JMEI Tax Credits for Shareholders Participating in Entitlement Offer

5 September 2023

Highlights

- **Eligible Australian resident Peako shareholders who participate in the Non-Renounceable Rights Issue (Entitlement Offer) shall be entitled to receive a pro-rata distribution of Junior Mineral Exploration Incentive (JMEI) credits.**
- **Proceeds from the Entitlement Offer will contribute to Peako's greenfield exploration work.**
- **The JMEI is an Australian Federal Government tax incentive scheme managed by the Australian Taxation Office (ATO) to encourage greenfields mineral exploration in Australia.**
- **JMEI tax credits will be distributed by Peako to eligible subscribing investors as a tax offset.**
- **JMEI tax credits serve to either reduce an eligible investor's 2023/2024 tax liability (for individual shareholders or superannuation funds) or as franking credits (for companies).**
- **JMEI tax credits will attach to any new ordinary shares issued by Peako between 1 July 2023 and 30 June 2024**
- **On completion of exploration activities for the 2023/24 Income Tax year, and following lodgement of Peako's income tax return, Peako will notify shareholders of their JMEI credit distribution.**

Peako Limited (**ASX: PKO**) is pleased to announce that Australian resident shareholders who participate in the non-renounceable rights issue (Entitlement Offer) announced on 31 August 2023, will be eligible to receive a pro-rata distribution of JMEI credits for the Income Tax year 2023/24. JMEI credits will be available for subscribers of new ordinary Peako shares issued between 1 July 2023 and 30 June 2024. This includes the New Shares to be issued under the Entitlement Offer.

Rae Clark, Executive Director at Peako stated:

"The JMEI Scheme provides economic incentives for investors to participate in funding 'greenfields' mineral exploration. As well as supporting Peako's exploration activities, including its Eastman PGE Project in the Kimberley, Australian resident shareholders who participate in the Entitlement Offer will receive JMEI credits from their participation which offers additional value upside."

More detail: 2023-2024 JMEI Tax Credits

The JMEI program is an initiative of the Australian Federal Government to encourage investment in greenfields exploration companies. Eligible investors must be Australian resident shareholders (irrespective of whether they are individuals, super funds, companies etc) who are issued New Shares in any Peako capital raising of ordinary shares between 1 July 2023 and 30 June 2024.

Peako's participation in the scheme

Peako has been notified by the ATO that its application for a JMEI credit allocation was successful and the ATO granted an allocation of up to $1,125,000 in JMEI[(1)] credits for the 2023/24 income tax year for distribution to Australian resident shareholders who acquire new Peako shares ("Eligible Investors") after 1 July 2023 and prior to 30 June 2024.

JMEI tax credits will be distributed to Eligible Investors on a pro-rata basis.

The actual number of JMEI credits to be received by each Eligible Investor for the 2023/24 income year will depend on a number of factors including, but not limited to:

- the actual amount of allowable greenfields exploration expenditure incurred by Peako during the 2023/24 financial year
- the total number of Peako shares issued during the 2023/24 financial year

Each participating shareholder's final JMEI credit entitlement amount will be determined after lodgement of the Company's 2023/24 tax return.

Australian resident shareholders that are issued with JMEI credits will generally be entitled to refundable tax offsets (for individual shareholder or superannuation funds) or franking credits (for companies). Shareholders should seek independent advice specific to their personal circumstances regarding the tax consequences of receiving a JMEI credit.

For further information about the JMEI refer to the ATO website at: www.ato.gov.au/JMEI

JMEI Credits and Peako Entitlement Offer

Peako's current Entitlement Offer was announced on 31 August 2023. Eligible Peako shareholders are being offered the opportunity to acquire New Shares on the basis of one (1) New Share for every three (3) shares held at an issue price of $0.007 per New Share to raise up to approximately $1.098 million before costs. In addition, one New Option will be granted for every New Share subscribed, exerciseable at $0.02 on or before 30 November 2026.

The Entitlement Offer opens on Wednesday 6 September and will be open to all Eligible Shareholders who have a resident Australian or New Zealand address, and who hold Peako shares at 7.00pm (EST) on 5 September 2023 (Record Date). The offer closes on 26 September 2023.

Eligible Shareholders are also invited to apply for additional shortfall shares beyond their 1 for 3 entitlements.

Australian resident shareholders that participate in the Entitlement Offer can expect to receive JMEI credits which they can offset directly against tax payable.

By way of illustration[(2)], assuming the Entitlement Offer is fully subscribed and raises up to approximately $1.098 million (before costs), shareholders participating in the Entitlement Offer may receive JMEI credits of up to $0.0014 (0.14 cents) per New Share. An Australian resident taxpayer subscribing for $10,000 in New Shares would, in this example, receive JMEI credits of $1,400 which would reduce their income tax payable by $1,400.

Shareholders are encouraged to seek independent tax advice specific to their personal circumstances before participating in the Entitlement Offer.

(1) To distribute JMEI credits of $1,125,000, Peako would be required to incur $4.5 million on allowable greenfields exploration expenditure between 1 July 2023 and 30 June 2023

(2) The estimated eligible JMEI credit of $0.0014 (0.14 cents) per New Share is calculated as shown below:

New Shares Issued via Entitlement Offer (assuming full subscription)	156,910,487
Estimated greenfields expenditure for 2023/24 • assuming full subscription • including expenditure already incurred since 1 July 2023 • excluding expenditure funded via additional future equity raising	$850,000
JMEI Credits (Greenfield expenditure x 25%)	$212,500
JMEI Credit per New Share ($212,500 / 156,910,487)	$0.0014 *(0.14 cents)*

Peako's remaining JMEI credit allocation for Income Tax year 2023/24 would be $912,500 as shown below which allocation would become available if the Company were to spend an additional $3.6 million on greenfields exploration prior to 30 June 2024:

Peako total JMEI Allocation	$1,125,000
Less JMEI credits based on $850,000 greenfields exploration	($212,500)
Balance of JMEI Allocation ($1,125,000 - $212,500)	$912,500

Should additional equity be raised, other than via the current Entitlement Offer, then the JMEI credit per share calculation can be expected to differ including as follows:

- Total JMEI credit available for distribution will increase where additional greenfield exploration expenditure is incurred
- The total number of shares issued in the period 1 July 2023 to 30 June 2024 will increase where new shares are issued in addition to those under the Entitlement Offer
- The resulting JMEI credit/new share would change to reflect the total JMEI credit divided by the total number of shares issued between 1 July 2023 and 30 June 2024

This announcement is approved by the Board of Peako Limited

For more information

Rae Clark

Director, Peako Limited | +61 3 8610 4723 | info@peako.com.au | |