



ASX / Media Release:

31 January 2014

ALEATOR ENERGY December 2013 QUARTERLY ACTIVITIES REPORT

- **Funding Efforts to Finance the Pov-105 Well Continue**
 - **Funding Options**
 - **Voluntary Suspension from ASX Quotation**
 - **AGM Re-election of Directors**
-

The Directors of Aleator Energy Limited (ASX: **AWD**) ("**Aleator**" or "**the Company**") are pleased to report on its activities and operations for the quarter ended 31 December 2013.

The focus of activities in the quarter was concentrated on progressing financing for the Povorotnoye project. To that end, dialog with various parties including Gres Holdings have continued, albeit with progress curtailed by the festive season break and civil unrest in Kiev, Ukraine. The Company does not consider the civil unrest a significant threat to the Povorotnoye Project and is working with the various interested financing parties to assist them with this aspect of their assessment.

PROJECT FUNDING

AU\$500k Interim Convertible Loan

During the quarter, the Company raised \$500,000 through a convertible, redeemable and secured loan from a US based institutional investor. Details of the loan was released via an announcement to the ASX on 31 October 2013. Post the quarter, on 09 January 2014, Aleator announced that it had elected to convert the \$500,000 loan into 100 million shares in the Company at the floor price of \$0.005.

€\$5m Bridging Loan

On 02 October 2013 Aleator announced that the Company had signed a new financing facility with a syndicate of European investors for a total amount of €5 million to allow Aleator to contract the drill rig and move to spud the POV 105 well. The company did not proceed with the drawdown of this loan due to changes in the settlement process requested by the lender, which the Company was unable to accept following legal advice.

CONTINUING FUNDING OPTIONS

The Company continues to pursue early resolution of delays in proceeding with the Gres funding facility, whilst at the same time progressing discussions with a number of other parties with options which vary from direct finance to a hybrid of equity and project finance. On 9 December 2013, Aleator announced that it had received interest in the form of a non-binding letter of intent from one of these parties. This provider has substantially completed "Due Diligence" and is currently assessing the impact of the political situation in Ukraine as it may affect operational matters in the region where the Povorotnoye project is located. This party has indicated that on satisfaction of its assessment, it will enter into a binding agreement with Aleator to provide the Company with the required project finance to drill the Pov-105 well.

VOLUNTARY SUSPENSION

On 15 November 2013, the Company requested the ASX for its securities to be placed in voluntary suspension in relation to capital raising. On 9 December 2013, Aleator announced, that it does not intend to request reinstatement to trading on the ASX until such time as it is able to conclude one of the previously announced funding commitments. The Company expects this situation to be resolved soon and re-commence normal trading when it is able to announce the outcome of its latest funding efforts.

ANNUAL GENERAL MEETING OUTCOMES

The Company's conducted its annual meeting on 28 November 2013. As announced to the ASX on the same day, all resolutions were carried by a show of hands. Notable outcomes were the re-election of Aleator's Chairman, Lewis Cross and the re-election of Gennady Varitsky in his position as Director. The Company congratulates both of these gentlemen on their re-election.

UKRAINE PROJECT

The Povorotnoye gas & condensate field (AWD: 61.2%)

The Company's flagship Project is the Povorotnoye Gas & Condensate Field, located in the Autonomous region of the Crimea, Ukraine. The licence area covers some 104 km² with productive sands estimated at more than 20km² (5,000 acres). The discovery well (Pov-1) in the Povorotnoye gas and condensate field flowed gas at a stabilised flow rate of 5.1 MMcfgpd with some condensate through a 20/64" choke with a shut-in surface pressure of 5,100 psi. The gas is from the M-3 sandstone reservoir (gross thickness 18m) at a depth of 3,900m where the formation pressure is 11,000 psi. The second well (Pov-2) had a gas flow estimated to be 17 MMcfgpd during a loss of well control event, probably from the same M-3 reservoir and in other wells in the field this reservoir is logged to have a gross thickness of up to 50m.

Planned Drilling Operations

The Pov-105 well is designed to twin the initial discovery well Pov-1, which flowed at a stabilised rate of 5.1 MMcfgpd (*Million cubic feet of gas per day*). Pov-105 will be engineered and electric

logged to investigate and test the primary objective - the known deep M3 and M4 gas reservoirs. The well will also investigate the secondary objectives – the 700m of gas shows at about 3,000m depth, as well as the shallow oil prospectivity which has been recognised on the well logs from the existing wells.

It is expected to take approximately 55-70 to days to drill the Pov-105 well and run electric logs, with production casing and testing programmes to follow.

Current Ukraine gas prices stand between US\$11- 12 per Mcf (1000 cubic feet). Gas which is produced can be tied into local infrastructure with a relatively short connecting pipeline, with nearby processing facilities having ample spare capacity.

USA - THE GOLDEN EAGLE GAS FIELD

The Golden Eagle gas field was discovered by Golden State Resources Ltd in 2006 with the drilling of the first of three Paradox Basin wells, Paradox Basin #1. The field is a large shelf-edge/basement structure with multiple objectives within Pennsylvanian and Mississippian aged strata.

The Company has been seeking an amendment to the Golden Eagle 70 II Unit Agreement, which, when final approval is received, will grant that the individual leases are held by production by virtue of demonstrated flow rates of two of the current Unit wells (500Mcf/d each). The individual leases will then have an extended expiry date to two years beyond the life of the Golden Eagle 70 II Unit, being 5 December 2019, subject to Unit obligations being met in accordance with the Unit Agreement to the satisfaction of the US Bureau of Land Management (BLM).

For further information please contact:

Mr Wal Muir

CEO - Aleator Energy Ltd
Email: wal@aleatorenergy.com.au
Mobile: 0413 052 327

Mr Mark Rowbottom

Executive Director - Aleator Energy Ltd
Email: mark@aleatorenergy.com.au
Mobile : 0411 886 084

Technical information contained in this announcement was approved by Wal Muir, who has had more than 33 years experience in the practice of petroleum exploration. Wal Muir consents to the inclusion in this announcement of the information in the form and context in which it appears.

ABOUT ALEATOR ENERGY

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 and contains a look-alike structure to the nearby Lisbon oil and gas field which has produced over 50 million of barrels of oil and 750BCF of gas.