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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.

Ineligible Shareholders

The Company has determined that it would be unreasonable to extend participation in the Offer to shareholders who do not have a registered address in Australia, New Zealand, Hong Kong, Singapore or the United Kingdom (**Ineligible Shareholders**) having regard to:

(a) the number Ineligible Shareholders;

(b) the number and value of the New Shares that would otherwise be offered to Ineligible Shareholders; and

(c) the cost of complying with overseas legal and regulatory requirements.

Unfortunately, according to our records, you do not satisfy the criteria for an Eligible Shareholder, accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Corporations Act, the Company wishes to advise that it is unable to extend to you the opportunity to participate in the Offer. If our records are incorrect on this matter, please contact the Company Secretary on +61 (08) 9303 8888. You will not be sent a Prospectus or be able to subscribe for New Shares under the Offer.

Yours faithfully

Cliff Lawrenson
Chairman