

29 October 2014

Australian Securities Exchange
2 The Esplanade
PERTH WA 6000

ASX Code: PKO

North Sumatra South Block A (SBA) Production Sharing Contract (PSC)
Well location selected for forthcoming drilling

HIGHLIGHTS:

- **Drilling location selected on Paya Bili structure**
- **Well design and planning underway for initial shallow low risk well targeting oil, to be named Amanah Timur-1**
- **Further seismic interpretation underway to mature a wet gas prospect for subsequent drilling**

South Block A PSC – North Sumatra, Indonesia

Peak Oil and Gas (**Peak's**) majority controlled company, Renco Elang Energy Pte Ltd (**REE**), is Operator of the South Block A (**SBA**) Production Sharing Contract (**PSC**) with a 51% working interest (Peak net working interest of 38.25%).

Drilling Location Selected

Following processing of the 183 km seismic survey, seismic interpretation has led to the selection of a drilling location for a low-risk, shallow (around 700m total depth) well with near-term commercialisation potential. The well will target high quality oil on the Paya Bili structure. Small volumes of oil were produced from this structure during the early 1900s. The location of the proposed shallow well, to be named Amanah Timur-1, is shown on the enclosed seismic line (Figure 2).

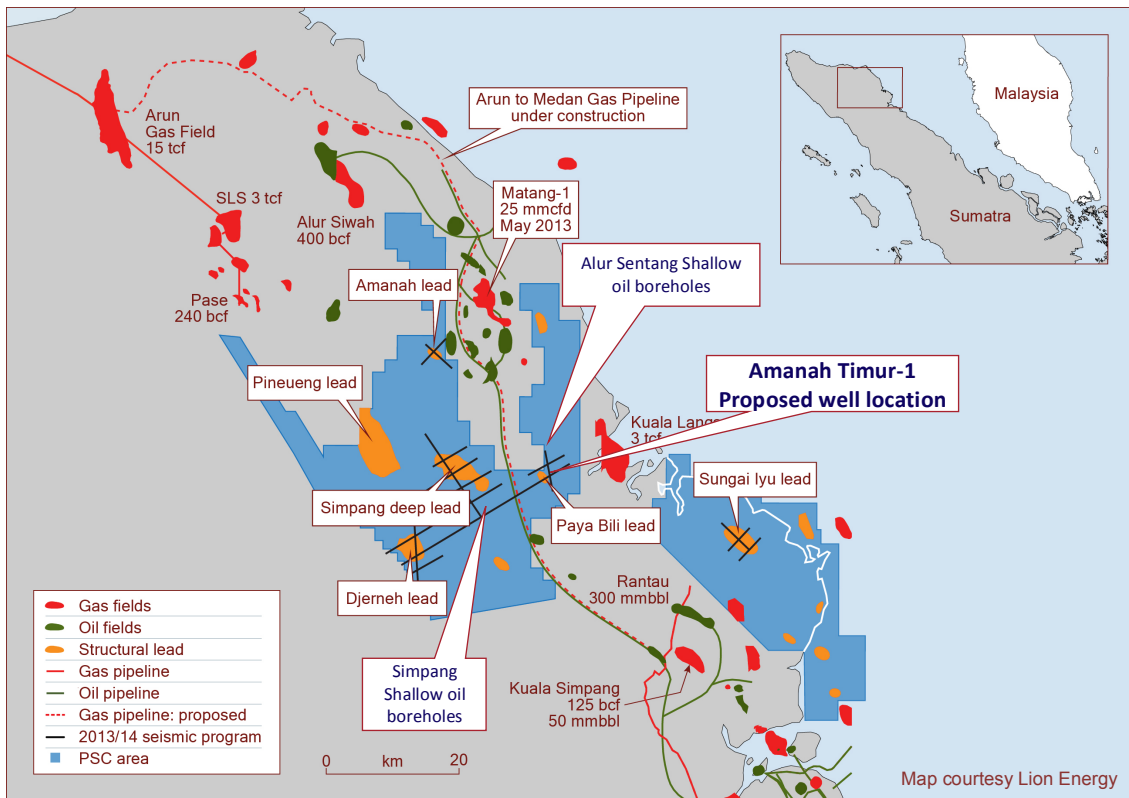


Fig 1: SBA map showing location of key leads and prospects, new seismic, shallow oil samples and gas pipeline under construction

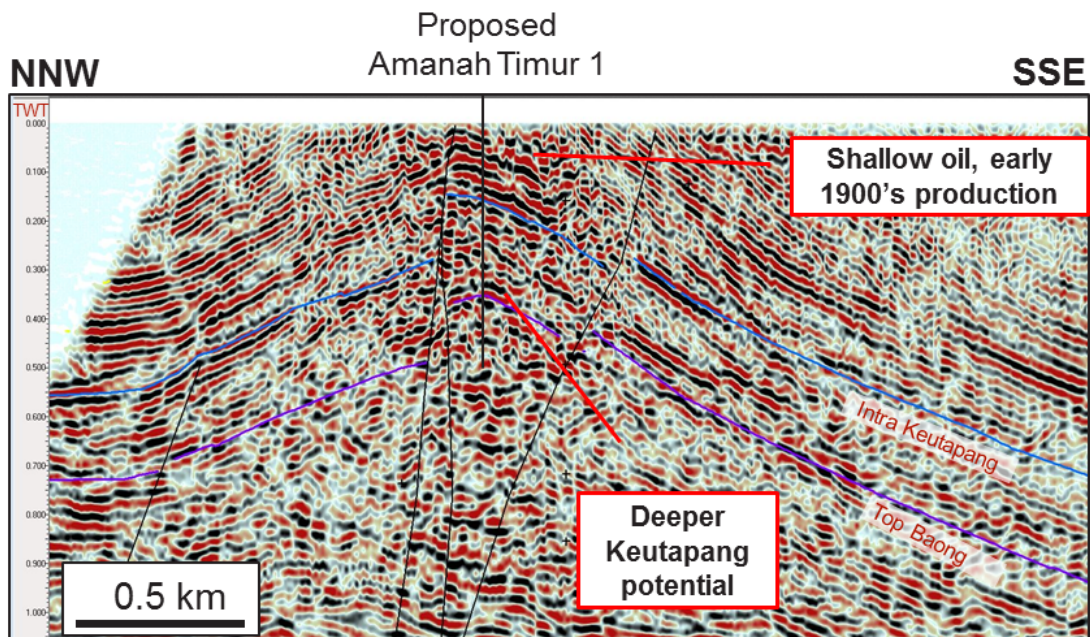


Fig 2: Seismic section showing location of proposed Amanah Timur-1 well and early 1900s shallow oil production

Located in Prolific Basin,

SBA is located in a highly regarded area of the prolific North Sumatra Basin, in close proximity to established pipelines and facilities.

The presence of a very active petroleum system in the vicinity of the proposed Amanah Timur-1 well location is validated by both light, 50° API, high quality live oil samples, produced from shallow boreholes hand drilled by local residents (Figure 1) and confirmed by the record of historic oil production on the Paya Bili structure.

SBA is prospective for both oil and gas development, with both commodities in strong demand within Sumatra. Following the Amanah Timur-1 well it is intended that a subsequent well will target an attractive gas-condensate prospect which is being matured through seismic interpretation activities.

Gas Pipeline Infrastructure

A new gas pipeline is under construction between Arun and Medan, the largest city in Sumatra and the fourth largest city in Indonesia, and provides a new incentive for gas exploration in the block as a potential contribution to the increasing energy demand required to underpin the continuation of strong economic growth in the surrounding region. The pipeline passes through SBA (Figure 1) and is reported to have a capacity of 400 MMSCF per day and will transport gas from the Arun gas facilities (including an LNG receival terminal currently being built). Peak understands it will be an open access pipeline with around 200 MMSCFD forecast spare capacity. The pipeline is located close to key prospects within the SBA permit and could assist in commercialising any gas discovery the SBA Joint Venture should make through its drilling program.

SBA Joint Venture Interests

REE (Operator)	51%	Peak controls REE, the Operator and 51% interest holder in SBA (effective net to Peak of 38.25%)
KRX Energy (SBA) Pte Ltd (KRX)	35%	An indirect subsidiary of Lion Energy Ltd
PT Prosys Oil & Gas	14%	

Jeff Steketee
Managing Director

Definition of Prospective Resources and Risk Factors

¹Prospective resources are those quantities of petroleum estimated, as at a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery (geological chance of success, or GCOS) and a chance of development (economic, regulatory, market and facility, corporate commitment or political risks). The chance of commerciality is the product of these two risk components. There is no certainty that any portion of the prospective resources will be discovered and, if discovered, there is no certainty that it will be developed or, if it is developed, there is no certainty as to either the timing of such development or whether it will be commercially viable to produce any portion of the resources.

Various statements in this release constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, expectations, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or impliedly portrayed in this report.

Furthermore, exploration for oil and gas is speculative, expensive and subject to a wide range of risks. 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 for them of an investment in the Company.