

ASX ANNOUNCEMENT

31 May 2018

**RIGHTS ISSUE OVER-SUBSCRIBED;
CONTRACT POWER PROJECT UPDATE**

Key points

- **Successful completion of 1 for 9 non-underwritten renounceable rights issue**
 - **\$26.6m in applications received versus \$21.4m on offer**
 - **Oversubscriptions to be allocated on pro-rata basis to existing shareholdings**
 - **All directors with a shareholding fully participated, as did Mr Leon Hodges (vendor of Contract Power)**
 - **Contract Power commissions 18MW power station; construction underway on 52MW power station**
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Power generation specialist Pacific Energy Limited (“Pacific Energy” or the “Company”) is pleased to advise that its 1 for 9 renounceable rights issue has closed well oversubscribed. As a result, the Company will proceed to issue 42,857,678 shares, raising a total of \$21,428,829 before costs.

Total entitlement acceptances of \$20.4m represent a shortfall of \$1.0m from the \$21.4m total offer. The shortfall will be satisfied from oversubscription applications, which totalled \$6.2m. Over-subscriptions will be allocated on a pro-rata basis to applicants’ existing shareholdings.

Quotation of the new shares to be issued is expected to occur on 5 June 2018.

The rights issue was conducted as a condition subsequent to the new \$140m debt facility provided by ANZ and NAB that was put in place in conjunction with the recent acquisition of the businesses known as Contract Power Group (“Contract Power”). A further condition of the debt facility to fund the transaction was a one year suspension of dividends, commencing with the final FY18 dividend (October 2018) and ending with the interim FY19 dividend (April 2019).

Pacific Energy’s Managing Director, Mr James Cullen, said that the Company was delighted with the high level of shareholder participation, adding that the 24% oversubscription level demonstrated strong market support and enthusiasm for the Contract Power transaction and future prospects of the Company.

“The Board is grateful for the strong backing we have received from shareholders, endorsing our Contract Power transaction and providing significant financial capacity for the Company to capitalise on new growth opportunities that present.

ASX ANNOUNCEMENT (CONTINUED)



Given that this raising was not fully underwritten we are particularly pleased with the outcome and level of shareholder support.”

The Contract Power acquisition was announced by the Company on 23 March 2018. Since then the business has commenced construction of a 52MW gas fired power station for Mineral Resources Ltd, understood to be one of the largest high speed reciprocating gas power stations in the mining sector. Contract Power has also recently commissioned an 18MW power station for Pilbara Minerals Ltd under an initial seven year contract.

Mr Cullen confirmed that general tendering levels remained robust in the resources sector, both for existing clients and for new projects, indicating a positive outlook for the sector in general.

-ENDS-

For Further Information Contact:

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