



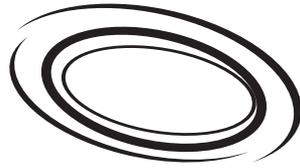
DISPATCH OF NOTICE OF GENERAL MEETING

Pacific Energy Limited (**Pacific Energy** or the **Company**) advises that a Notice of General Meeting (NOM) was dispatched to shareholders on 10 May 2018. A copy of the NOM is attached herewith.

End

For further information please visit Pacific Energy's website or contact:

Michael Kenyon
CFO & Company Secretary
T: +61 (0)8 9303 8888
E: info@pacificenergy.com.au



PACIFICENERGY

PACIFIC ENERGY LIMITED
ACN 009 191 744

NOTICE OF GENERAL MEETING

**The general meeting of the Company will be held at 338 Gnangara Road,
Landsdale, Western Australia on 8 June 2018 at 10:00am (WST).**

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 9303 8888

Shareholders are urged to attend or vote by lodging the proxy form attached to this Notice.

PACIFIC ENERGY LIMITED
ACN 009 191 744

NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of shareholders of Pacific Energy Limited ACN 009 191 744 (**Company**) will be held at 338 Gnangara Road, Landsdale, Western Australia on 8 June 2018 at 10:00am (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 6 June 2018 at 5:00pm (WST).

Terms and abbreviations used in this Notice (including the Explanatory Memorandum) are defined in Schedule 1.

AGENDA

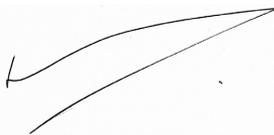
1. RESOLUTION - APPROVAL OF FINANCIAL ASSISTANCE

To consider and, if thought fit, to pass with or without amendment, as a special resolution the following:

"That, pursuant to and in accordance with section 260B(2) of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for financial assistance to be provided from time to time (including upon any subsequent refinancing, variation or replacement of any facility, or the provision of further security in connection with any facility) by Contract Power Australia Pty Ltd ACN 081 538 258 in connection with the acquisition of all of the issued shares of that entity by the Company, as described in the Explanatory Memorandum accompanying the Notice of Meeting."

Dated: 9 May 2018

By order of the Board



Michael Kenyon
Company Secretary

EXPLANATORY MEMORANDUM

1. INTRODUCTION

This Explanatory Memorandum has been prepared in connection with a resolution proposed to be passed as a special resolution of Pacific Energy Limited ACN 009 191 744 (**Company**) pursuant to section 260B(2) of the *Corporations Act 2001* (Cth) (**Corporations Act**) to approve the giving by Contract Power Australia Pty Ltd ACN 081 538 258 (**CPA**), a subsidiary of the Company, of financial assistance within the meaning of section 260A of the Corporations Act and in connection with resolutions of CPA to approve the financial assistance (**Financial Assistance Resolution**).

It is a condition subsequent to entry into the Finance Documents (defined below) that Shareholders pass the Financial Assistance Resolution. If Shareholders do not pass the Financial Assistance Resolution an event of default will occur under the Finance Documents (defined below).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolution will be voted.

A Proxy Form is located at the end of this Explanatory Memorandum.

2. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice including this Explanatory Memorandum carefully before deciding how to vote on the Resolution.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Returning the Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 10:00am (WST) on 6 June 2018, being at least 48 hours before the Meeting.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

3. EXECUTIVE SUMMARY

3.1 The Acquisition

The Company has completed the acquisition of the business known as the Contract Power Group which included the acquisition of the entire issued share capital of CPA (**Acquisition**). Completion of the Acquisition was announced to Shareholders by announcement to the ASX on 25 April 2018.

Following completion of the Acquisition, CPA became a wholly owned subsidiary of the Company, a listed domestic corporation (**Listed Australian Holding Company**).

3.2 The financing

Certain subsidiaries of the Company, being:

- (a) Contract Power Assets Pty Ltd ACN 624 940 683;
- (b) Contract Power Land Pty Ltd ACN 624 941 573;
- (c) Waste Heat Recovery Systems Pty Ltd ACN 129 115 644; and
- (d) Pacific Energy (KPS) Pty Ltd ACN 134 226 056,

(together the **Obligors**) have entered into a syndicated facility agreement for the provision of two Australian dollar term loan facilities and an Australian dollar revolving multi-option credit facility (including a letter of credit facility) up to an aggregate principal amount of A\$140,000,000 (**Facility**). The facilities currently have a term of three years and will terminate on 23 April 2021.

The Facility is secured by security over all assets of the Obligors, and that security may also secure hedging and other indebtedness from time to time.

The Facility has been or may be drawn for the following purposes:

- (a) to fund the Contract Power Acquisition and refinancing substantially all of certain existing facilities made available to subsidiaries of the Company; and
- (b) general corporate purposes.

3.3 Key Finance Documents

The Finance Documents include, but are not limited to:

- (a) the 'Syndicated Facility Agreement' dated 23 April 2018 between, among others the Obligors, Australia and New Zealand Banking Group Limited (ACN 005 357 522) (**ANZ**), National Australia Bank Limited (ACN 004 044 937) (**NAB**) (**Syndicated Facilities Agreement**); and
- (b) the 'Common Terms Deed' dated 23 April 2018 between the Obligors, ANZ, NAB and ANZ Fiduciary Services Pty Limited (ACN 100 709 493) (**Security Trustee**) (**Common Terms Deed**),

(together the **Finance Documents**).

3.4 Shareholder approval required in connection with the financial assistance

It is a condition of the Finance Documents that CPA accede to the Finance Documents as a guarantor and security provider.

The accession by CPA to, and the performance by CPA of its rights and obligations under each Accession Deed and the Security (as defined below) and the participation by CPA in the funding arrangements and other transactions, all as detailed in Section 6.1, constitutes the giving of financial assistance in connection with the Acquisition, within the meaning of Part 2J.3 of the Corporations Act.

Pursuant to section 260B of the Act:

- (a) CPA must have the financial assistance outlined in this Explanatory Memorandum approved by a resolution agreed to, at a general meeting, by its sole shareholder, in accordance with section 260B(1)(b) of the Corporations Act. The Company expects this approval will be given prior to the Meeting; and
- (b) since the Company is a Listed Australian Holding Company the financial assistance outlined in the Explanatory Memorandum must also be approved by a special resolution at a general meeting of the Company in accordance with section 260B(2) of the Corporations Act, the subject of the Resolution.

4. BACKGROUND TO THE REQUIREMENT FOR FINANCIAL ASSISTANCE

4.1 Restrictions on companies giving financial assistance

Under section 260A(1) of the Corporations Act a company may financially assist a person to acquire shares (or units of shares) in the company or a holding company of the company only if:

- (a) giving the assistance does not materially prejudice:
 - (i) the interests of the company or its shareholders; or
 - (ii) the company's ability to pay its creditors; or
- (b) the assistance is approved by shareholders under section 260B of the Corporations Act (as to which see clause 4.2 below); or
- (c) the assistance is exempted under section 260C of the Corporations Act.

Financial assistance is defined very broadly and may include giving security over a company's assets and giving a guarantee and indemnity in respect of another person's liability.

Under section 260A(2) of the Corporations Act, the financial assistance may be given before or after the acquisition of shares.

4.2 Shareholder approval of financial assistance

For a company to financially assist a person to acquire shares (or units of shares) in itself or a company of which it is a subsidiary, section 260B(1) of the Corporations Act states that the financial assistance must be approved by its shareholders by:

- (a) a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by the person acquiring the shares (or units of shares) or by their associates; or
- (b) a resolution agreed to, at a general meeting, by all ordinary shareholders.

If the company will be a subsidiary of a Listed Australian Holding Company immediately after the acquisition, then section 260B(2) requires that the financial assistance must also be approved by a special resolution passed at a general meeting of that Listed Australian Holding Company.

As, following the Acquisition, the Company became the listed Australian Holding Company of CPA, the financial assistance must also be approved by special resolution passed at a general meeting of the Company's shareholders.

5. KEY OBLIGATIONS UNDER THE FINANCE DOCUMENTS

5.1 Undertakings, representations and events of default

- (a) The Finance Documents include events of default, undertakings, representations and warranties from the borrower and guarantors consistent with financings of this nature or as required by the lenders due to the particular circumstances of this transaction.
- (b) The undertakings include, but are not limited to:
 - (i) **(Leverage Ratio)** ensuring that at all times the leverage ratio of the obligor group for the period up to and including 31 December 2018 is not greater than 3.00:1.00 and for the period from and including 1 January 2019 is not greater than 2.50:1.00;
 - (ii) **(Contracted Cash Flow Coverage Ratio)** ensuring that on and from 31 March, 30 June, 30 September and 31 December each year the contracted cash flow coverage ratio of the obligor group is not less than 1.50:1.00;
 - (iii) **(Debt Service Cover Ratio)** ensuring that on and from 31 March, 30 June, 30 September and 31 December each year the debt service cover ratio of the obligor group is not less than 1.25:1.00;
 - (iv) **(Tangible Net Worth)** ensuring that for the period up to and including the earlier of (A) 30 September 2018; and (B) the proposed rights issue the tangible net worth (being total tangible assets less total liabilities) is not less than A\$73,000,000 and not less than A\$100,000,000 after the earlier of such times;

- (v) (**Accession of Obligors**) ensuring that each wholly owned target and subsidiary becomes an obligor within 30 days of the acquisition or creation (as relevant) or, if such accession would require approvals in respect of financial assistance under section 260B of the Corporations, 60 days of its acquisition or creation (as relevant); and
- (vi) (**Other**) other customary terms, such as a negative pledge and restrictions on the disposal of assets, incurring financial indebtedness, providing financial accommodation and making certain distributions.

5.2 Guarantees

The Finance Documents include guarantees and indemnities by the Obligors in respect of amounts owing under or in connection with the Facility, as well as any other indebtedness incurred under the 'Finance Documents' designated under and in accordance with the Common Terms Deed from time to time.

5.3 Security

The Obligors had previously provided all asset security to the Security Trustee and that security (with amendments) secures the amounts owing under the Facility, as well as any other indebtedness incurred under the 'Finance Documents' designated under and in accordance with the Common Terms Deed from time to time.

6. FINANCIAL ASSISTANCE

6.1 Accession to the Finance Documents

It is a condition of the Finance Documents, detailed in Section 3.3, that CPA accede to the Finance Documents as a guarantor and security provider.

It is proposed that, pursuant to the terms of the Finance Documents, CPA, in order to comply with the above requirement, will accede as a guarantor to the Common Terms Deed pursuant to an obligor accession deed and to the Syndicated Facilities Agreement pursuant to an accession letter (each an **Accession Deed**).

Upon execution the Accession Deeds by CPA, CPA would (among other things) become bound by the guarantees, indemnities and undertakings and give the representations and warranties referred to in Section 5.

In addition, it is proposed that CPA will grant security over all of its assets and undertakings to the Security Trustee as security for the obligations of all borrowers and guarantors under the Finance Documents (**Security**).

The Security will take the form of a general security agreement over all assets of CPA and/or such other form as may be agreed with the relevant financiers.

6.2 Other Support

In addition, CPA may, or may not be required to:

- (a) make available directly or indirectly its cash flows (whether through dividends, capital distributions, intercompany loans or otherwise) or other resources in order to enable the Company and the other guarantors to comply with their payment and other obligations in respect of the Finance Documents; and
- (b) consent or agree to amendments to the Finance Documents, including amendments that make their obligations more onerous;
- (c) provide additional support which may include incurring additional obligations and/or providing additional guarantees, mortgages and/or charges on the same or different terms to the Security; and
- (d) provide other financial assistance in connection with the Acquisition including, without limitation, in connection with any refinancing.

7. FINANCIAL ASSISTANCE RESOLUTION

7.1 Reasons for financial assistance

The reason for the giving of the financial assistance described above is to enable the Obligors to comply with their obligations under the Finance Documents to procure that CPA provides the Accession Deeds and Security. The Obligors were required to agree to this obligation in order to obtain the financial accommodation provided under the Finance Documents on the terms (including as to facility limit and pricing) in those documents and, in turn to fund, in part, the Acquisition.

If such obligations are not complied with an Event of Default will occur under the Finance Documents and the financial accommodation under the Finance Documents may be required to be immediately repaid, returned and/or terminated. If this repayment or return does not occur, the Security Trustee would be able to enforce the security it holds over the assets of the Group.

Approval is also being sought for any financial assistance that may arise on any subsequent refinancing, variation or replacement of the Finance Documents, or the provision of further security in connection with the Finance Documents. This is to preserve the Company's right to refinance without seeking further Shareholder approval.

7.2 Effects of the financial assistance

The substantial effect of the financial assistance on the Company is that CPA will have guaranteed all amounts payable under the Finance Documents and granted security for such obligations over its assets and undertaking. The operations of CPA will also be restricted by the representations and undertakings given by it under the Finance Documents.

7.3 Advantages of the proposed resolution

The advantage to the Company of the proposed resolution is that CPA will be able to accede to the Finance Documents and so avoid an Event of Default occurring under the Finance Documents. As such, CPA will remain a subsidiary of the Company, contributing to the overall returns of the Group and benefiting from the expertise and access to financial resources available to the Group.

The Directors of the Company believe that transactions contemplated by this Explanatory Memorandum are in the interests of the Company and its subsidiaries (if any).

7.4 Disadvantages of the proposed resolution

The disadvantages of the proposed resolution for CPA include the following:

- (a) it will become liable for the amounts due under the Finance Documents, including where those amounts relate to obligations for which it is not currently liable;
- (b) its assets will be subject to security and its operations will be restricted by the representations and undertakings given by them under the Finance Documents;
- (c) it or the Obligors may default under the Finance Documents and upon such default:
 - (i) the financiers may make a demand for immediate repayment, termination or return of the funding under the Finance Documents; and
 - (ii) the Security Trustee may enforce the guarantee and/or security granted by it to recover the amounts due.
- (d) This may result in the external administration and/or winding up of CPA.
- (e) Further, a sale of CPA's assets by the Security Trustee upon an enforcement of the Security may result in a return to CPA (and ultimately its unsecured creditors and shareholders) significantly lower than could have been achieved by CPA had those assets been sold in the ordinary course of business or had CPA continued trading.
- (f) The Directors of the Company do not currently believe that either the Group or CPA are likely to default in their obligations under the Finance Documents.

7.5 Passing the financial assistance resolution

The Financial Assistance Resolution is set out in the Notice that accompanies this Explanatory Memorandum.

The Financial Assistance Resolution will be passed if it is passed as a special resolution of the Company (if at least 75% of votes cast by shareholders entitled to vote on the resolution vote in favour of the Financial Assistance Resolution).

Shareholders may vote either for or against the Financial Assistance Resolution.

7.6 Directors' recommendation

The Directors of the Company unanimously recommend that the Shareholders vote in favour of the Financial Assistance Resolution to approve the giving of financial assistance.

7.7 Notice to ASIC

In accordance with section 260B(5) of the Corporations Act, copies of this Notice and this Explanatory Memorandum as sent to Shareholders were lodged with ASIC before they were sent to Shareholders.

7.8 Other relevant information

The Directors consider that the Explanatory Memorandum contains all information known to the Company that would be material to Shareholders in deciding how to vote on the proposed resolution other than the information which it would be unreasonable to require the Company to include because it has been previously disclosed to Shareholders.

SCHEDULE 1: DEFINITIONS

In the Notice and this Explanatory Memorandum, words importing the singular include the plural and vice versa.

\$ means Australian Dollars.

Accession Deed has the meaning given in Section 6.1.

Acquisition has the meaning given in Section 3.1.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Board means the board of Directors.

Chairman means the person appointed to chair the Meeting, or any part of the Meeting, convened by the Notice.

Common Terms Deed has the meaning given in Section 3.3(b).

Company means Pacific Energy Limited (ACN 009 191 744).

Constitution means the constitution of the Company as at the commencement of the Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

Facility has the meaning given in Section 3.2.

Finance Documents means the Syndicated Facilities Agreement and the Common Terms Deed.

Financial Assistance Resolution has the meaning given in Section 1.

Group means the Company and its subsidiaries (as defined in the Corporations Act).

Listed Australian Holding Company has the meaning given in Section 3.1.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means the notice of meeting which comprises of the notice, agenda, Explanatory Memorandum and Proxy Form.

Obligors has the meaning given in Section 3.2.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

Security has the meaning given in Section 6.1.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Syndicated Facilities Agreement has the meaning given in Section 3.3(a).

WST means Australian Western Standard Time, being the time in Perth, Western Australia.

**PACIFIC ENERGY LIMITED
ACN 009 191 744**

PROXY FORM

The Company Secretary
Pacific Energy Limited ACN 009 191 744

By delivery:
338 Gnangara Road
LANDSDALE WA 6065

By post:
PO Box 5
KINGSWAY WA 6065

By facsimile:
+61 8 9303 8899

Name of Shareholder:

Address of Shareholder:

Number of Shares entitled to vote:

Please mark to indicate your directions. Further instructions are provided overleaf.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.

Step 1 - Appoint a Proxy to Vote on Your Behalf

The Chairman (mark box)

OR if you are **NOT** appointing the Chairman as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Meeting of the Company to be held at 10:00am (WST) on 8 June 2018 at 338 Gnangara Road, Landsdale WA 6065 and at any adjournment or postponement of that Meeting.

Important – If the Chairman is your proxy or is appointed as your proxy by default

The Chairman intends to vote all available proxies in favour of the Resolution. If the Chairman is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to the Resolution you will be expressly authorising the Chairman to vote in accordance with the Chairman's voting intentions on the Resolution.

Step 2 - Instructions as to Voting on Resolutions

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

| | | For | Against | Abstain |
|------------|----------------------------------|--------------------------|--------------------------|--------------------------|
| Resolution | Approval of Financial Assistance | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman intends to vote all available proxies in favour of the Resolution.

Authorised signature/s

This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Landsdale office of the Company (338 Gnangara Road, Landsdale WA, 6065, or by post to PO Box 5, Kingsway, WA, 6065 or Facsimile (08) 9303 8899 if faxed from within Australia or +618 9303 8899 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Meeting (WST).

