



3 January 2014

RIGHTS ISSUE LETTERS TO SHAREHOLDERS

Peak Oil & Gas Limited advises that the attached letters were dispatched to shareholders on 27 December 2013 in connection with its Non Renounceable Rights Issue announced to the market on 24 December 2013.

For further information please contact:

www.peakoil-gas.com

info@peakoil-gas.com

Jeff Steketee, Managing Director

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27 December 2013

Dear Shareholder,

RE: NON-RENOUNCEABLE RIGHTS ISSUE

The Board of Peak Oil & Gas Limited (“**Peak**” or “**the Company**”) is pleased to invite you to participate in the pro-rata non-renounceable rights issue to raise up to approximately A\$1.9m (before costs), as announced by Peak on 15 November 2013 (“**Rights Issue**”). The rights issue is fully underwritten by Octanex N.L, which is a company listed on ASX (ASX code OXX), and which is associated with Peak’s Chairman, Mr E G Albers.

Proceeds from the offer will be used to fund Peak’s exploration commitments in the South Block A Production Sharing Contract in North Sumatra, Indonesia, and for working capital purposes

Your Directors consider that the Rights Issue provides an opportunity to further participate in Peak’s future growth. All Board members intend to take up their respective Entitlements in full.

Full details of the Rights Issue are set out in the Rights Issue offer document and Appendix 3B lodged with ASX on 24 December 2013. A copy of the Rights Issue offer document is available to download from both the ASX website (at www.asx.com.au) and Peak’s website (at www.peakoil-gas.com).

Eligible shareholders will receive on or around 10 January 2014 a copy of the Rights Issue offer document including a personalised Entitlement and Acceptance Form which will provide detailed instructions on how to participate in the Rights Issue.

Please find below the anticipated timetable for the Rights Issue.

Timetable

The anticipated timetable for the Rights Issue is as follows:

EVENT	DATE
Announcement of rights issue – announcement of rights issue, Offer Memorandum, ASX Appendix 3B and Cleansing Notice lodged with the ASX.	24 December 2013
Ex date – the date on which Shares commence trading without the entitlement to participate in the Offer.	30 December 2013
Record date – the date for determining entitlements of Shareholders to participate in the Offer.	6 January 2014
Rights Issue offer document sent to Shareholders – dispatch of Rights Issue offer document and Entitlement and Acceptance Forms - Offer opens for acceptances	10 January 2014
Closing date – the last day for receipt of acceptance forms (5.00pm AEST)	24 January 2014
Deferred Settlement Trading commences - New Shares commence quotation on ASX on deferred settlement basis	28 January 2014
Shortfall notification date	30 January 2014
Issue date – allotment of New Shares. Deferred settlement trading ends	31 January 2014
Despatch of holding statements to Shareholders who accepted the offer	3 February 2014
Commencement of normal trading in New Shares on ASX on T+3 basis	4 February 2014

This timetable is indicative only. Subject to the ASX Listing Rules, the Directors reserve the right to vary the dates for the Offer at their discretion. Should this occur, then the extension will have a consequential effect on the anticipated date of issue and normal trading of the New Shares.

The key information in connection with the Rights Issue is set out below for your reference, and as required by the ASX Listing Rules:

- the Rights Issue is non-renounceable and is being undertaken on the basis of 2 (2) new fully paid ordinary shares (“**New Shares**”) for every five (5) ordinary shares held by eligible shareholders;

- the issue price is A\$0.01 cents per New Share;
- the record date to determine entitlements for eligible shareholders is 7.00pm AEST on 6 January 2014 (“**Record Date**”).

Only registered shareholders with a registered address in Australia and New Zealand as at the Record Date are eligible to participate in the Rights Issue. Shares commence trading without the entitlement to participate in the Rights Issue on 30 December 2013 (the Ex Date for the Rights Issue, being 4 business days prior to the Record Date);

- eligible shareholders will be able to apply for additional New Shares in excess of their entitlement at the same issue price of A\$0.01 per New Share. Allocation of additional New Shares applied for will be subject to there being a shortfall in subscriptions under the Rights Issue and will be at the discretion of Peak;
- each New Share will rank equally with and be issued on the same terms as those quoted fully paid ordinary shares already issued by the Company. Application for quotation of the New Shares offered under the Rights Issue was made by the Company on 24 December 2013;
- for the purposes of calculating your entitlement, fractional entitlements to New Shares will be rounded up to the nearest whole number of shares;
- the Rights Issue is fully underwritten by Octanex N.L. A fee of 5% of funds raised is payable to Octanex N.L. in relation to the underwriting. Octanex N.L. is a company listed on ASX (ASX code OXX), and which is associated with Peak’s Chairman, Mr E G Albers. Full details of Octanex NL and its relationship to Peak are set out in the Rights Issue offer document.
- the Rights Issue is being made in accordance with section 708AA of the Corporations Act 2001 and without a prospectus;
- the Rights Issue is non-renounceable, accordingly rights will not be tradeable on ASX or otherwise transferrable. Shareholders who do not take up their entitlements in full will not receive any value in respect of that part of their entitlement that they do not take up. Shareholders who are not eligible to receive entitlements will not receive any value in respect of entitlements they would have received had they been eligible.

Based on the undiluted share capital of the Company as at 23 December 2013, a maximum of 194,358,098 New Shares will be issued under the Rights Issue. This number excludes any allowance for shares issued in the event any option holders exercise their right to convert their options to ordinary shares prior to the Record Date. This number is also subject to reconciliation of entitlements and rounding. Based on that number, the maximum number of listed ordinary shares on issue following the Rights Issue will be 680,253,345;

- no shareholder approval will be required for the Rights Issue;
- Peak does not have a dividend policy and does not intend to declare a dividend in the near future.
- the proceeds from the Rights Issue will be primarily directed to the exploration activities at the South Block A Production Sharing Contract.

Actions required of Eligible Shareholders

Pursuant to the Rights Issue there are a number of actions Eligible Shareholders may take:

- take up all or some of your entitlements;
- take up all of your entitlements and apply for additional New Shares;
- not participate in the Rights Issue and if so; you do not need to take any action.

If you are eligible and wish to participate in the Rights Issue, it will be necessary for you to complete and return the personalised Entitlement and Acceptance Form that will accompany the Rights Issue offer document expected to be sent to eligible shareholders on 10 January 2014 in accordance with the instructions on that Form. You will need to ensure your application money for the entitlements you wish to take up is received by Security Transfer Registrars by no later than 5.00pm (AWST) on 24 January 2014.

If you have any queries about the Rights Issue, please contact the Company's Share Registry, Security Transfer Registrars, on +61 (0)8 9315 2333.

Yours sincerely,

Raewyn Clark
Company Secretary

27 December 2013

Dear Overseas Shareholder,

RE: NON-RENOUNCEABLE RIGHTS ISSUE

On 15 November 2013, Peak Oil & Gas Limited (Peak) announced a two (2) for five (5) non- renounceable rights issue at an issue price of \$0.01 (1 cents) per new Peak share to raise up to approximately \$1.9 million (before expenses) (Rights Issue).

Full details of the Rights Issue can be found in the Rights Issue offer document which was lodged with the ASX on 24 December 2013 and is available to download from both the ASX website (at www.asx.com.au) and Peak's website (at www.peakoil-gas.com).

Peak has determined, pursuant to the *Corporations Act 2001* (Cth) and Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers under the Rights Issue to shareholders with a registered address outside of Australia and New Zealand.

Accordingly, in compliance with ASX Listing Rule 7.7.1(a) and the Corporations Act, Peak wishes to advise that it will not be extending the Rights Issue to Shareholders with registered addresses outside of Australia and New Zealand as at the record date, being 7.00pm (Australian Eastern Standard Time) on 6 January 2014. Your Peak shareholding is currently registered to an address outside of Australia and New Zealand.

If you have any queries about the Rights Issue please contact Peak's Share Registry, Security Transfer Registrars, on +61 (0)8 9315 2333.

Yours sincerely,

Raewyn Clark
Company Secretary