisable at $0.28 (28 cents) expired on 25 November 2016.

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 5-6 of this Report.

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

Matters subsequent to balance date
There are no significant after balance date events up to the signing of this report.

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. There have been no known breaches of these regulations and principles.

Indemnification of directors and officers

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

Meetings of directors

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 $33,744 (2016: $Nil) which included shareholder-approved non-executive remuneration of $6,949 (2016: $Nil). This remuneration is made up entirely of share based payments in the form of options granted.

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 issued	TOTAL
Year ended 30 June 2017	**$**	**$**	**$**	**$**	**$**
Directors					
Geoffrey Albers	-	-	-	-	-
Raewyn Clark	-	-	-	26,995	26,995
Peter Armitage	-	-	-	6,949	6,949
	-	**-**	**-**	**33,744**	**33,744**

	Primary benefits paid / payable			Equity Settled	
	Salary and/or consulting fees	Directors' fees	Super-annuation	Equity option issues	TOTAL
Year ended 30 June 2016	**$**	**$**	**$**	**$**	**$**
Directors					
Geoffrey Albers	-	-	-	-	-
Raewyn Clark	-				-
Peter Armitage	-	-	-	-	-
	-	-	**-**	**-**	-

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 2017, the Company incurred consulting fees of $25,211 (2016: $7,290) with Samika Pty Ltd, a director-related entity of Raewyn Clark. The fees were provided under normal commercial terms and conditions with $nil remaining unpaid at 30 June 2017(2016 $2,420).

REMUNERATION REPORT (Continued)

Key management personnel interest in equity holdings

Fully paid ordinary shares

30 June 2017	Balance at beginning of year Number	Granted as compensation Number	Net change other Number	Balance at end of year Number
Directors				
Geoffrey Albers*	22,962,089*	-	-	22,962,089
Raewyn Clark	-	-	-	-
Peter Armitage	-	-	-	-
	22,962,089	**-**	**-**	**22,962,089**

- Adjusted for 1 for 20 share consolidation completed 1 December 2016

Unlisted options

30 June 2017	Balance at the beginning of the year Number	Granted during the year Number	Expired during the year Number	Other / Transfers Number	Balance at the end of the year Number	Vested and exercisable at the end of year Number
Directors						
Geoffrey Albers	-	-	-	-	-	-
Raewyn Clark	-	4,000,000	-	-	4,000,000	4,000,000
Peter Armitage	-	1,000,000	-	-	1,000,000	1,000,000
	-	**5,000,000**	**-**	**-**	**5,000,000**	**5,000,000**

5,000,000 options exercisable at $0.04 (4 cents) each, expiring 24 November 2019 were granted to directors at general meeting on 24 November 2016. There are no performance conditions attached to these options as the directors do not receive employee benefits, including annual leave and long service leave and the grant of options (share based payments) over shares of the company will align directors' interests with that of the shareholders.

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 14 and forms part of this directors' report for the year ended 30 June 2017.

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.

RL Clark
Director
28 September 2017

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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 2017, 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

A R J Nathanielsz
Partner - Audit & Assurance

Melbourne, 28 September 2017

PEAKO LIMITED
ABN 79 131 843 868

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2017

	Note	2017 $	2016 $
Financial income		3,767	305
Other income	2	-	1,285,601
		3,767	1,285,906
Expenses			
Audit fees	20	(25,126)	(37,500)
Professional and consultancy fees		(26,318)	(21,791)
Depreciation charges		-	(3,578)
Financial expense		-	(10,497)
Insurance costs		-	(17,127)
Office costs		(33,929)	(25,143)
Other costs		(38,915)	(42,296)
Share based payment	11	(33,743)	-
Stock exchange and share registry costs		(23,781)	(21,017)
		(181,812)	(178,949)
(Loss) / profit before income tax expense		**(178,045)**	**1,106,957**
Income tax expense	3	-	-
		(178,045)	
Net (loss) / profit for the year		**(178,045)**	**1,106,957**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign exchange (loss) / gain on translation of subsidiary financial statements		(207)	462
Other comprehensive income net of tax		**(207)**	**462**
Total comprehensive income for the year		**(178,252)**	**1,107,419**
		Cents	Cents
Basic (loss) / profit per share	4	(0.35)	3.03
Diluted (loss) /profit per share	4	(0.35)	3.03

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

PEAKO LIMITED

ABN 79 131 843 868

Consolidated Statement of Financial Position

as at 30 June 2017

	Note	2017 $	2016 $
Current Assets			
Cash and cash equivalents		112,685	271,158
Trade and other receivables	5	1,788	6,356
Total Current Assets		**114,473**	**277,514**
Non-Current Assets			
Trade and other receivables	5	5,777	5,984
Mineral exploration costs	7	8,322	-
Total Non-Current Assets		**14,099**	**5,984**
Total Assets		**128,572**	**283,498**
Current Liabilities			
Trade and other payables	8	30,924	41,342
Total Current Liabilities		**30,924**	**41,342**
Total Liabilities		**30,924**	**41,342**
Net Assets		**97,648**	**242,156**
Equity			
Issued capital	9	36,808,483	36,808,483
Reserves	10	33,999	1,895,589
Accumulated losses		(36,744,834)	(38,461,916)
Total Equity		**97,648**	**242,156**

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

PEAKO LIMITED

ABN 79 131 843 868

Consolidated Statement of Changes in Equity

for the year ended 30 June 2017

	Issued capital $	Share compensation reserve $	Foreign currency translation reserve $	Accumulated losses $	Total equity/ (deficiency) $
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 income	-	-	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**
Balance at 1 July 2016	**36,808,483**	**1,895,127**	**462**	**(38,461,916)**	**242,156**
Loss for the year	-	-	-	(178,045)	(178,045)
Other comprehensive loss	-	-	(207)	-	(207)
Total comprehensive loss for the year	**-**	**-**	**(207)**	**(178,045)**	**(178,252)**
Expiry of options	-	(1,895,127)	-	1,895,127	-
Issue of options	-	33,744	-	-	33,744
Balance at 30 June 2017	**36,808,483**	**33,744**	**255**	**(36,744,834)**	**97,648**

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

Consolidated Statement of Cash Flows
for the year ended 30 June 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Payments to suppliers and employees		(153,988)	(162,539)
Financial income		3,860	167
Net cash outflows from operating activities	18	**(150,128)**	**(162,372)**
Cash flows from investing activities			
Payments to suppliers - exploration		(8,322)	-
Proceeds from sale of permit interest		-	100,000
Net cash (outflow) / inflow from investing activities		**(8,322)**	**100,000**
Cash flows from financing activities			
Proceeds from the issue of shares		-	343,068
Share issue costs		-	(62,777)
Net cash inflows from financing activities		**-**	**280,291**
Net (decrease) / increase in cash held		**(158,450)**	**217,919**
Cash at the beginning of reporting period		271,158	52,985
Effect of exchange rate fluctuations on cash held		(23)	254
Cash at the end of the reporting period		**112,685**	**271,158**

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

Note 1: Statement of significant accounting policies

(a) Basis of preparation

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

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

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

Going concern

For the year ended 30 June 2017 the Group incurred a net cash outflow from operating and investing activities of $158,450 and a net loss after tax of $178,045. As at 30 June 2017, the Group has working capital of $83,549.

The Board considers that the Group is a going concern and recognises that additional funding may be required to ensure that it can continue to fund its operations and further develop exploration assets during the twelve month period from the date of this financial report. Such additional funding is likely to be derived from a rights issue made to all shareholders.

Directors are confident that the Group will be able to successfully raise sufficient funding to enable it to continue as a going concern for at least 12 months from the signing of the annual financial report. If the Group is unable to raise sufficient capital for these purposes, there is a material uncertainty that may cast doubt on the Group's ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

(b) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2017, 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 2017. 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.

Note 1: Statement of significant accounting policies continued

(c) Statement of compliance

The financial report was authorised by the board of directors for issue on 26 September 2017.

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 2017 ("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.

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

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

(e) Exploration and evaluation expenditure

Exploration and evaluation assets, including the costs of acquiring 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.

Notes to the Financial Statements
for the Year Ended 30 June 2017

Note 1: Statement of significant accounting policies continued

(e) Exploration and evaluation expenditure continued

Exploration and evaluation assets are assessed for impairment if the facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. One or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment (the list is not exhaustive):

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

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

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:
(i) Interest income
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(g) Cash and cash equivalents

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

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

Note 1: Statement of significant accounting policies continues

(h) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.
Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in controlled entities, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

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

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

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

Note 1: Statement of significant accounting policies continues

(i) Other taxes

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

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

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

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

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

(j) Impairment of assets

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

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

(k) Trade and other payables

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

Note 1: Statement of significant accounting policies continued

(l) Provisions

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

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

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

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

(m) Share-based payment transactions

Equity settled transactions

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

(n) Issued capital

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

(o) Earnings per share

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

(p) Foreign currency translation

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

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

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

Note 1: Statement of significant accounting policies continued

(p) Foreign currency translation (continued)

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.

(q) Trade and other receivables

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

(r) Segment Reporting

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

(s) Parent entity financial information

The financial information for the parent entity, Peako Limited, disclosed in Note 15 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.

Note 1: Statement of significant accounting policies continued

(t) Critical accounting estimates and judgements

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

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

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

Recovery of deferred tax assets

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

(u) Financial assets

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

Loans and receivables

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

Note 1: Statement of significant accounting policies continued

(v) Derecognition of financial assets and financial liabilities

Financial assets

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

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

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

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

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

Note 2: Other Income

	Consolidated	
	2017	**2016**
	$	**$**
Discharge of Octanex Limited loan	-	1,284,774
Other income	-	827
	-	1,285,601

Notes to the Financial Statements
for the Year Ended 30 June 2017

Note 3: Income tax

	Consolidated 2017	2016
	$	$
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 (loss) / profit before tax	(178,045)	1,106,957
Tax (benefit) expense at the statutory income tax rate of 30%	(53,414)	332,087
Non-deductible expenses	13,844	5,168
Non-assessable income	(32)	243
Unrealised tax losses not recognised	65,676	(283,766)
Temporary differences not recognised	(26,074)	(53,732)
Income tax expense	-	-
Unrecognised deferred tax balances		
Deferred tax assets		
Tax revenue losses (Australian)	14,442,926	14,224,008
Tax revenue losses (Foreign)	169,763	169,763
Unamortised business related costs	64,268	140,103
Accruals & provisions	14,300	17,000
Deferred tax liabilities:		
Exploration expenses	(8,332)	-
Accrued income	(45)	-
Net unrecognised deferred tax assets	**14,682,880**	**14,550,874**
Potential tax benefit @ 30% (2016: 30%)	**4,404,864**	**4,365,262**

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.

Notes to the Financial Statements
for the Year Ended 30 June 2017

Note 4: Earnings per share

	Consolidated	
	2017	**2016**
	$	**$**
The profit/(loss) and weighted average number of ordinary shares used in the calculation of basic and dilutive loss per share is as follows:		
Net (loss) / profit for the year	(178,045)	1,106,957
The weighted average number of ordinary shares	51,019,137	36,518,184
Total basic and dilutive (loss) / profit per share (cents)	(0.35)	3.03

Note 5: Trade and other receivables

Current		
GST	1,742	6,218
Other receivables	46	138
	1,788	**6,356**
Non-current		
Security deposit	5,777	5,984
	5,777	**5,984**

Note 6: 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 7: Mineral exploration costs

Areas of interest in the exploration and evaluation phase

Balance at the beginning of the year	-	-
Costs for the year	8,322	-
Balance at the end of the year	**8,322**	**-**

Peako was granted Exploration Licence E45/3278 by the Western Australian Department of Mines and Petroleum (DMP) on 30 September 2016.

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.

Notes to the Financial Statements
for the Year Ended 30 June 2017

Note 8: Trade and other payables

	Consolidated	
	2017	**2016**
	$	**$**
Current		
Trade and other payables*	15,952	23,431
Director-related entities – other payables (Note 14)	14,972	17,911
Other	-	-
	30,924	**41,342**

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

Note 9: Issued Capital

As at 30 June 2017 there were 51,019,137 fully paid ordinary shares on issue (2016: 1,020,380,247).

During the year the share capital of the Company was consolidated on a one for twenty basis, making the company's share capital more workable and a more attractive investment vehicle. The number of shares on issue reduced from 1,020,380,247 to 51,019,137

	Consolidated			
Movement in ordinary share capital	**2017**	**2016**	**2017**	**2016**
	$	**$**	**#**	**#**
At the beginning of the year	36,808,483	36,528,192	1,020,380,247	680,253,247
Shares issued during the year		343,068	-	340,127,000
Costs associated with share issue		(62,777)	-	-
Consolidation	-	-	(969,361,110)	-
At reporting date	**36,808,483**	**36,808,483**	**51,019,137**	**1,020,380,247**

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

As at 30 June 2017 5,000,000 options on issue (30 June 2016: 20,000,000). 5,000,000 options exercisable at $0.04 (4 cents) each, expiring 24 November 2019 were granted to directors at general meeting on 24 November 2016 (refer to Note 11).

20,000,000 options exercisable at $0.28 (28 cents) expired on 25 November 2016.

Note 10: Reserves

	Consolidated	
	2017	**2016**
	$	**$**
Foreign currency translation reserve (a)	255	462
Share compensation reserve (b)	33,744	1,895,127
	33,999	**1,895,589**

(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 11: Share based payments

Share options to directors

5,000,000 options exercisable at $0.04 (4 cents) each, expiring 24 November 2019 were granted to directors at general meeting on 24 November 2016.

The 5,000,000 options granted to directors were valued using the Binomial Option Valuation model. The following inputs were used:

Exercise price:	4.0 cents
Share price at grant date:	2.0 cents
Maximum option life	3.0 years
Expected volatility	81%
Risk free interest rate	1.55%

Expected volatility was based on the average volatility of a peer group of eleven companies within the oil and gas exploration industry. The implied volatility of the eleven companies was in the range of 66% to 95%. The fair value of this share based payment at grant date was $33,744. The options were fully vested at grant date so a share based payment expense with a corresponding increase in equity of $33,744 has been recognised for the year ended 30 June 2017.

Note 12: 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.

Note 12: Financial instruments (continued)

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

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

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

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

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

Interest rate sensitivity analysis
At 30 June 2017, if interest rates had changed on cash and cash equivalent by 100 basis points (1%) and all other variables were held constant, the Group's after tax profit would have been $1,126 (2016: $2,000) 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.

Note 12: Financial instruments (continued)

(f) Liquidity risk management (continued)

	Carrying Amount $	Contractual cash flows $	0-12 month s $	1-2 years $	2-10 years $
30 June 2017 Consolidated:					
Non-derivative Financial Liabilities					
Trade and other payables	30,924	30,924	30,924	-	-
Non current payables	-	-	-	-	-
	30,924	30,924	30,924	-	-
30 June 2016 Consolidated:					
Non-derivative Financial Liabilities					
Trade and other payables Borrowings	41,342	41,342	41,342	-	-
Non current payables	-	-	-	-	-
	41,342	41,342	41,342	-	-

(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.

Unhedged amounts in respect of cash, receivable and payable in foreign currency	Consolidated 2017 $	 2016 $
Cash	-	-
Receivables - current	-	-
Receivables – non-current	5,777	5,984
Payables	-	-
	5,777	**5,984**

The only foreign currency the Group is currently exposed to is the US dollar. At 30 June 2017 if AUD:USD rates had changed by +/- 10% and all other variables were held constant, the Group's after tax loss would have been $577 (2016: $(598)) higher/ (lower) as a result of lower/higher foreign exchange translations on cash, receivables and payables.

Notes to the Financial Statements
for the Year Ended 30 June 2017

Note 13: Commitments for expenditure

	Consolidated 2017 $	Consolidated 2016 $
Not longer than 1 year	20,000	-
Longer than 1 year and not longer than 5 years	60,000	-
	80,000	**-**

Expenditure commitments (minerals)
The Group's interests in minerals tenements are limited to E45 /3278 which has a current year commitment of $20,000. The permit year ends 29 September each year and currently expires 29 September 2021.

Note 14: 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 % 2017	Equity holding % 2016
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 2017 $	Parent entity 2016 $
Peak Oil & Gas (Australia) Pty Ltd	10,420,932	10,874,872
SA Drilling Pty Ltd	206,356	206,356
Samarai Pty Ltd	255,884	255,884
Impairment of loans to controlled entities	(10,883,172)	(11,337,112)
	-	**-**

Note 14: 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 Pty Ltd (Exoil), a director-related entity of EG Albers
Natural Resources Group (NRG), a director-related entity of EG Albers
Octanex Limited (Octanex), a director-related entity of EG Albers

The following table provides details of services provided by director-related entities	2017 $	2016 $
Samika - consulting	25,211	7,290
Exoil – office services	33,929	25,143
Octanex – accounting and administration support	14,590	7,110
NRG – underwriting services	-	25,510
	73,730	**65,053**

The following table provides details of amounts payable to director-related entities at balance date.

Samika	-	2,430
Exoil	7,800	7,660
Octanex	7,172	7,821
	14,972	**17,911**

Notes to the Financial Statements
for the Year Ended 30 June 2017

Note 15: Parent Entity Disclosures

	Parent Entity	
	2017	**2016**
	$	**$**
Financial position		
Current assets	114,472	277,513
Non-current assets	8,322	-
Total assets	122,794	277,513
Current liabilities	30,922	41,340
Non-current liabilities	-	-
Total liabilities	30,922	41,340
Net Assets	**91,872**	**236,173**
Issued capital	58,725,355	58,725,355
Accumulated losses	(58,667,227)	(60,680,608)
Options reserve	33,744	2,191,426
Total Equity	**91,872**	**236,173**
Financial performance		
(Loss) profit for the year	(178,045)	1,654,185
Other comprehensive income	-	-
Total comprehensive loss	**(178,045)**	**1,654,185**

Note 16: Matters Subsequent to Balance Date

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 17: Contingent Liabilities

Contingent liability of US$2,800,000 (A$3,6,40,146) (2016: A$3,770,536) 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 .

In lieu of the balance of monies of $1,284,774 owing on the Octanex Limited ("Octanex") loan, Octanex has agreed to accept a proceeds sharing arrangement with Peako whereby Octanex 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. Peako does not expect to receive any as such proceeds from the Cadlao project.

Notes to the Financial Statements
for the Year Ended 30 June 2017

	Consolidated	
	2017	**2016**
	$	**$**
Note 18: Reconciliation of (loss) / profit after income tax to net cash outflow from operating activities		
Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities		
Net (loss) / profit for the year	(178,045)	1,106,957
Depreciation charges	-	3,578
Discharge of loan	-	(1,284,774)
Foreign exchange gain	23	847
Grant of options	33,744	-
Decrease in trade and other receivables	4,568	20,680
Decrease in trade and other payables	(10,418)	(9,660)
Net cash outflow from operating activities	**(150,128)**	**(162,372)**

Note 19: Auditor's remuneration

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

Assurance services		
Grant Thornton Audit Pty Ltd	25,126	32,000
HLB Mann Judd	-	5,500
Non-Audit services		
Grant Thornton Audit Pty Ltd	-	-
Total auditors' remuneration	**25,126**	**37,500**

Directors' Declaration

The directors of the company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001;

   (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

   (c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3. The remuneration disclosures included in pages 10 to 12 of the directors' report, (as part of audited Remuneration Report), for the year ended 30 June 2017, 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:

RLClark

RL Clark
Director

28 September 2017

Grant Thornton

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Independent Auditor's Report to the Members of Peako Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Peako Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(a) in the financial statements, which indicates that the Group incurred a net loss of $178,045 during the year ended 30 June 2017, had net cash outflows for the year of $158,450 and as of that date, the Group's remaining cash balance was $112,685 with current liabilities of $30,924 and net assets of $97,648. As stated in Note 1(a), these events or conditions, along with other matters as set forth in Note 1(a), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Exploration and Evaluation Assets – valuation Note 7	
At 30 June 2017 the carrying value of Exploration and Evaluation Assets was $8,322. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the company is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. This area is a key audit matter due to the valuation of exploration and evaluation assets being a significant risk.	Our procedures included, amongst others: • Obtaining the management prepared reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • Reviewing management's area of interest considerations against AASB 6; • Conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including; – Tracing projects to statutory registers and exploration licenses to determine whether a right of tenure existed; – Enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of managements' budgeted expenditure; – Understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; • Reviewing the appropriateness of the related disclosures within the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors' for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 12 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Peako Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A R J Nathanielsz
Partner - Audit & Assurance

Melbourne, 28 September 2017

Additional Shareholder Information (unaudited)

The shareholder information set out below was applicable as at 25 September 2017.

A. Distribution of equity securities

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

	Ordinary shares
1 – 1,000	237
1,001 – 5,000	223
5,001 – 10,000	71
10,001 – 100,000	155
100,001 and above	39
Total	**725**

There were 647 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders – ordinary shares

	Ordinary Shares	
Name	**No. held**	**% of issued shares**
Octanex Limited	7,122,435	13.96%
Hawkestone Resources Pty Ltd	5,689,074	11.15%
Southern Energy Pty Ltd	4,783,028	9.37%
Sacrosanct Pty td	3,900,000	7.64%
500 Custodians Pty Ltd	2,800,000	5.49%
Sagepark Holdings Pty Ltd	2,141,141	4.20%
Albers Ernest Geoffrey	2,100,000	4.12%
Pontia Pty Ltd	1,886,637	3.70%
Hebei Mining Aust Holding ty Ltdl	1,387,298	2.72%
Albers Cust Co Pty Ltd	1,100,000	2.16%
Seaspin Pty Ltd	973,976	1.91%
Auralandia Pty Ltd	914,113	1.79%
Australis Finance Pty Ltd	914,113	1.79%
Trayburn Pty Ltd	900,000	1.76%
Great Missenden Holdings Pty Ltd	761,761	1.49%
Bull Equities Pty Ltd	750,000	1.47%
Pathik Rohitendra	735,804	1.44%
Smedvig Peter	681,819	1.34%
Veblen Grp Pty Ltd	632,228	1.24%
Parfitt Julia Grace	500,000	0.98%
	40,673,427	79.72%

C. Substantial holders

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

	Number Held	Percentage
Octanex Group	30,084,521	58.97%

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 tenements

Tenement Granted	Location	Registered Entity Name	Registered Interest %	Peako Entity	Beneficial Interest %
E45/3278	Sunday Creek, WA	Peako Limited	100.00	Peako Limited	100.00

Tenement Application	Location	Registered Entity Name	Registered Interest %	Peako Entity	Beneficial Interest %
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