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30 April 2018

Dear Shareholder

RENOUNCEABLE RIGHTS ISSUE TO RAISE UP TO APPROXIMATELY A\$21.45 MILLION

On 26 April 2018, Pacific Energy Limited (**Company**) announced that it would be offering shareholders the opportunity to participate in a renounceable pro-rata entitlement offer to raise approximately \$21.45 million (before costs) (**Offer**), on the basis of one fully paid ordinary share in the capital of the Company (**New Share**) for every 9 fully paid ordinary shares held at the record date, at an issue price of \$0.50 per New Share.

Only shareholders with a registered address in Australia, New Zealand, Hong Kong, Singapore or the United Kingdom will be eligible to participate in the Offer (**Eligible Shareholders**).

The Offer is made to Eligible Shareholders registered at 5.00pm (AWST) on the record date of Wednesday, 2 May 2018 (**Record Date**).

Assuming no options are exercised before the Record Date, up to 42,896,144 New Shares will be issued under the Offer.

The Offer is renounceable so rights are tradeable on ASX. New Shares will rank equally with the Company's existing shares.

The Offer is being made pursuant to a prospectus lodged with the Australian Securities and Investment Commission and ASX Limited (**ASX**) on 26 April 2018 (**Prospectus**) which is available on the Company's website www.pacificenergy.com.au and on the ASX website at www.asx.com.au.

Purpose of Offer

Successful completion of the Offer will raise up to approximately \$21.45 million (before costs). Funds raised through the Offer will allow the Company to reduce debt and have available capital for growth opportunities.

The Offer follows the Company's announcement on 24 March 2018 of the acquisition of the businesses known as Contract Power Group (**Contract Power**) for \$90 million. The Contract Power acquisition was settled on 24 April 2018. It is a condition of the bank funding used for settlement that the Company undertake at least a \$20 million rights issue within 90 days from settlement.

The Contract Power acquisition is an excellent opportunity for the Company. Contract Power is a specialist provider to the remote power generation sector, with over 25 years' experience in the Australian build, own, operate market as well as in the engineering, procurement, construction market, having completed projects in Australia, Africa and Asia.

Indicative Timetable

The timetable for the Offer is as follows:

| Event | Date |
|--|-------------------------|
| Prospectus lodged with ASX and ASIC | Thursday, 26 April 2018 |
| Notice of Offer sent to option holders | Thursday, 26 April 2018 |
| Notice of Offer sent to shareholders | Monday, 30 April 2018 |
| Ex-Date Rights trading commences | Tuesday, 1 May 2018 |
| Record Date | Wednesday, 2 May 2018 |
| Offer Document and entitlement and acceptance form dispatched to Eligible Shareholders | Monday, 7 May 2018 |
| Opening date | Monday, 7 May 2018 |
| Rights trading ends | Monday, 21 May 2018 |
| Closing date | Monday, 28 May 2018 |
| Notification of shortfall | Thursday, 31 May 2018 |
| Issue date. Allotment and issue of New Shares | Monday, 4 June 2018 |

The above timetable is indicative only and all dates may be subject to change. The Company reserves the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

Shortfall

If Eligible Shareholders do not wish to take up any part of their entitlement they are not required to take any action. Eligible Shareholders may apply for any shortfall shares under the separate shortfall offer made pursuant to the Prospectus.

Prospectus

Details of the Offer are contained in the Prospectus. Eligible Shareholders should consider Prospectus carefully before deciding whether to participate in the Offer and consult with their professional advisors if they have any queries.

Yours faithfully

Cliff Lawrenson
Chairman