



ASX / Media Release:

27 October 2014

CONVERTIBLE NOTE ISSUE

- **Aleator has received commitments of up to \$1.2 million for a convertible note issue**
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The Directors of Aleator Energy Limited ("**Aleator**" or "**the Company**") are pleased to announce that the Company has received commitments of up to \$1,200,000 in a Convertible Notes issue. The funds raised through the issue of the Convertible Notes will be applied to working capital requirements, payments to creditors and project activities related to retaining the Povorotnoye licence and assessing seismic options on the Golden Eagle project.

The material terms of the Convertible Note issue are as follows:

- A maximum issue of up to \$1,200,000;
- The Notes have a face value of \$0.0006;
- The Notes are interest free;
- The Notes are secured against the assets of the Company;
- The conversion of Notes to shares is subject to shareholder approval;
- The number of shares to which a Noteholder will be entitled on conversion of each Note will be the greater of either:
 - One share, ie. each Note converts into a share on a one for one basis; or,
 - In the event of a reconstruction of the Company's issued capital, the number or fraction of shares being the product of 0.0006 multiplied by the consolidation ratio divided by the price which is 80% of the five day VWAP calculated on but excluding the twenty first trading day after the Company's securities first trade on the ASX on a post consolidation basis; and
- If shareholder approval is not obtained, the note holders may redeem their notes by providing the Company with a redemption notice.

The Company notes that the Company's annual report contained a disclaimer of opinion. The Company confirms that in the directors' opinion the Annual Accounts comply with the relevant Accounting Standards and that the Financial Statements could be prepared on a going concern basis for the following reasons:

- The Company continues to have in place and remaining in good standing the convertible note facility with a maximum draw down value of \$5 million as announced on 12th March 2014. This facility will be available for further utilisation subject to the Company refreshing

its placement capacity and therefore the ability of the convertible note holder to exercise conversion notices;

- The Company has been able to raise unsecured debt funding in excess of \$400,000

The Company does consider that the financial condition of the Company is sufficient to warrant continued listing on the ASX in accordance with the requirements of listing rule 12.2.

- The Company's working capital requirements have been significantly reduced through ongoing cost reduction measures consistent with the lower level of operational activity recently.
- Subsequent to the financial accounts being lodged the Company has been able to receive commitments of up to \$1,200,000 in a Convertible Notes issue to fund the payment of creditors, working capital and project expenses.
- The Company has entered into agreements with the directors and CEO of the Company for the conversion of accrued fees to equity, which subject to shareholder approval and the convertible note raise will extinguish the Company's liabilities.
- The Convertible Note issue along with agreements from directors and other lenders to convert their debts in the Company to shares, subject to regulatory and shareholder approval, will result in the Company having a net working capital surplus.
- The Company has and continues to be able to be able to pay debts within agreed terms with creditors.
- The Company, at its Annual General Meeting, is seeking approval to raise additional funds to fund the Company's existing project and additional potential project acquisitions.

Moving forward, the Company is considering the issuance of a share purchase plan to allow existing shareholders the opportunity to acquire additional shares in the Company. If the Share Purchase Plan proceeds and there is sufficient interest the Company would look to apply these funds to the advancement of its existing projects, and to assess new opportunities.

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ABOUT ALEATOR ENERGY LIMITED

Aleator Energy Limited is an active explorer for oil and gas with international operations based in Ukraine and the United States. The Company also retains mineral royalties in Australia.

The Povorotnoye Gas and Condensate Field in the Autonomous Region of Crimea, Ukraine, is part of the very attractive East European oil and gas rich sector. The project is located in the prolific "Foredeep" sector of the Azov Kuban Basin which straddles the highly productive gas and oil fields of the most western oil region in Russia and the eastern Crimean peninsula.

The Golden Eagle Gas Field in Grand County Utah, USA, is located in the northern part of the Paradox Basin.