Peako

8 September 2023

Dear Shareholder

**YOUR OPPORTUNITY TO PARTICIPATE IN PEAKO'S PRO RATA NON RENOUNCEABLE ENTITLEMENT OFFER**

On Thursday, 31 August 2023, Peako Limited (ASX: PKO, Peako) announced a capital raising by way of Prospectus. It is a 1 for 3 non-renounceable entitlement offer (Offer) at $0.007 per share to raise up to $1.098 million before costs.

**Accompanying this letter is a Prospectus which contains details of the Offer and a personalised Entitlement and Acceptance Form.**

This letter sets out:

- Some of the key terms and conditions of the Offer and the choices you have under the Offer; and
- Information to help you work out whether you are able to participate in the Offer. Shareholders that can participate are referred to as Eligible Shareholders and are described in more detail below

If you are an Eligible Shareholder, you are entitled to subscribe for 1 new Peako share (new Share) for every 3 existing Peako shares you held at 7.00pm (EST) on 5 September 2023. These are referred to as your Entitlements[1]. The price you will need to pay for each new Share you subscribe for under the Offer is $0.007 (Offer Price).

Any new Shares which are issued to you under the Offer will rank equally with existing shares.

For every new Share issued to you under the Offer you will also be granted (for no additional consideration) one New Option exercisable at a price of $0.02 at any time on or before 30 November 2026. The New Options will not be quoted and will comprise a new class of security.

Entitlements under the Offer are non-renounceable and accordingly, there will be no trading of rights.

**The Offer will close at 5.00pm (EST) on 26 September 2023** (unless extended).

**Eligible Shareholders can apply for shortfall in excess of their entitlement.**

**Australian resident Eligible Shareholders who subscribe for new shares under the offer will also be entitled to receive Junior Mineral Exploration Incentive (JMEI) credits.**

[1] Your Entitlements will be rounded down to the nearest whole number

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## Are you an Eligible Shareholder?

You are an Eligible Shareholder and able to participate in the Offer if you were registered as a holder of existing Shares as at 7.00pm (EST) on 5 September 2023 (**Record Date**) and if you:

- have a registered address in Australia or New Zealand recorded on the Peako shareholder register;
- are not in the United States and are not acting for the account or benefit of persons in the United States (to the extent such persons hold Existing Shares and are acting for the account or benefit of a person in the United States); and
- are eligible under all applicable securities laws to receive an offer under the Offer.

If you were registered as a holder of Shares on the Record Date but do not meet the requirements above, you will be an Ineligible Shareholder. This means that you cannot participate in the Offer.

## Prospectus

For more information regarding the Offer please review the Prospectus which can be downloaded from our website using the QR code below, or by visiting www.peako.com.au/entitlementoffer:

## Key dates for the offer

| Activity | Date |
|---|---|
| Announcement of Offer | 31 August 2023 |
| Record Date for determining Entitlements (7pm AEST) | 5 September 2023 |
| Offer opens and dispatch of Prospectus | 8 September 2023 |
| Offer closes (5pm AEST) | 26 September 2023 |
| ASX notified of Shortfall | 29 September 2023 |
| Issue of New Shares and grant of New Options | 3 October 2023 |
| Despatch of holding statements for New Shares and New Options | 4 October 2023 |
| Deadline for placement of Shortfall Securities | 26 December 2023 |

This timetable is indicative only and may change. Peako reserves the right to amend any or all of these dates and times without notice subject to the Corporations Act, the ASX Listing Rules and other applicable laws. Peako reserves the right to extend the closing date of the Offer. Any extension of the closing date will have a consequential effect on the issue date of new Shares and New Options.

## Shortfall Offer

Any New Shares and New Options not taken up by Eligible Shareholders in accordance with their respective Entitlements will form the "**Shortfall Securities**".

All Eligible Shareholders, other than related parties of Peako and their Associates, are entitled to apply for Shortfall Securities.

The total number of Shortfall Securities comprises the "**Shortfall**".

The Entitlement and Acceptance Form contains provisions for Eligible Shareholders to apply for Shortfall Securities in addition to their Entitlements.

Applications for Shortfall Securities will only be accepted to the extent of the Shortfall and no subscriber will be permitted to acquire Shortfall Securities to the extent that such acquisition would result in that subscriber having a voting power in Peako in excess of 20% (on a post Rights Issue and Shortfall basis).

Where Applications for Shortfall Securities are in excess of the Shortfall then, subject to the overriding discretion of the Board and to reject any Application for Shortfall Securities, such Applications will be accepted in part, on a pro rata basis.

## Shortfall Placement

Shortfall Securities not taken up by Eligible Shareholders may be placed at the discretion of the Directors within 3 months of the Closing Date, to sophisticated and professional investors ("Shortfall Placement").

To the extent that is commercially practicable and taking into account Peako's requirement for funds, the Directors will endeavour to allot the Shortfall Placement to a spread of investors, in order to mitigate any control effects which may arise from issuing the Shortfall Securities to a single or small number of investors. In any event, no subscriber will be permitted to acquire Shares under the Shortfall Placement to the extent that such acquisition would result in that subscriber having a voting power in Peako in excess of 20% (on a post Rights Issue and Shortfall Placement basis).

## JMEI Credits

As announced on dated 5 September 2023, the Company has been granted Junior Mineral Exploration Incentive (**JMEI**) credits for distribution to Australian resident shareholders who acquire new Peako shares ("Eligible Investors") after 1 July 2023 and prior to 30 June 2024.

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, 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.

The illustrative 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<br>• assuming full subscription<br>• including expenditure already incurred since 1 July 2023<br>• 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<br>*(0.14 cents)* |

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 (up to a maximum allocation of $1,125,000)
- 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

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

## What should you do if you have any questions?

If you have any queries about the Offer please contact Peako's Share Registry, Automic Pty Ltd, on +61 (0)2 9698 5414 or email the Company at info@peako.com.au.

We thank you for your continued support of Peako.

Yours sincerely,

RClark

Raewyn Clark
Director