

ASX RELEASE

ASX ANNOUNCEMENT 16 MARCH 2015

COVENANT MONDO JV UPDATE

Crestal Petroleum Ltd is an Australian-based oil, gas and mineral exploration company with interests in Utah, Madagascar, South Australia, Queensland and New South Wales.

Directors:

David Nolan (*Non-Executive Chairman*)
Carl Dorsch (*Managing Director*)
Richard Willson (*Non-Exec Director*)

Issued Shares:

747,121,110 ordinary shares

Crestal Petroleum Ltd

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Crestal Petroleum Limited (“Crestal” or the “Company”) provides the following update on the status of its Covenant Mondo Joint Venture (CMJV) arbitration status and its funding position.

The Company is pleased to have reached a commercial resolution with the CMJV Operator and has signed a Letter Agreement with the following broad terms:

- a. Upon the payment of USD 450,000 to the Operator (wired 13 March), Crestal’s Working Interest (WI) in the CMJV is to be reduced to 10% from 30% previously. This means that Crestal will be responsible for 12% of the costs of the second well in the two well farmin program.
- b. Crestal has agreed to pay its past share of up to USD 573,855 for the first well of the farmin program within 60 days of execution of the Letter Agreement. As advised previously, this well was plugged and abandoned. The Operator will take a hold over various Crestal assets as a payment guarantee. This hold will not take precedence over past or prospective investors in the Company.
- c. Crestal has also agreed to pay USD 50,000 towards the Operator’s legal fees in connection with the Arbitration. Upon receipt of the funds, the Operator will seek a decision by the Arbitration Panel but request that the ruling be sealed in perpetuity. It will remain sealed unless Crestal fails to pay the outstanding costs of the first well as set out above.
- d. Crestal has agreed to confidentiality provisions from the Operator to the extent allowed by Law.
- e. Following payment as set out above, Crestal will have access to well data pertaining to the second well including encumbered access to 3D seismic data available from a third party over the project area.



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The Company advises that it has agreed to issue a Convertible Note (“CN”) to its Managing Director, Mr Carl Dorsch to provide short term funding to the Company. The funds will be used to pay a proportion of the second CMJV well costs and for working capital. The CN is for the amount of AUD 300,000. Subject to Shareholder approval at the next General Meeting, the CN will be converted to ordinary Crestal shares at \$0.003 per share. Interest will be charged monthly at 15% per annum commencing 15 days after receipt of funds. If conversion is not approved by shareholders, funds will be repaid 12 months after payment.

Commenting on the developments, Mr Carl Dorsch said “Despite our significant differences of opinion during Arbitration, we are very appreciative of the effort made by the Operator to get a commercial resolution to the CMJV dispute. It has been difficult for the Company especially in light of the results of the first well and current market conditions but we remain very excited about the prospectivity of the acreage and the impending results of the second well.”