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Seismic survey completed, live oil encountered in local shallow wells and a new gas pipeline being constructed through the block

North Sumatra South Block A (SBA) Production Sharing Contract (PSC)

HIGHLIGHTS

- **Seismic acquisition program successfully completed**
- **Seismic data being processed and interpreted to mature shallow oil prospect for drilling at the end of 2014 and deeper wet gas prospect in 2015**
- **High quality live oil encountered in hand drilled shallow wells near Simpang Lead**
- **Third party open access gas pipeline under construction, passing through SBA**
- **SBA providing a new value focus for the company**

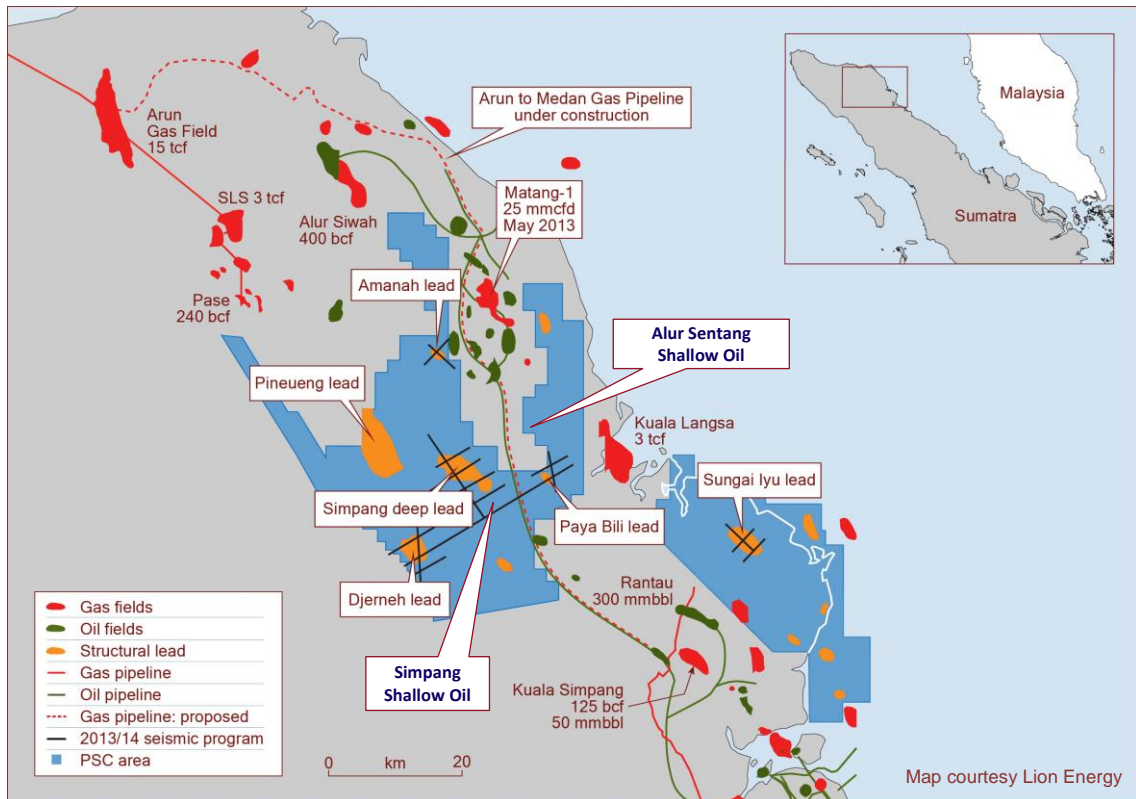
Seismic acquisition program successfully completed

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 earning net 38.25%).

Peak, through REE, together with seismic contractor, Quest Geophysical Company, and with the assistance of our Joint Venture Partner KRX (a wholly owned subsidiary of Lion Energy Ltd), has completed seismic recording operations acquiring 183 km of 2D seismic. During the survey an extra three lines were acquired over the shallow Paya Bili lead due to positive results from the initial seismic. In completing the seismic survey we logged around 1.2 million man hours incurring only one, relatively minor, Lost Time Injury (LTI).

Data on field and brute stacks is of good quality and processing is proceeding at "Mega Energy Processindo" (MEP), an experienced processing company based in Jakarta.

Drilling prospects will be matured following receipt of final processed data, with a drilling location to be selected in the near term to target an attractive shallow oil prospect for drilling later this year, to be followed in 2015 by a deeper, wet gas, drill target. Early planning for 2014 drilling is underway and an operational schedule will be finalised over the next few months.



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



Seismic Recording Operations on SBA Seismic Survey – example flat and rough terrains



Shot-hole Drilling Operations on SBA Seismic Survey

High quality live oil encountered in hand drilled shallow wells on flank of Simpang Lead

During seismic line clearing operations over the Simpang lead, high quality, live oil was sampled from shallow wells, hand drilled by locals and producing around 100L (3-4 Jerry Cans) per day. A similar occurrence was also encountered at Alur Sentang, to the north of the Paya-Bili lead (as indicated on above map). Samples of the oil being produced were obtained and analysed indicating very high quality oil (results below).

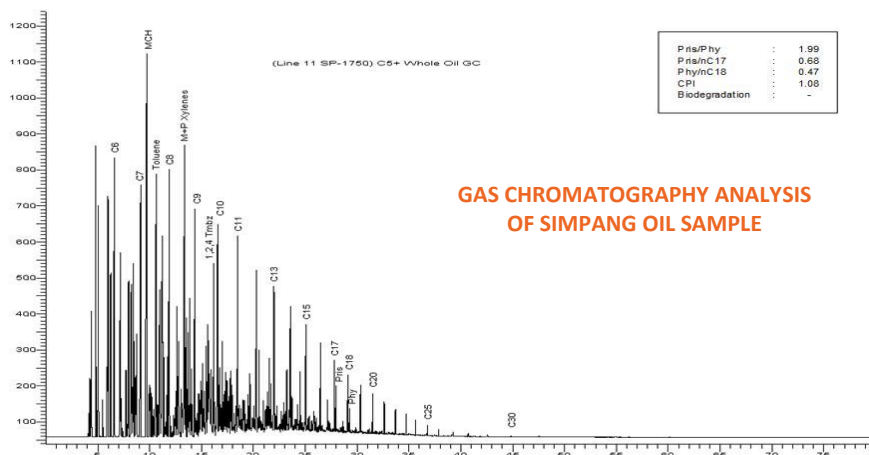
The Simpang oil sample is described as low viscosity, brownish black liquid, smelling like a mixture of diesel and petrol. The gas chromatography (GC) profile is characterized by suites of normal paraffin's ranging from nC_5 to nC_{25+} . There is a relatively low abundance of waxy components ($>nC_{25}$) and no evidence of biodegradation. The GC fingerprint profile is consistent with the existence of light oil, confirmed by analysis as a 50° API light, high quality oil.

These shallow oil shows validate the presence of a very active petroleum system in the immediate locality, close to SBA Leads, and supports the oil potential in the block.



Shallow oil wells being hand drilled by locals on flank of Simpang Lead

Determination	Unit	Result (MINYAK)		Method
		1391/13 (Line 11 SP.1750 (Sampang))	1392/13 (Sumur VII (Alur Sentang))	
Specific Gravity at 60/60 °F	-	0.7793	0.7920	ASTM D. 1298-99
°API Gravity at 60 °F	-	50.17	47.16	
Density	g/cm ³	0.7790	0.7917	
Kinematic Viscosity at 100 °F	cSt	1.153	1.006	ASTM D. 445-11a
Kinematic Viscosity at 122 °F	cSt	0.993	0.879	
Kinematic Viscosity at 140 °F	cSt	0.902	0.833	
Pour Point	°C	Bellow (-36)	Minus 30	ASTM D. 5853-11
Flash Point "ABEL"	°C	Below 0	Below 0	IP. 170
Wax Content	%wt	1.6246	2.3778	IFP- Alk- Eter
Vanadium	mg/kg	0.65	0.54	AAS
Nickel	mg/kg	0.26	0.40	AAS



GAS CHROMATOGRAPHY ANALYSIS OF SIMPANG OIL SAMPLE

Analysis of oil samples collected from hand drilled shallow wells on flank of Simpang lead

New gas pipeline infrastructure under construction through SBA

SBA is prospective for both oil and gas exploration with both commodities in strong demand within Sumatra. A new gas pipeline is under construction between Arun and Medan, the largest city in Sumatra and the fourth largest city in Indonesia. The pipeline passes through SBA (above map) and is reported to have a capacity of 400 MMSCFGD 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 MMSCFGD forecast spare capacity. The pipeline is located close to key prospects, it represents a potentially attractive gas transportation option and could assist in commercialising any gas discovery Peak should make through its drilling program.



New gas pipeline under construction through SBA – Passing close to the Paya-Bili Lead

New seismic now being processed and interpreted to mature best prospect for drilling around the end of this year

The successfully acquired seismic data was located to mature and prioritise five oil and gas leads (shown on the above map) to prospect status, one of which will be selected for drilling later in the current year.

On an aggregate basis, as previously reported, the five oil and gas leads provided an Unrisked P50 Prospective Resource¹ of 439 BCF of gas and 47 MMBBLS of oil and condensate. The largest of the gas leads has been mapped to have the potential to contain an Unrisked P50 Prospective Resource¹ of 285 BCF recoverable gas and 16 MMBBLS condensate. The shallow oil leads targeted have P50 Prospective Resources¹ ranging in size from 4 to 8 MMBBLS and represent attractive near term commercialisation opportunities.

SBA providing a new value proposition for the company

Located in a highly regarded area of the prolific North Sumatra Basin, in close proximity to established pipelines and facilities, containing proven hydrocarbons with gas and oil flows from old wells and scheduled for new drilling around the end of 2014, SBA is maturing as a new value proposition for the company.

The new phase of exploration is targeting overlooked high quality, shallow oil and large scale wet gas, underpinned by growing energy demand leading to attractive gas prices in the rapidly expanding economy of the region.

The successful completion of the SBA Seismic Survey, contemporaneously with the presence of oil in hand drilled shallow wells on the flank of one our major leads, is highly positive for the potential of the planned drilling of an attractive shallow oil target later this year (2014).

The construction of new gas pipeline infrastructure through SBA provides a new incentive to 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 province. Peak is excited by the potential for material gas-condensate discoveries in the block to help meet the region's growing gas demand. We anticipate the completed seismic program will also mature an attractive gas-condensate prospect for drilling in 2015.

SBA Joint Venture Interests

REE (Operator)	51%	Peak controls REE, the Operator and 51% interest holder in SBA (net to Peak 38.25% earning through farm-in)
KRX Energy Pte Ltd (KRX)	35%	A wholly owned subsidiary of Lion Energy Ltd ASX: LIO
PT Prosys Oil & Gas	14%	

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.

For further information please contact:

www.peakoil-gas.com

info@peakoil-gas.com

Jeff Steketee, Managing Director

+61 8 6143 1800