

26 April 2018

## PROSPECTUS

Further to the announcement of 25 April 2018, Pacific Energy Limited is pleased to announce that the prospectus in connection with its renounceable rights issue to raise approximately \$21 million was lodged with ASIC today. A copy of the prospectus is enclosed.

End

### About Pacific Energy

Pacific Energy is an ASX listed (ASX: PEA) power generation project developer and owner. Headquartered in Perth, Western Australia, Pacific Energy is focused on the development, ownership and maintenance of mine site and renewable energy power stations.

**Kalgoorlie Power Systems**, a wholly owned subsidiary of Pacific Energy Limited, is a leading provider of power generation infrastructure to the mining and resources sector in Australia. The business operates a build, own, maintain execution model with 292MW of contracted capacity at 22 mine site locations across Australia.

**Pacific Energy Victorian Hydro**, a wholly owned subsidiary of Pacific Energy Limited, owns and operates 6MW of hydro power generation capacity located approximately 70 kilometres east of Melbourne, Victoria. The company's hydro assets commenced operation in 1992 and comprise two separate power stations located at the Cardinia Reservoir and Blue Rock Dam.

**NovaPower**, a wholly owned subsidiary of Pacific Energy Limited, owns and operates the 10MW Nova gas-fired power generation plant in Traralgon, Victoria. Nova is a high-efficiency/low emissions gas-fired power station which generates in quick response to electricity demand in peak periods.



**PACIFIC ENERGY LIMITED  
ACN 009 191 744**

**PROSPECTUS**

**For a renounceable pro rata entitlement issue of One New Share for every Nine Shares held by Eligible Shareholders at the Record Date at an issue price of 50 cents per New Share to raise up to A\$21.45 million (before costs) (Entitlement Offer)**

The Entitlement Offer is currently expected to close at 5.00pm (WST) on 28 May 2018. Valid applications must be received before that time. Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement under the Entitlement Offer.

**THIS IS AN IMPORTANT DOCUMENT WHICH REQUIRES YOUR IMMEDIATE ATTENTION AND SHOULD BE READ IN ITS ENTIRETY. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR STOCKBROKER, ACCOUNTANT, SOLICITOR, OR OTHER PROFESSIONAL ADVISER.**

**AN INVESTMENT IN THE SECURITIES OFFERED BY THIS PROSPECTUS SHOULD BE CONSIDERED SPECULATIVE IN NATURE.**

# IMPORTANT INFORMATION

## General

This Prospectus is dated, and was lodged with ASIC on 26 April 2018. Neither ASIC, ASX nor their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No New Shares will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

The Company will apply to ASX within seven days of the date of this Prospectus for Official Quotation by ASX of the New Shares offered under this Prospectus.

A copy of this Prospectus is available for inspection at the Australian registered office of the Company at 338 Gngalara Road, Landsdale, Western Australia during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (refer to Sections 8.1 and 8.12).

No person or entity is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offers.

## Application Forms

The Application Forms accompanying this Prospectus are important.

Acceptance of New Shares under the Offers can only be submitted on an Application Form sent with a copy of this Prospectus by the Company. If acceptance is by BPAY<sup>®</sup> there is no need to return an Application Form. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement. Please refer to the instructions in Section 0 regarding the acceptance of your Entitlement and completion of the Entitlement and Acceptance Form.

By returning an Application Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Offers detailed in this Prospectus.

## Eligibility

Eligible Shareholders can only take up their Entitlements by completing and returning the Entitlement Acceptance Form, accompanying this Prospectus. The Entitlement Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Entitlement Offer.

## Overseas Shareholders

This Prospectus does not, and is not intended to, constitute an offer of New Shares in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Prospectus.

The Offers are not being extended, and New Shares will not be issued, to Shareholders with a registered address which is outside Australia, New Zealand, Hong Kong, Singapore and United Kingdom where the Offers do not fall within a security offering exception applicable to those Shareholders in that jurisdiction. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

No action has been taken to permit the offer of New Shares to existing Shareholders in any jurisdiction other than Australia. The distribution of this Prospectus in jurisdictions outside those jurisdictions is restricted by law and persons outside of those jurisdictions should observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

Nominees and custodians may not distribute this Prospectus, and may not permit any beneficial shareholder to participate in the Offers, in any country outside Australia and New Zealand except, with the consent of the Company, to beneficial shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Offers.

### ***New Zealand***

The rights and the New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. The offer of New Shares is renounceable in favour of members of the public.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### ***Hong Kong***

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

### ***Singapore***

This document and any other materials relating to the rights and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of rights and New Shares may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's shares. In the event that you are not such a shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the rights or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire rights or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### ***United Kingdom***

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the rights or the New Shares.

This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and these securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the rights or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members or creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

### **Continuously Quoted Securities**

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

### **Exposure Period**

No exposure period applies to the Offers.

### **Speculative Investment**

An investment in the New Shares should be considered speculative. Refer to Section 6 for details of the key risks applicable to an investment in the Company.

Persons wishing to apply for New Shares should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights and liabilities attaching to the New Shares.

This Prospectus does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for New Shares have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser.

There is no guarantee that the New Shares will make a return on the capital invested, that dividends will be paid on the New Shares or that there will be an increase in the value of the New Shares in the future.

### **Forward-looking Statements**

This Prospectus contains forward-looking statements which may be identified by words such as 'believes', 'estimates', 'expects', 'intends', 'may', 'will', 'would', 'could', or 'should' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risks associated with an investment in the Company are detailed in Section 6. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

### **Broker Stamping Fees**

The Company reserves the right to pay a fee for amounts subscribed under valid Applications procured by brokers holding an Australia Financial Services Licence.

Broker stamping fees will only be paid by the Company where a broker fee claim form and schedule is submitted to the Share Registry by no later than the end of the Business Day following the Closing Date. The broker stamping fee claim form and schedule can be obtained from the Share Registry.

### **Website**

No document or information included on the Company's website is incorporated by reference into this Prospectus.

### **Diagrams**

Any diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

### **Currency**

All financial amounts contained in this Prospectus are expressed as Australian dollars unless otherwise stated.

### **Rounding**

Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

### **Time**

All references to time in this Prospectus are references to WST, unless otherwise stated.

### **Glossary**

Defined terms and abbreviations used in this Prospectus are detailed in the glossary of terms in Section 10.

# CORPORATE DIRECTORY

## Directors

Mr M Cliff Lawrenson	Non-Executive Chairman
Mr James Cullen	Managing Director and CEO
Mr Kenneth Hall	Executive Director
Mr Stuart Foster	Non-Executive Director
Mr Linton Putland	Non-Executive Director

## Company Secretary

Mr Michael Kenyon	Company Secretary
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## Registered Office

338 Gnangara Road  
Landsdale WA 6065  
Tel: +61 8 9303 8888  
Fax: +61 8 9303 8899  
Email: [info@pacificenergy.com.au](mailto:info@pacificenergy.com.au)  
ASX Code: PEA

## Share Registry

Computershare Investor Services Pty Limited  
GPO Box 2975  
Melbourne VIC 3001

## Lawyers

DLA Piper Australia  
Level 31, Central Park  
152 - 158 St Georges Terrace  
Perth WA 6000

## Auditor\*

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6000

\*This party is named for informational purposes only and was not involved in the preparation of this Prospectus or been requested to consent to being named in this Prospectus.

## INDICATIVE TIMETABLE FOR ENTITLEMENT OFFER

Event	Date
Lodgement of Prospectus with ASIC and ASX	Thursday, 26 April 2018
Company sends letters to Option holders	Thursday, 26 April 2018
Company sends letters to Eligible Shareholders and Ineligible Shareholders	Monday, 30 April 2018
"Ex" Date	Tuesday, 1 May 2018
Entitlement Trading Commencement Date	Tuesday, 1 May 2018
Record Date (at 5:00pm WST)	Wednesday, 2 May 2018
Prospectus and Entitlement and Acceptance Form dispatched to Eligible Shareholders	Monday, 7 May 2018
Offers Opening Date	Monday, 7 May 2018
Entitlement Trading End Date	Monday, 21 May 2018
Securities quoted on a deferred settlement basis	Tuesday, 22 May 2018
Last day to extend the Entitlement Offer Closing Date	Wednesday, 23 May 2018
Entitlement Offer Closing Date (at 5:00pm WST)	Monday, 28 May 2018
Shortfall Notification Date	Thursday, 31 May 2018
Issue of New Shares and Deferred Settlement Trading Ends	Monday, 4 June 2018
Anticipated date for despatch of holding statements for New Shares	Tuesday, 5 June 2018
Anticipated trading of New Shares on ASX commences	Tuesday, 5 June 2018

The above timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the New Shares. The Directors also reserve the right not to proceed with the whole or part of the Offers at any time prior to allotment. In that event, the relevant Application Monies will be returned without interest in accordance with the Corporations Act.



## LETTER FROM THE CHAIRMAN

Dear Shareholder

On behalf of the board of Pacific Energy Limited (**Company**), I am pleased to present you with an opportunity to subscribe for additional shares in the Company by participating in the offer detailed in this Prospectus. The Company is undertaking a renounceable pro-rata entitlement offer to Eligible Shareholders of New Shares at an issue price of \$0.50 each on the basis of 1 New Share for every 9 Shares held on the Record Date (**Entitlement Offer**). The number of New Shares to which you are entitled to subscribe for is detailed in the Entitlement and Acceptance Form that accompanies this Prospectus.

The Entitlement Offer will raise approximately \$21.45 million (before associated costs). Funds raised through the Entitlement Offer will allow the Company to reduce debt and have available capital for growth opportunities.

The Entitlement Offer follows the Company's announcement on 22 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 3 months 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 (**BOO**) market as well as in the EPC market, having completed projects in Australia, Africa and Asia.

Contract Power has an increasing portfolio of long-term power supply contracts and is widely regarded as a leader in the industry, alongside Pacific Energy's KPS business. The two companies have remained healthy competitors for over two decades and the combination of technical knowledge, in-house capabilities, resources, assets and experience will be of significant value.

Of considerable note is that the acquisition will result in Pacific Energy quickly establishing itself as the leading BOO power supplier in the producing and near-term production hard-rock lithium mines in Western Australia, which is establishing itself as the global leader in hard-rock lithium. It also consolidates our existing position as the leading BOO power supplier in the gold sector

The transaction with Contract Power is an exciting one for the Company and our Shareholders. It gives Pacific Energy significantly more scale and reach, now with over 30 long term power generation contracts for remote mines and townships and a weighted average remaining contract duration rising above 4 years across the entire portfolio. This provides us with stronger and longer earnings visibility.

Further information about the Company and its operations is contained in publicly available documents lodged by the Company with the ASIC and ASX. This Prospectus should be read in conjunction with this material.

There are a number of risks associated with investing in the share market generally and the Company specifically. The New Shares being offered under this Prospectus must be regarded as speculative. Investors should read Prospectus in its entirety before deciding to invest and in particular, consider the risk factors detailed in Section 6.

If you have any queries concerning the Entitlement Offer, or the action you are required to take to subscribe for New Shares, please consult your stockbroker, accountant, solicitor or other professional advisor.

Yours faithfully  
**Cliff Lawrenson**  
**Chairman**

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# 1. Investment Overview

Topic	Summary	Further information
<b>What is the Entitlement Offer?</b>	One New Share for every Nine Shares held by Eligible Shareholders at the Record Date at an issue price of 50 cents per New Share to raise up to A\$21.45 million (before costs).	Section 3.1
<b>What is the purpose of the Entitlement Offer?</b>	<p>The purpose of the Entitlement Offer is to raise up to A\$21.45 million (before costs).</p> <p>The funds raised from the Entitlement Offer will be used for:</p> <ul style="list-style-type: none"> <li>• Reducing indebtedness and being available for funding future capex through a redraw facility; and</li> <li>• costs of the Offers.</li> </ul>	Section 3.2
<b>Is the Entitlement Offer subject to a minimum subscription?</b>	No.	Section 3.4
<b>Who can participate in the Entitlement Offer?</b>	The Entitlement Offer is being extended to Shareholders with a registered address on the Record Date in Australia, New Zealand, Hong Kong, Singapore and United Kingdom where the Offers fall within a security offering exception applicable to those Shareholders in that jurisdiction.	Section 3.16
<b>What are the key investment highlights?</b>	<p>The Company executed binding agreements to acquire the businesses known as Contract Power Group on 22 March 2018. This acquisition was subsequently settled on 24 April 2018 and was funded from new and existing financing facilities provided by two Australian banks. As a condition subsequent to settlement, the banks have requested that the Company complete an equity raising (in the form of a Rights Issue) within 3 months.</p> <p>The funds raised from this Rights Issue will:</p> <ul style="list-style-type: none"> <li>• reduce the Company's indebtedness;</li> <li>• reduce the Company's interest cost by approximately \$560,000 per annum; and</li> <li>• be available for re-draw at a later date to fund future capital expenditure requirements.</li> </ul>	-
<b>What are key risks associated with an investment in the Company?</b>	<p>Some of the key risks of investing in the Company are detailed below. The list of risks is not exhaustive and further details of these risks and other risks associated with an investment in the Company are detailed in Section 6.</p> <p>In undertaking its business activities, the Company will be exposed to risks, which include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Counterparty credit risk</li> <li>• Competition</li> <li>• Revenue risks</li> <li>• Contractual disputes</li> </ul>	Section 6

Topic	Summary	Further information
<b>What is the effect of the Offers on the Company?</b>	The maximum number of Securities that will be issued under the Offers is approximately 42,896,144 New Shares (assuming that no Options are exercised and no Performance Rights are exercised upon vesting before the Record Date).	Section 4.1
<b>What is the effect of the Offers on control of the Company?</b>	If Shareholders do not participate in the Entitlement Offer, Shareholders may have their shareholding diluted by up to a maximum of 11.1%.	Section 4.2
<b>Can I subscribe for more than my Entitlement?</b>	<p>Yes, if you take up your Entitlement in full, you can apply for additional New Shares under the Shortfall Offer. There is no limit to the amount of New Shares you may subscribe for under the Shortfall Offer.</p> <p>The allocation of additional New Shares applied for under the Shortfall Offer will be subject to the Shortfall (if any) that exists.</p>	Section 3.7
<b>Is the Entitlement Offer underwritten?</b>	The Entitlement Offer is being partially underwritten by James Cullen (the <b>Underwriter</b> ) for an amount up to \$500,000. No fee will be payable to the Underwriter in respect of this partial underwriting.	Section 3.5
<b>Director Participation</b>	<p>The Company's major shareholder, Mr Kenneth Hall, has confirmed that he will take up his rights issue entitlement in full.</p> <p>All other Directors have indicated that they will participate in the Offers.</p>	Section 8.3
<b>Dividend Policy</b>	<p>As announced on 23 March 2018, the Company has suspended its dividends for a period of one year. The Company may review its funding and capital management strategy and may if circumstances change review its suspension of dividend payments.</p> <p>Any future determination as to the payment of dividends by the Company will be at the sole discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.</p>	Section 7.2
<b>How do I accept my Entitlement?</b>	All Eligible Shareholders are entitled to participate in the Entitlement Offer. If you wish to accept all or part of your Entitlement, you must complete your Entitlement and Acceptance Form that accompanies this Prospectus and send it to the Share Registry together with payment by cheque, bank draft or money order or follow the instructions to pay via BPAY®.	Section 5.1

Topic	Summary	Further information
<b>Can I sell or transfer my Entitlement under the Entitlement Offer?</b>	<p>Yes, Entitlements are renounceable, which means that Eligible Shareholders who do not wish to exercise all or a portion of their Entitlements may choose to sell their Entitlements on ASX.</p> <p>Rights trading is scheduled to commence on ASX on 1 May 2018 and cease on 21 May 2018.</p>	Section 3.3
<b>How will Shortfall be allocated?</b>	<p>The Company will allocate Shortfall Shares based on the following priority:</p> <ul style="list-style-type: none"> <li>• existing Eligible Shareholders who apply for Shortfall Shares through the Shortfall Offer up to \$2,000,000;</li> <li>• each Eligible Employee of the Group who has applied for Shortfall Shares through the Shortfall Offer up to \$1,000,000;</li> <li>• Mr James Cullen as Underwriter for Shortfall Shares up to \$500,000; and</li> <li>• investors who apply for Shortfall Shares through the Shortfall Offer following an invitation from the Company</li> </ul> <p>Shortfall Shares will be allocated within three months after the Closing Date.</p> <p>Eligible Shareholders may apply for Shortfall Shares by completing the relevant section of their Entitlement and Acceptance Form.</p>	Section 3.8
<b>Enquiries concerning Prospectus</b>	<p>Enquiries relating to this Prospectus should be directed to the Company Secretary on +61 (08) 9303 8888.</p>	Section 3.20

## 2. Company Overview

Pacific Energy is an ASX listed (ASX: PEA) power generation project developer and owner. Headquartered in Perth, Western Australia, Pacific Energy is focused on the development, ownership and maintenance of mine site and renewable energy power stations.

**Kalgoorlie Power Systems**, a wholly owned subsidiary of Pacific Energy Limited, is a leading provider of power generation infrastructure to the mining and resources sector in Australia. The business operates a build, own, operate execution model with 292MW of contracted capacity at 22 mine site locations across Australia.

**Pacific Energy Victorian Hydro**, a wholly owned subsidiary of Pacific Energy Limited, owns and operates 6MW of hydro power generation capacity located approximately 70 kilometres east of Melbourne, Victoria. The company's hydro assets commenced operation in 1992 and comprise two separate power stations located at the Cardinia Reservoir and Blue Rock Dam.

**NovaPower**, a wholly owned subsidiary of Pacific Energy Limited, owns and operates the 10MW Nova gas-fired power generation plant in Traralgon, Victoria. Nova is a high-efficiency/low emissions gas-fired power station which generates in quick response to electricity demand in peak periods.

**Contract Power Group**, consists of three wholly owned subsidiaries of Pacific Energy Limited, and is a leading provider of power generation infrastructure to the mining and resources sector as well as remote townships in Australia. The business operates a build, own, operate execution model with 82MW of installed capacity in Western Australia and has also undertaken select engineering, procurement, construction ("commonly known as "EPC") work in Australia, Africa and Asia.

### 3. Details of the Offers

#### 3.1 Entitlement Offer

The Entitlement Offer is a renounceable pro rata entitlement issue of One New Share for every Nine] Shares held by Eligible Shareholders on the Record Date at an issue price of 50 cents per New Share to raise approximately \$21.45 million (before costs) (**Entitlement Offer**).

Under this Prospectus, Eligible Shareholders, being Shareholders on the Record Date with a registered address in Australia, New Zealand, Hong Kong, Singapore and United Kingdom are eligible to participate in the Entitlement Offer.

As at the date of this Prospectus, the Company has on issue:

Class	Number
Shares	386,065,290
Options	11,000,000 <sup>1</sup>
Performance Rights	76,802 <sup>2</sup>

**Note:**

- Comprising:
  - 1,000,000 Unquoted options exercisable at \$0.55 on or before 2 June 2020;
  - 2,000,000 Unquoted options exercisable at \$0.60 on or before 2 June 2020;
  - 2,000,000 Unquoted options exercisable at \$0.65 on or before 2 June 2020;
  - 1,000,000 Unquoted options exercisable at \$0.80 on or before 31 March 2021;
  - 1,000,000 Unquoted options exercisable at \$0.90 on or before 31 March 2022;
  - 2,000,000 Unquoted options exercisable at \$0.80 on or before 24 April 2023; and
  - 2,000,000 Unquoted options exercisable at \$0.90 on or before 24 April 2023
- Unquoted fully vested performance rights

The holders of existing Options will not be entitled to participate in the Entitlement Offer without first exercising their Options.

Assuming no Options are exercised and no Performance Rights vest before the Record Date, approximately 42,896,144 New Shares may be issued under the Entitlement Offer (subject to rounding).

Where the determination of the Entitlement of any Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

All of the New Shares will rank equally with the Shares on issue at the date of this Prospectus. Refer to Section 7.1 for a summary of the rights attaching to New Shares.

#### 3.2 Reason for the Entitlement Offer and funding allocation

The purpose of the Entitlement Offer is to raise up to approximately \$21.45 (before costs) (assuming the Entitlement Offer is fully subscribed).

The Company intends to apply the funds raised from the Entitlement Offer as follows:

Description	A\$
Reducing indebtedness and being available for funding future capex through a redraw facility	\$21.45m
General working capital	Nil

Description	A\$
Costs of the Offers	\$67,488
<b>Total\$</b>	<b>\$21.38m</b>

The above table is a statement of the Board's current intentions as at the date of this Prospectus. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

### 3.3 Entitlements Trading

Entitlements are renounceable, which means that Eligible Shareholders who do not wish to exercise all or a portion of their Entitlements may choose to sell their Entitlements on ASX.

Information on how Entitlements may be sold on ASX is detailed in Section 0.

Rights trading is scheduled to commence on ASX on 1 May 2018 and cease on 21 May 2018.

### 3.4 Minimum subscription

There is no minimum subscription for the Entitlement Offer.

As detailed in Section 3.8, if there are remaining Shortfall Shares the Company reserves the right to proceed to allocate New Shares under the Offers and to issue the remaining Shortfall Shares within three months of settlement of the Contract Power acquisition at its absolute discretion.

### 3.5 Underwriting

The Company entered into an agreement with Mr James Cullen (**Underwriter**) on 24 April 2018 to partially underwrite the Entitlement Offer for an amount up to \$500,000 (**Underwriting Agreement**).

Pursuant to the Underwriting Agreement, the Underwriter has an obligation to subscribe for, or procure subscription for, up to 1 million Shortfall Shares not otherwise applied for under the Prospectus by completing and lodging with the Company, or procuring other persons complete and lodge with the Company, Shortfall Application Forms and the relevant Application Monies.

The Underwriting Agreement also contains a number of representations and warranties from the Company to the Underwriter that are considered customary for agreements of this type.

The Underwriter may terminate its obligations under its Underwriting Agreement if any one or more of the following events prior to the Issue Date:

- (a) (**Unable to issue Shares**) the Company is prevented from issuing the New Shares within the time required by this document, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (b) (**Suspension of debt payments**) the Company suspends payment of its debts generally; or
- (c) (**Event of Insolvency**) an event of insolvency occurs in respect of the Company.



### 3.6 Opening and closing dates

The Company will accept Acceptance Forms in respect of the Offers from Applicants from the Opening Date until 5.00pm (WST) on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

Please note that payment made by BPAY<sup>®</sup> must be received no later than 5.00pm (WST) on the Closing Date. It is the responsibility of all Applicants to ensure that their BPAY<sup>®</sup> payments are received by the Company on or before the Closing Date.

The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the closing dates of the Offers without prior notice. If a closing date is varied, subsequent dates may also be varied accordingly.

### 3.7 Shortfall Offer

Any New Shares under the Entitlement Offer that are not applied for will form the Shortfall Shares. The offer to issue Shortfall Shares is a separate offer under this Prospectus (**Shortfall Offer**).

Under this Prospectus, the Company offers to issue the Shortfall Shares to investors at the same price of 50 cents per New Share as that offered under the Entitlement Offer. The Shortfall Shares will have the same rights as the New Shares as detailed in Section 7.1.

Eligible Shareholders may apply for up to \$2,000,000 of Shortfall Shares by completing the relevant section of their Entitlement and Acceptance Form (refer to Section 5.3 for further details). Eligible Employees may apply for up to \$1,000,000 of Shortfall Shares by completing a Shortfall Application Form.

An Application for Shortfall Shares accompanied by payment of Application Monies does not guarantee the allotment of any Shortfall Shares. The Shortfall Shares will be allocated within three months after the Closing Date.

In relation to the Shortfall Offer, the Company reserves the right to issue to an Applicant a lesser number of Shortfall Shares than the number applied for, reject an Application or not proceed with the issuing of the Shortfall Shares or part thereof. If the number of Shortfall Shares issued is less than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on Application Monies refunded.

### 3.8 Shortfall allocation policy

If there is a Shortfall, the Company will allocate Shortfall Shares according to the following priority:

- (a) to each Eligible Shareholder who has applied for Shortfall Shares through the Shortfall Offer up to \$2,000,000;
- (b) if following the allocation in paragraph (a) there remains Shortfall Shares, to each Eligible Employee of the Group who has applied for Shortfall Shares through the Shortfall Offer up to \$1,000,000;
- (c) if following the allocation in paragraph (a) and (b) there remains Shortfall Shares, to Mr James Cullen who will underwrite the Shortfall Offer up to \$500,000; and
- (d) if following the allocation in paragraphs (a), (b) and (c) there remains Shortfall Shares, to those investors who apply for Shortfall Shares following an invitation from the Company in its absolute discretion.

Mr James Cullen, managing director and CEO, has offered to underwrite the Offers for an amount of up to \$500,000. Mr Cullen is not a Shareholder and the only way by which Mr Cullen is able to participate in the Offers and support the Company's capital raising is to act

as an underwriter. The Board has accepted Mr Cullen's offer to underwrite the Offers up to a value of \$500,000. Mr Cullen will not receive a fee for partially underwriting the Offers.

### **3.9 Risks of the Offers**

As with any securities investment, there are risks associated with investing in the Company. However, having regard to the matters detailed in Section 3.2 and the risks applicable to the Company and its business detailed in Section 6, Eligible Shareholders should be aware that an investment in the New Shares offered under this Prospectus should be considered speculative and there exists a risk that you may, in the future, lose some or all of the value of your investment.

Before deciding to invest in the Company, investors should read this Prospectus in its entirety, in particular the specific risks associated with an investment in the Company (detailed in Section 6), and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

### **3.10 Application Forms and BPAY® Payments**

Acceptance of a completed Application Form, or alternatively, a BPAY® payment, by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Application Forms do not need to be signed to be a binding acceptance of New Shares.

If an Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form is final.

A personalised Entitlement and Acceptance Form will be issued to the Eligible Shareholders together with a copy of this Prospectus.

A Shortfall Application Form will be issued to certain investors together with a copy of this Prospectus.

### **3.11 Issue and Dispatch**

All New Shares under the Offers are expected to be issued on or before the dates specified in the Indicative Timetable.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell Bew Shares before they receive their holding statements will do so at their own risk.

Shortfall Shares may be issued within three months after the Closing Date.

### **3.12 Application Monies held on trust**

All Application Monies will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the New Shares are issued. All Application Monies will be returned (without interest) if the New Shares are not issued.

### **3.13 ASX quotation**

Application will be made to ASX no later than seven days after the date of this Prospectus for Official Quotation of the New Shares offered under this Prospectus. If ASX does not grant Official Quotation of the New Shares within three months after the date of this Prospectus (or such period as the ASX allows), no New Shares will be issued or allotted under the Offers and the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the New Shares.

### **3.14 Withdrawal**

The Directors may at any time decide to withdraw this Prospectus and the Offers, in which case, the Company will return all Application Monies (without interest) in accordance with the Corporations Act.

### **3.15 CHESS**

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Share Registry and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

### **3.16 Ineligible Shareholders**

The Entitlement Offer is not being extended to Shareholders with a registered address outside Australia, New Zealand, Hong Kong, Singapore and United Kingdom (**Ineligible Shareholders**). The Company is of the view that it is unreasonable to make the Entitlement Offer to Shareholders outside Australia, New Zealand, Hong Kong, Singapore and United Kingdom, having regard to:

- (a) the number of those Shareholders;
- (b) the number and value of New Shares to be offered to those persons; and
- (c) the cost of complying with overseas legal requirements.

**This Prospectus and accompanying Application Forms do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such Offers.**

Shareholders resident in Australia, New Zealand, Hong Kong, Singapore and United Kingdom holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Entitlement Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

### **3.17 Taxation implications**

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for New Shares.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. Applicants should consult their own professional tax adviser to obtain advice in relation to the taxation laws, regulations and implications applicable to their personal circumstances.

### **3.18 Major activities and financial information**

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2017 is contained in the Annual Report which is available on the Company's website at <http://www.pacificenergy.com.au>.

A summary of the major activities and financial information relating to the Company for the half year ended 31 December 2017 is contained in the Half Yearly Report which is available on the Company's website at <http://www.pacificenergy.com.au>.

The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Annual Report for the year ended 30 June 2017 with ASX on 20 October 2017 are detailed in Section 8.1.

Copies of these documents are available free of charge from the Company or the Company's website: <http://www.pacificenergy.com.au>. Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Offers.

### **3.19 Privacy**

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes detailed in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on Application Form, the Company may not accept or process your Application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

### **3.20 Enquiries concerning Prospectus**

Any questions in relation to this Prospectus should be directed to the Company Secretary by telephone on +61 (08) 9303 8888.

## 4. Effect of the Offers

### 4.1 Capital structure on completion of the Offers

On the basis that the Company completes the Offers, the Company's capital structure will be as follows:

	Number of Shares	Number of Options	Number of Performance Rights
		1,000,000 <sup>1</sup>	
		2,000,000 <sup>2</sup>	
		2,000,000 <sup>3</sup>	
<b>Balance as at the date of this Prospectus</b>	386,065,290	1,000,000 <sup>4</sup>	76,802 <sup>8</sup>
		1,000,000 <sup>5</sup>	
		2,000,000 <sup>6</sup>	
		2,000,000 <sup>7</sup>	
<b>Entitlement Offer</b>	42,896,144 <sup>9</sup>	-	-
<b>TOTAL</b>	<b>428,961,434</b>	<b>11,000,000</b>	<b>76,802</b>

**Notes:**

- (1) 1,000,000 Unquoted options exercisable at \$0.55 on or before 2 June 2020.
- (2) 2,000,000 Unquoted options exercisable at \$0.60 on or before 2 June 2020.
- (3) 2,000,000 Unquoted options exercisable at \$0.65 on or before 2 June 2020.
- (4) 1,000,000 Unquoted options exercisable at \$0.80 on or before 31 March 2021.
- (5) 1,000,000 Unquoted options exercisable at \$0.90 on or before 31 March 2022.
- (6) 2,000,000 Unquoted options exercisable at \$0.80 on or before 24 April 2023.
- (7) 2,000,000 Unquoted options exercisable at \$0.90 on or before 24 April 2023.
- (8) Unquoted fully vested performance rights.
- (9) Assuming no Options are exercised and no Performance Rights vest before the Record Date and the Entitlement Offer is fully subscribed or placed under the Shortfall Offer.

### 4.2 Commitments to take up Entitlements

The Company has received firm commitments from the following Shareholders that they intend to take up their Entitlement in full:

Shareholder	Current Number of Shares	Current Voting Power (%)	Entitlement
Kenneth Hall (and his associated entities)	188,340,505	48.78	20,926,723
Stuart Foster (and his associated entity)	4,063,442	1.05	451,494
Cliff Lawrenson (and his associated entity)	1,039,614	0.27	115,513

### 4.3 Dilution and potential effect on control

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by the following percentages:

Example Shareholder	Holding as at Record Date	% as at record Date	Entitlement	Holding if Entitlement not taken up	% following allotment of New Shares
Shareholder 1	10,000	0.003	1,112	10,000	0.002
Shareholder 2	20,000	0.005	2,223	20,000	0.005
Shareholder 3	50,000	0.013	5,556	50,000	0.012
Shareholder 4	100,000	0.026	11,112	100,000	0.024

Note: The dilutionary effect in the above table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. If Entitlements not accepted are not subsequently placed under the Shortfall Offer, the dilution to each shareholder not accepting their Entitlement will be less.

### Mr Kenneth Hall

At the date of this Prospectus, Mr Kenneth Hall, Director, (and his associated entities) is a substantial Shareholder and has a relevant interest in 188,340,505 Shares (constituting a voting power of 48.78%). Mr Hall has agreed to subscribe for his full Entitlement.

### Entitlement Offer is fully subscribed (no Shortfall)

The following table show the number of Shares held by, and approximate voting power of, Mr Kenneth Hall, IOOF Holdings Limited and Commonwealth Bank of Australia after completion of the Entitlement Offer, assuming all Eligible Shareholders fully subscribe for their Entitlement.

Substantial Shareholder	Date of Prospectus		Entitlement Offer is fully subscribed (no Shortfall)	
	Number of Shares	Voting Power (%)	Number of Shares	Voting Power (%)
Kenneth Hall (and his associated entities)	188,340,505	48.78%	209,267,228	48.78%
IOOF Holdings Limited	45,482,912	11.78%	50,536,569	11.78%
Commonwealth Bank of Australia	19,359,839	5.01%	21,510,932	5.01%

### Entitlement Offer is not fully subscribed (various levels of Shortfall)

The following table shows the number of Shares held by, and approximate voting power of, Mr Kenneth Hall, IOOF Holdings Limited and Commonwealth Bank of Australia after completion of the Entitlement Offer, assuming different levels of acceptances by other Eligible Shareholders and no Eligible Shareholders or other investors apply for additional Shares under the Shortfall Offer.

Substantial Shareholder	75% acceptance of Entitlements by other Eligible Shareholders		50% acceptance of Entitlements by other Eligible Shareholders		0% acceptance of Entitlements by other Eligible Shareholders	
	Number of Shares	Voting Power (%)	Number of Shares	Voting Power (%)	Number of Shares	Voting Power (%)
Kenneth Hall (and his associated entities)	209,267,228	49.21%	209,267,228	49.64%	209,267,228	50.52%
IOOF Holdings Limited	50,536,569	11.88%	50,536,569	11.99%	50,536,569	12.20%
Commonwealth Bank of Australia	21,510,932	5.06%	21,510,932	5.10%	21,510,932	5.19%

The above tables have been prepared on the assumption Mr Kenneth Hall, IOOF Holdings Limited and Commonwealth Bank of Australia subscribe for their full Entitlement.

The information above assumes that none Mr Kenneth Hall, IOOF Holdings Limited and Commonwealth Bank of Australia acquires or disposes of a relevant interest in any Shares after the date of this Prospectus but before the Record Date.

#### 4.4 Pro-forma statement of financial position

Set out on the following pages are the Company's Consolidated Statement of Financial Position as at 30 June 2017 (audited) and the Company's Pro-Forma Consolidated Statement of Financial Position as at 31 December 2017 (unaudited) (**Statements**).

The Statements are presented in abbreviated form insofar as they do not include all the disclosures that are present in annual financial reports as required by Australian Accounting Standards. The significant accounting policies that underpin the Statements are the same policies as those outlined in the Company's Annual Report for the year ended 30 June 2017.

The Statements have been prepared on the basis that there are no material movements in the assets and liabilities of the Company between 30 June 2017 and the completion of the Offers except for:

- (a) Contract Power Acquisition;
- (b) NovaPower Acquisition (completed 20 December 2017);
- (c) at full subscription of the Entitlement Offer, the issue of 42,896,144 New Shares at 50 cents each (subject to rounding and assuming that no Options are exercised and no Performance Rights vest before the Record Date) to raise up to \$21.45 million (before associated costs); and
- (d) estimated costs and fees of the Offers of \$67,488.

The accounting policies adopted in the preparation of the pro forma balance are consistent with the accounting policies adopted and described in the Company's Financial Report for the year ended 30 June 2017 and should be read in conjunction with that Financial Report.

No allowance has been made for expenditure incurred in the normal course of business from the date of this Prospectus to the Closing Date.

	Reviewed 31-Dec-17 \$m's	Pro-Forma Adjustment \$m's	Unaudited Pro- Forma 31-Dec-17 \$m's
<b>ASSETS</b>			
Cash	4.56		4.56
Trade & other receivables	7.88		7.88
Inventory	1.26		1.26
<b>Total current assets</b>	<b>13.70</b>	<b>0.00</b>	<b>13.70</b>
Cash	0.10		0.10
Investment	0.00		0.00
Property, plant & equipment	174.61	54.00	228.61
Intangible assets (net)	23.63	36.00	61.63
<b>Total non-current assets</b>	<b>198.33</b>	<b>90.00</b>	<b>290.33</b>
<b>Total assets</b>	<b>212.03</b>	<b>90.00</b>	<b>304.03</b>
<b>LIABILITIES</b>			
Trade & other payables	5.63		5.63
Employee benefits	0.79		0.79
Provisions	1.21		1.21
Current tax liabilities	0.76		0.76
Loans & borrowings	7.00		7.00
<b>Total current liabilities</b>	<b>15.38</b>	<b>0.00</b>	<b>15.38</b>
Loans & borrowings	36.14	65.60	101.74
Provisions	1.27		1.27
Employee benefits	0.14		0.14
Derivative financial instruments	0.12		0.12
Deferred tax liabilities	11.03		11.03
<b>Total non-current liabilities</b>	<b>48.69</b>	<b>65.60</b>	<b>114.29</b>
<b>Total liabilities</b>	<b>64.07</b>	<b>65.60</b>	<b>129.67</b>
<b>Net assets</b>	<b>147.96</b>	<b>24.40</b>	<b>174.36</b>
<b>EQUITY</b>			
Share capital	111.68	24.40	138.08
Reserves	0.04		0.04
Retained earnings	36.24		36.24
<b>Total equity</b>	<b>147.96</b>	<b>24.40</b>	<b>174.36</b>



## 5. Action required by Applicants

### 5.1 What Eligible Shareholders may do

Your entitlement to participate in the Entitlement Offer will be determined on the Record Date. The number of New Shares to which Eligible Shareholders are entitled to is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) accept all of their Entitlement (refer to Section 5.2);
- (b) accept all of their Entitlement and apply for Shortfall Shares (refer to Section 5.3);
- (c) sell all of their Entitlement on ASX (refer to Section 5.4);
- (d) accept a proportion of their Entitlement and sell the balance on ASX (refer to Section 5.5);
- (e) accept a proportion of their Entitlement and allow the balance to lapse (refer to Section 5.6);
- (f) sell all or a proportion of their Entitlement other than on ASX (refer to Section 5.7);  
or
- (g) not take up their Entitlement (refer to Section 5.8).

If you are an Eligible Shareholder and wish to accept all or part of your Entitlement:

- (a) carefully read this Prospectus in its entirety;
- (b) consider the risks associated with an investment in the Company (refer to Section 6) in light of your personal circumstances;
- (c) complete the relevant personalised Entitlement and Acceptance Form in accordance with the instructions contained in this Prospectus and detailed in the accompanying Entitlement and Acceptance Form; and
- (d) return the completed Entitlement and Acceptance Form together with the Application Monies (in full) in accordance with Section 5.10, so that it is received at the following address by no later than 5.00pm (WST) on the Closing Date:

Mailing Address	Hand Deliver Address
GPO Box 505 Melbourne VIC 3001	338 Gnangara Road Landsdale WA 6065

### 5.2 Acceptance of ALL of your Entitlement under the Entitlement Offer

If you wish to accept all of your Entitlement, then applications for New Shares must be made on the accompanying Entitlement and Acceptance Form in accordance with the instructions in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full), in accordance with Section 5.10, to the Share Registry so that it is received at the address listed in Section 5.1 by no later than 5.00pm (WST) on the Closing Date.

### **5.3 Acceptance of ALL of your Entitlement and applying for Shortfall Shares**

If you wish to accept all of your Entitlement and apply for New Shares in excess of your Entitlement by applying for Shortfall Shares, then applications for Shortfall Shares must be made by completing the relevant sections in the Entitlement and Acceptance Form, in accordance with the instructions in the Prospectus and on the accompanying Entitlement and Acceptance Form. There is no limit to the amount of New Shares you may subscribe for under the Shortfall Offer. Please read the instructions on the Entitlement and Acceptance Form carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full), in accordance with Section 5.10, to the Share Registry so that it is received at the address listed in Section 5.1 by no later than 5.00pm (WST) on the Closing Date.

### **5.4 Selling ALL of your Entitlement on ASX**

The Entitlements under the Offer are renounceable, which means that all or part of an Eligible Shareholder's Entitlement may be traded on ASX. If you wish to sell all of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement which you wish to sell on ASX. You may incur brokerage costs if you sell your Entitlements on ASX. Trading of Entitlements will commence on ASX on 1 May 2018 and cease on 21 May 2018.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

This Prospectus, along with your Entitlement and Acceptance Form, will be dispatched on 7 May 2018. The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to you if you trade your Entitlements before the Entitlements are allotted, or before you receive your Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by the Company or otherwise.

### **5.5 Acceptance of PART of your Entitlement and selling the balance on ASX**

Should you wish to only take up part of your Entitlement, then applications for New Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full), in accordance with Section 5.10, to the Share Registry so that it is received at the address listed in Section 5.1 by no later than 5.00pm (WST) on the Closing Date.

Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX.

### **5.6 Acceptance of PART of your Entitlement and allowing the balance to lapse**

If you wish to take up part of your Entitlement and allow the balance to lapse, complete the personalised Entitlement and Application Form in accordance with the instructions referred to in this Prospectus and the instructions detailed on the form, including the number of New shares you wish to accept and the Application Monies (calculated at 50 cents per New Share accepted). Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (calculated at 50 cents per New Share accepted), in accordance with Section 5.10, to the Share Registry so that it is received at the address listed in Section 5.1 by no later than 5.00pm (WST) on the Closing Date.

If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

## **5.7 Selling all or a proportion of your Entitlement other than on ASX**

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder were they a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a Shareholder on the Issuer Sponsored subregister and you wish to transfer all or a proportion of your Entitlement to another person, other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) accompanied by the applicable transferee's cheque for the New Shares they wish to subscribe for in Australian dollars, crossed "Not Negotiable" and made payable to "Pacific Energy Limited" and lodged at any time after the Opening Date and no later than 5.00pm (WST) on the Closing Date at the Share Registry (by post) at the address listed in Section 5.1.

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS subregister, you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf.

If the Company receives both a completed renunciation form and a completed Entitlement and Acceptance Form in respect of the same Entitlement, the renunciation will be given effect in priority.

The Application Monies for New Shares the transferee of the Entitlement wants to acquire must be received by the Share Registry by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Pacific Energy Limited" and lodged at any time after the Opening Date and no later than 5.00pm (WST) on the Closing Date at the Share Registry (by post) at the address listed in Section 5.1.

## **5.8 Entitlement not taken up**

If you do not wish to accept any of your Entitlement under the Entitlement Offer, you are not obliged to do anything. You will receive no benefit or New Shares and your Entitlement under the Entitlement Offer will become Shortfall Shares.

The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your Entitlement.

## **5.9 Entitlement acquired on ASX**

A transferee who acquires an Entitlement on ASX will not receive a Prospectus or an Entitlement and Acceptance Form. The process in place for the transferee to exercise an Entitlement acquired on ASX is governed by the arrangements in place between the transferee and their stockbroker, and may vary between stockbrokers. The transferee should contact their stockbroker for instructions as to the most appropriate way participate in the Offers and to take up their Entitlement.

The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to transferees who acquire Entitlements and fail to take up all or a proportion of that Entitlement.

## **5.10 Payment**

The offer price of New Shares under the Entitlement Offer or Shortfall Offer is 50 cents per New Share.

For Eligible Shareholders participating in the Entitlement Offer, Application Monies must be received by the Company by 5.00pm (WST) on the Closing Date.

Completed Application Forms must be accompanied by a cheque, bank draft or money order drawn in Australian dollars, made payable to 'Pacific Energy Limited' and crossed 'Not Negotiable'.

Eligible Shareholders participating in the Entitlement Offer, and who wish to pay via BPAY<sup>®</sup> must follow the instructions on the Entitlement and Acceptance Form. You will be deemed to have accepted all or part of your Entitlement (as applicable) upon receipt of the BPAY<sup>®</sup> payment by the Company.

If paying via BPAY<sup>®</sup>, Eligible Shareholders should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment and it is the responsibility of Eligible Shareholders to ensure that funds are submitted through BPAY<sup>®</sup> by the date and time mentioned above. If you elect to pay via BPAY<sup>®</sup>, you must follow the instructions for BPAY<sup>®</sup> detailed in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

The Company shall not be responsible for any postal or delivery delays, or delay in the receipt of the BPAY<sup>®</sup> payment.

## **5.11 Representations by Applicants**

By completing and returning an Application Form or paying any Application Monies by BPAY<sup>®</sup>, in addition to the representations set out elsewhere in this Prospectus and the Application Form, you:

- (a) if participating in the Entitlement Offer, represent to the Company that you are an Eligible Shareholder;
- (b) acknowledge that you have received a copy of this Prospectus and an accompanying Application Form, and read them both in their entirety;
- (c) agree to be bound by the terms of the Offers, the provisions of this Prospectus and the Constitution;
- (d) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (e) declare that all details and statements in the Application Form are complete and accurate;
- (f) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (g) acknowledge that once the Application Form is returned, or a BPAY<sup>®</sup> payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law;
- (h) agree to accept and be issued up to the number of New Shares specified in the Application Form at the issue price of 50 cents per New Share;
- (i) authorise the Company and its respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Application Form;
- (j) if participating in the Entitlement Offer, declare that you were the registered holder at 5.00pm (WST) on the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you at 5.00pm (WST) on the Record Date;

- (k) acknowledge the statement of risks in Section 6 and that an investment in the Company is subject to risk;
- (l) represent and warrant that the law of any place does not prohibit you from being given this Prospectus and the Application Form, nor does it prohibit you from accepting New Shares and that if you participate in the Entitlement Offer, that you are eligible to do so; and
- (m) if you are in the United States, you certify that you:
  - (i) are an "accredited investor" (as defined in Rule 501(a) under the U.S. Securities Act of 1933) and are acquiring the New Shares for your own account with the present intention of holding the New Shares for the purpose of investment and not with the intention of selling the New Shares in a public distribution in violation of the U.S. federal securities laws or any applicable state securities laws;
  - (ii) understand that:
    - (A) no U.S. federal or state securities commission has recommended nor considered the merits of any investment in the New Shares;
    - (B) the New Shares have not been registered under the Securities Act or the securities laws of any state; and
    - (C) the New Shares cannot be transferred or resold unless they are (i) registered under the Securities Act; (ii) sold or transferred in a transaction exempt from registration under the Securities Act and applicable state securities laws; or (iii) sold outside the United States in compliance with Regulation S under the Securities Act, including in regular way transactions on the ASX if neither it nor any person acting on its behalf knows, or has reason to know, that the sale has been prearranged with a person in the United States;
  - (iii) confirm that you:
    - (A) are knowledgeable in relation to the business of the Company and capable of evaluating the merits and risks of its investment in the New Shares, including income tax consequences of acquiring, owning and disposing of the New Shares;
    - (B) have been afforded access to information about the New Shares, the Company's financial condition, results of operations, business, property, management and prospects sufficient to enable it to invest in the New Shares (including reviewing any offer document prepared by the Company and documents it has filed with ASX);
    - (C) understands that the purchase of the New Shares involves substantial risks; and
    - (D) are able to bear the economic risk of its investment in the New Shares;
  - (iv) agree not to forward any offer document prepared by the Company to any person; and
  - (v) understands that the New Shares will constitute "restricted securities" (within the meaning of Rule 144 under the Securities Act) and, for so long as they remain restricted securities, such New Shares may not be

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deposited in any unrestricted American Depositary Receipt facility of the Company.

**5.12 Brokerage**

No brokerage or stamp duty is payable by Eligible Shareholders who accept their Entitlement.

**5.13 Enquiries concerning your Entitlement**

If you have any questions in relation to your Entitlement under the Entitlement Offer, please contact the Company Secretary by telephone on +61 (08) 9303 8888.

## 6. Risks

The New Shares are considered speculative and carry no guarantee with respect to the payment of dividends or returns of capital. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consult their professional advisers and consider the risks described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for New Shares.

The following list of risks ought not to be taken as exhaustive of all the risks faced by the Company, the Group or by Shareholders. The proposed future activities of the Group are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be managed and mitigated by planning and the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Group or the Directors and cannot be mitigated.

### 6.1 Specific Risks

#### (a) Operating and Reputational Risk

The Group is, and will continue to be, exposed to a range of operational risks relating to current and future operations. These include equipment failures and other accidents, industrial action or disputes, lease renewals, damage by third parties, floods, fire, major cyclone, earthquake, lightning strike, terrorist attack or other disaster. In the event existing insurance arrangements do not cover an operational issue, this could have a material adverse effect on the operating and financial performance of the Group. Specifically, equipment breakdown at one of the Group facilities may impact the Group's ability to meet forecasts. Any prolonged supply downtime may have an impact on the Group's ability to fulfil customer demands and have an adverse effect on the Group's reputation, operating and financial performance.

#### (b) Contractual Risk

The Group's ability to conduct its business and generate income is derived from power purchase agreements, build own operate and transfer agreements and power supply agreements (**Client Contracts**) with its customers. Any termination of one or more Client Contracts may affect the Group's financial performance. There is no certainty regarding the ability of the Group to enter into new Client Contracts, nor any certainty regarding the term that may apply to any new Client Contracts that are executed. Additionally, when an existing Client Contracts expires, there is no guarantee that the Client Contracts will be renewed, nor any certainty regarding the terms that may apply to any such renewals.

While the Group is actively seeking to negotiate extensions or renewals of such contracts, there is no guarantee that these contracts will be renewed, nor any certainty regarding the terms that may apply to any such renewal.

#### (c) Additional Capital

The Group has significant borrowings, of approximately \$102 million assuming successful completion of this Entitlement Offer. The Group's debt facilities include common financial and non-financial covenants which could limit the Group's future financial flexibility.

The Group's ability to make new acquisitions, investments and its ability to develop new generation projects may depend on it obtaining new capital on competitive terms in a timely manner. There is no assurance that additional equity or debt capital will be available to the Group in the future on favourable terms or at all. Failure to do so may limit The Group's ability to grow and may adversely affect the Group's future prospects and financial performance.

(d) **Risks relating to Debt Facilities**

The Group's debt facilities identify various events standard for facilities of this type which if come into fruition in the future may constitute an event of default or review event under the facilities. The occurrence of an event of default may entitle the Group's lenders to exercise certain rights, including the acceleration of repayment of outstanding moneys on the debt facilities and the enforcement of the lenders' security interests. The occurrence of a review event, subject to 30 day negotiation period between the Group and the lenders, may entitle the lenders to exercise certain rights including requiring repayment of outstanding moneys.

In particular, the Group is required to obtain shareholder approval pursuant to section 260B of the Corporations Act in respect of the debt facilities security interest associated with the Contract Power acquisition, being security granted by Contract Power Australia Pty Ltd, within 60 days of 24 April 2018. A failure to obtain shareholder approval is an event of default under the debt facilities. It is also a condition of the Group's debt facilities that the Group is required to raise at least \$20,000,000 within 3 months of 24 April 2018. A failure to satisfy this condition results in a review event under the debt facilities.

The exercise of any such rights by the lenders under the Group's debt facilities could have a material adverse effect on the Group's activities and financial condition.

(e) **Reliance on Key Personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Group depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of the Group or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

(f) **Changes in government policies and legislation**

Any material adverse changes in government policies or legislation of Australia, or any other country where the Group may acquire economic interests, may affect the viability and profitability of the Group.

Changes in relevant tax, legal and administrative regimes and government policies in Australia may adversely affect the financial performance of the Group.

(g) **Failing to Convert Pipeline Opportunities into Binding Contracts**

The success of the Group's growth strategy, is highly dependent upon securing customers and converting trial or pipeline customers into ongoing, revenue producing customer relationships. For new green field and existing brown field projects, prospective clients often engage expert teams to research the latest technology for incorporation into their power delivery plans. The importance of educating customers as to the benefits of the Group's products therefore becomes paramount. Any inability of the Group to educate and attract new clients, convert trial and pipeline clients and/or obtain repeat client orders is likely to materially adversely affect the Group's business and performance. There is no guarantee that the Group will be able to attract new client or convert pipeline or trial relationships into ongoing client relationships.

(h) **Integration Risk**

There are risks that any integration between the businesses of the Company and Contract Power may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated. These risks include



possible differences in the management culture of the two groups and the potential loss of key personnel.

(i) **Competition Risk**

The Group's earnings and market share could come under threat from aggressive domestic and overseas market competitors. Competition may be based on factors including price, service, product differentiation and quality, production capability, innovation, growth, capital accessibility and turnaround times. The Group's success is built on the key features of its offering, being innovation, strong long term client relationships, quality, reliability and durability. However, there remains a risk that established businesses in adjacent markets may look to produce comparable products and offer similar services to the Group, with a different cost structure and business model and/or spare capacity. Furthermore, the Group relies on its key management and its ability to attract and retain experienced and high performing personnel. Subject to contractual restraints, key management could establish a business in competition with the Group's business. These factors, individually or in combination, may impact materially on the Group's operations and profitability.

(j) **Construction Risk**

New power generation plants under construction are exposed to risks associated with the project not being completed on time, on budget, or in accordance with specifications. Increased costs and/or timing delays may delay or reduce the expected cash flows on a project and consequently impact the Group's operating and financial performance.

(k) **Supply Chain**

Any disruption or external market condition limiting the supply or increasing the cost of components, consumables or raw materials to the Group could have a material adverse impact on the Group's profitability. The Group relies on the procurement of components, consumables and raw materials used in operation from its existing extensive network of local and international suppliers.

(l) **Intellectual Property**

The Group's ability to fully leverage its expertise and innovation depends upon its ability to use and protect its intellectual property and any improvements to it. Such intellectual property may not be capable of being legally protected, it may be the subject of unauthorised disclosure or unlawfully infringed, or the Group may incur substantial cost in asserting or defending its intellectual property rights.

(m) **Failing to Match Production to Demand**

The Group's objectives are dependent on its ability to meet commercial demand for its products and services. This is particularly true in relation to the Group's hybrid & micro-grid offers, where the Group is seeking to establish footholds in a relatively immature market. There is a risk that the Group will not be able to increase its power production capacity quickly enough, while maintaining appropriate quality standards, to meet incoming demand. Any inability to meet demand (including as to compliance with quality standards) could result in lost revenue, breach of contract and may also cause reputational damage with particular customers and in the market more broadly, affecting the Group's financial performance and position.

(n) **Concentration of Shareholding**

Following completion of the Offers and assuming all New Shares are issued, Kenneth Hall (via his controlled entities) will have an interest in 48.78% of the Shares on issue. Consequently, Kenneth Hall will continue to be in a position to exert significant influence over the outcome of matters relating to the Group, including the election of Directors. Whilst the interests of the Group, Kenneth Hall

and other Shareholders are likely to be consistent in most cases, there may be instances where their respective interests diverge. The concentration of ownership of Kenneth Hall may also affect the liquidity of the market for Shares on ASX which may, in turn, limit the prospects of the Group being freely traded.

(o) **Insurance Risk**

The Group currently insures its operations in accordance with industry practice. However, in certain circumstances, the Group's insurance may not be of a nature or level to provide adequate liability cover. The occurrence of an event that is not covered or fully covered by insurance such as electricity supply defect or failure could have a material adverse effect on the business, financial condition and results of the Group.

(p) **Litigation**

All industries, including the industrial power supply industry, are subject to legal claims, with and without merit. The Group may be involved from time to time in various routine legal proceedings, which include labour matters such as unfair termination claims, supplier matters and property issues incidental to its business. All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs associated with litigation can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process and dealings with the regulatory bodies, there can be no assurance that the resolution of any particular legal or regulatory proceeding will not have a material adverse effect on the Group's future cash flow, results of operations or financial condition.

(q) **Occupational Health and Safety Risk**

The industrial power supply industry is an inherently hazardous industry, and is subject to increasing occupational health and safety responsibility and liability. The potential for significant loss and liability is a constant risk. If the Group fails to comply with necessary occupational health and safety legislative requirements, it could result in fines, penalties and compensation for damages as well as reputational damage.

(r) **Ability to Attract Key Personnel**

The Group's success depends, in part, on its ability to identify, attract, motivate and retain suitably qualified management personnel. Competition for qualified and experienced staff is strong. The inability to access and train the services of a sufficient number of qualified and experienced staff could be disruptive to the Group's development efforts or business development and could materially adversely affect its operating results.

## 6.2 General risks

(a) **Price of Shares**

The Shares are subject to general market risks applicable to all securities listed on a stock exchange. This may result in fluctuations in the Share price that are not explained by the performance of the Company.

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors, some of which may not relate directly or indirectly to the Company's performance or prospects.

There is no assurance that the price of the Shares will increase in the future, even if the Company's earnings increase.

Some of the factors which may affect the price of the Shares include:

- (i) fluctuations in the domestic and international markets for listed stocks;
- (ii) general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices or changes to government;
- (iii) fiscal, monetary or regulatory policies, legislation or regulation;
- (iv) inclusion in or removal from market indices;
- (v) the nature of the markets in which the Company operates;
- (vi) general operational and business risks;
- (vii) variations in sector performance, which can lead to investors exiting one sector to prefer another; and
- (viii) initiatives by other sector participants which may lead to investors switching from one stock to another.

Deterioration of general economic conditions may also affect the Company's business operations, and the consequent returns from an investment in Shares.

In the future, the sale of large parcels of Shares may cause a decline in the price at which the Shares trade on ASX.

**(b) Tax law and application**

The application of and change in relevant tax laws (including income tax, goods and services tax (or equivalent), rules relating to deductible liabilities and stamp duty), or changes in the way those tax laws are interpreted, will or may impact the tax liabilities of the Group or the tax treatment of a Shareholder's investment. An interpretation or application of tax laws or regulations by a relevant tax authority that is contrary to the Group's view of those laws may increase the amount of tax paid or payable by the Group.

Both the level and basis of tax may change. Any changes to the current rate of company income tax (in Australia or other countries in which the Group operates) and / or any changes in tax rules and tax arrangements (again in Australia or other countries in which the Group operates) may increase the amount of tax paid or payable by the Group, may also impact Shareholder returns and could also have an adverse impact on the level of dividend franking / conduit foreign income and Shareholder returns. In addition, an investment in Shares involves tax considerations which may differ for each Shareholder. Each Shareholder is encouraged to seek professional tax advice in connection with any investment in the Group.

**(c) Force majeure events**

Events may occur within or outside Australia that could impact upon global, Australian or other local economies relevant to the Group's financial performance, the operations of the Group and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Group's services and its ability to conduct business. The Group has only a limited ability to insure against some of these risks.

**(d) Accounting standards**

Australian Accounting Standards (**AAS**) are adopted by the AASB and are not within the control of the Group and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and

recognition of key statement of profit or loss and statement of financial position items. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss or statement of financial position items may differ. Any changes to the AAS or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of the Group.

(e) **Shareholder dilution**

In the future, the Group may elect to issue further Shares in connection with fundraisings, including to raise proceeds for acquisitions. While the Group will be subject to the constraints of the Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such fundraisings.

(f) **Expected future events may not occur**

Certain statements in this Prospectus constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Given these uncertainties, prospective investors should not place undue reliance on such forward looking statements. In addition, under no circumstances should forward looking statements be regarded as a representation or warranty by the Group, or any other person referred to in this Prospectus, that a particular outcome or future event is guaranteed.

(g) **General economic and financial market conditions**

The operating and financial performance of the Group is influenced by a variety of general domestic and global economic and business conditions that are outside the control of the Group. There is a risk that prolonged deterioration in general economic conditions may impact the demand for the Group's products and negatively impact the Group's financial performance, financial position, cash flows, dividends, growth prospects and Share price.

### **6.3 Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company, or the Group, or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Group and the value of the New Shares offered under this Prospectus. Therefore, the New Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

## 7. Rights attaching to New Shares

### 7.1 Rights attaching to New Shares

A summary of the rights attaching to Shares is set out below. The New Shares issued under this Prospectus will rank *pari passu* in all respects with existing Shares. This summary is qualified by the full terms of the Company's Constitution and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Company's Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to shares in any specific circumstances, the Shareholder should seek legal advice.

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### (a) **General meetings**

Directors may call a meeting of Shareholders whenever they think fit. Members may call a meeting as provided by the Corporations Act. All Shareholders are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of Shareholders is 3 eligible voters.

The Company will hold annual general meetings in accordance with the Corporations Act and the Listing Rules.

Shareholders are entitled to be present in person, or by proxy, attorney or representative (in the case of a company) to speak and to vote at general meetings of the Company.

#### (b) **Voting**

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company on a show of hands, every Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote and upon a poll, every Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote for any Share held by the Shareholder.

A poll may be demanded by the chairperson of the meeting, any 5 Shareholders entitled to vote in person or by proxy, attorney or representative or by any one or more Shareholders holding not less than 5% of the total voting rights of all Shareholders having the right to vote.

#### (c) **Dividends**

The Directors may declare and authorise the distribution from the profits of the Company, dividends to be distributed to Shareholders according to their rights and interests. The Directors may before declaring any dividend set aside reserves out of the profits of the Company which at the Directors' discretion may be used in the business of the Company or be invested in such investments as the Directors think fit. Except to the extent that the terms of issue of shares provide otherwise, each dividend must be distributed according to the amount paid up on the Share in a manner calculated in accordance with the Constitution.

(d) **Winding up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) **Transfer of shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, and to the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia.

(f) **Issue of further Shares**

The Directors may, subject to any restrictions imposed by the Constitution and the Corporations Act, allot, issue, grant options over, or otherwise dispose of, further Shares with or without preferential rights on such terms and conditions as they see fit.

(g) **Directors**

The business of the Company is to be managed by or under the direction of the Directors.

Directors are not required under the Constitution to hold any Shares.

Unless changed by the Company in general meeting, the minimum number of Directors is 3 and the maximum is 10. The existing Directors may appoint a new Director to fill a casual vacancy or as an addition to the Board. Any such Director must retire at the next following annual general meeting of the Company (at which meeting he or she may be eligible for election as a Director).

The Constitution contains provisions relating to the rotation and election of directors. No Director other than the Managing Director may hold office later than the third annual general meeting after his or her appointment or election, without submitting himself or herself for re-election.

For a person to be eligible for election as a Director, a nomination for the office of Director and the written consent of the proposed director must be received at the Company's registered office not later than 30 Business Days before the meeting.

(h) **Offer of shares**

Subject to the requirements of the Corporations Act and if applicable, the Listing Rules, the issue of Shares by the Company is under the control of the Directors. Under the Constitution the Company is empowered, without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, to issue shares with preferred, deferred or other rights.

(i) **Variation of shares and rights attaching to shares**

Shares may be converted or cancelled with member approval and the Company's share capital may be reduced in accordance with the requirements of the Corporations Act.

Class rights attaching to a particular class of shares may be varied or cancelled with the consent in writing of holders of 75% of the shares in that class or by a special resolution of the holders of shares in that class.

(j) **Share buy-backs**

The Company may buy-back Shares in itself in accordance with the provisions of the Corporations Act.

(k) **Indemnity and insurance of officers**

Under the Constitution, the Company is obliged, to the extent permitted by law, to indemnify a Director or secretary (and may indemnify an officer) of the Company against liabilities incurred by that person in their capacity, against costs and expenses incurred by the person in successfully defending civil or criminal proceedings, and against any liability which arises out of conduct not involving a lack of good faith.

To the extent permitted by law, the Company may also pay the premium on any insurance policy for any person who is or has been, an officer against a liability incurred by that person in his or her capacity as an officer of the Company, provided that the liability does not arise out of conduct involving a wilful breach of duty.

(l) **Changes to the constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(m) **Listing Rules**

Provided the Company remains admitted to the Official List of the ASX, then despite anything in the Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Constitution will be deemed to comply with the Listing Rules, as amended from time to time.

## **7.2 Dividend policy**

As announced on 23 March 2018, the Company has suspended its dividends for a period of one year. The Company may review its funding and capital management strategy and may if circumstances change review its suspension of dividend payments.

Any future determination as to the payment of dividends by the Company will be at the sole discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

## 8. Additional information

### 8.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act, and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares are in the same class as Shares that have been quoted on the official list of the ASX during the three months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities, or operation to acquire securities, in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, the financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the closing date of the Entitlement Offer:
  - (i) the annual financial report of the Company for the financial year ended 30 June 2017 being the most recent annual financial report of the Company lodged with ASIC before the issue of this Prospectus; and
  - (ii) the half year financial report of the Company for the six months ended 31 December 2017 lodged with ASIC after the lodgement of the annual financial report mentioned in paragraph (i) and before the issue of this Prospectus; and
  - (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in



paragraph (i) above until the issue of this Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of its annual report on 20 October 2017:

<b>Date</b>	<b>Description of Announcement</b>
20/10/17	2017 Corporate Governance Statement
20/10/17	Appendix 4G – Key to Corporate Governance Disclosures
23/10/17	Amended Notice of Meeting/Proxy Form
26/10/17	Pacific Energy Secures Additional Contracted Capacity
24/11/17	2017 AGM Presentation
24/11/17	Results of 2017 AGM
28/11/17	Power Supply Contract with Newmont Ming Services
29/11/17	Daily share buy-back notice – Appendix 3E
30/11/17	Daily share buy-back notice – Appendix 3E
30/11/17	Change of auditor
4/12/17	Pacific Energy Acquires NovaPower
5/12/17	Change in substantial holding from IFL
15/12/17	Appendix 3B (updated)
15/12/17	Notification of cancellation of shares – On Market Buy-Back
4/1/18	Change in substantial holding from IFL
15/1/18	Contracted Capacity continues to grow
20/2/18	Change in substantial holding from IFL
21/2/18	Pacific Energy FY18 Interim Results and Conference Call
22/2/18	Pacific Energy Reports Further Growth and Confirms Guidance
22/2/18	HY18 Results Investor Presentation
22/2/18	Interim Dividend and Dividend Reinvestment Plan (DRP)
22/2/18	Dividend/Distribution – PEA
27/2/18	Interim Dividend and Dividend Reinvestment Plan (DRP) (Correction)
22/3/18	Trading Halt

Date	Description of Announcement
23/3/18	Pacific Energy to Acquire Contract Power Group
23/3/18	HY Results including Contract Power Acquisition Presentation
27/3/18	Notice of Contract Power Group Acquisition & Conference Call
6/4/18	Becoming a substantial holder from CBA
13/4/18	Update - Dividend/Distribution - PEA
17/4/18	Change in substantial holding from IFL
17/4/18	Appendix 3B
20/4/18	Appendix 3Y - Change in Director's Interest Notice
20/4/18	Appendix 3Y - Change in Director's Interest Notice
26/4/18	Appendix 3B
26/4/18	Section 708A (5)(e) Cleansing Notice
26/4/18	Completion of Contract Power Acquisition

## 8.2 Interests of Directors

Except as disclosed in this Prospectus, no Director (or entity in which they are a partner or director) has, or has had in the two years before the date of this Prospectus, any interests in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or
- the Offers;

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- any Director to induce him or her to become, or to qualify as, a Director; or
- any Director for services which he or she (or entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offers.

## 8.3 Directors' Interests

As at the date of this Prospectus, the relevant interests of the Directors and their related entities in securities in the Company, are detailed in the table below.

Director	Shares held	Options held	Performance Rights	Entitlement to subscribe for New Shares under the Entitlement Offer <sup>(1)</sup>
Cliff Lawrenson	1,039,614	Nil	Nil	115,513
James Cullen	Nil	5,000,000	Nil	Nil

Director	Shares held	Options held	Performance Rights	Entitlement to subscribe for New Shares under the Entitlement Offer <sup>(1)</sup>
Kenneth Hall	188,340,505	Nil	Nil	20,926,723
Stuart Foster	4,063,442	Nil	Nil	451,494
Linton Putland	Nil	Nil	Nil	Nil

**Notes:**

1. The Entitlement shown assumes that none of the Options held by a Director are exercised prior to the Record Date.

At the date of this Prospectus, Mr Hall, Mr Lawrenson and Mr Foster have indicated that they intend to take up their Entitlements in full.

## 8.4 Directors' Remuneration

The remuneration (including superannuation and share based payments) of existing Directors for the past two financial years (30 June year-end) are as follows:

Director	Title	Financial Year to 30 June 2017	Financial Year to 30 June 2016
Cliff Lawrenson	Non-Executive Chairman	\$93,075	\$93,075
James Cullen	Managing Director and CEO	\$689,323	\$646,122
Kenneth Hall	Executive Director	\$289,275	\$289,275
Stuart Foster	Non-Executive Director	\$60,225	\$60,225
Linton Putland	Non-Executive Director	\$34,556	\$Nil

## 8.5 Interests of Other Persons

No promoter or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director) holds, has, and has not had in the two years before the date of this Prospectus, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- the Offers,

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to a promoter or any person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director), provided in connection with the formation or promotion of the Company or the Offers, except as disclosed in this Prospectus and as follows:

- DLA Piper Australia has acted as the Australian lawyers to the Company for the Offers. In respect of this work the Company will pay DLA Piper Australia approximately \$25,000. During the two years before the date of this Prospectus, DLA Piper Australia has provided the Company with legal services and was paid approximately \$325,000 for these services; and

- (e) Computershare Investor Services Pty Limited conducts the Company's share registry functions and will provide administrative services in respect to the proposed Share applications pursuant to this Prospectus. Computershare Investor Services Pty Limited will be paid for these services on standard industry terms and conditions.

The amounts disclosed above are exclusive of GST.

## 8.6 Related party transactions

At the date of this Prospectus, no material transactions with related parties and Directors interests exist that the Directors are aware of, other than those disclosed in this Prospectus.

## 8.7 Market price of Shares

The highest and lowest market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$0.563 (19 March 2018)

Lowest: \$0.510 (11 April 2018)

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.54 per Share on 23 April 2018.

## 8.8 Costs of the Offers

The indicative costs of the Offers payable by the Company (exclusive of GST) are as follows:

	(\$)
ASIC lodgement fee	\$2,400
ASX quotation fee	\$30,088
Legal expenses	\$25,000
Printing and other expenses	\$10,000
<b>TOTAL</b>	<b>\$67,488</b>

## 8.9 Taxation Implications

The acquisition and disposal of Shares will have taxation consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to take independent financial advice about the taxation and any other consequences of acquiring and selling the Shares.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of subscribing for New Shares.

## 8.10 Litigation and Claims

So far as the Directors are aware, other than as disclosed by the Company to ASX, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company (or any other member of the Group) is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company or the Group.

## 8.11 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, persons named in this Prospectus with their consent as proposed Directors of the Company, persons named in this Prospectus with their consent as having made a statement in this Prospectus and persons involved in a contravention in relation to this Prospectus, with regard to misleading or deceptive statements made in this Prospectus. Although the Company bears primary responsibility for this Prospectus, other parties involved in the preparation of this Prospectus can also be responsible for certain statements made in it.

Each of the following parties:

Name	Role
DLA Piper Australia	Lawyers
Computershare Investor Services Pty Limited	Share Registry
Mr James Cullen	Underwriter

- (a) has given its consent to be named in this Prospectus in the form and context in which it appears and has not withdrawn its consent at the date of lodgement of this Prospectus with ASIC;
- (b) makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Offers;
- (c) has not made or purported to have made any statement in this Prospectus or statement on which a statement in this Prospectus is based, except as described in this Section; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for this Prospectus other than a reference to its name and any statement or report included in this Prospectus with the consent of that party as described in this Section.

None of the parties referred to in this Section 8.11 has authorised or caused the issue of this Prospectus or the making of the Offers.

Each of the Directors has given their written consent to being named in this Prospectus in the context in which they are named and have not withdrawn their consent prior to lodgement of this Prospectus with ASIC.

## 8.12 Documents available for inspection

The following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus; and
- (b) the Constitution.

## 8.13 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

## 8.14 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the New Shares.

## **8.15 Electronic Prospectus**

Pursuant to Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic copy of this Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of New Shares and New Options in response to an electronic Application Form, subject to compliance with certain provisions. If you have received an electronic copy of this Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please contact the Company and the Company will send to you, free of charge, either a hard copy or a further electronic copy of this Prospectus or both.

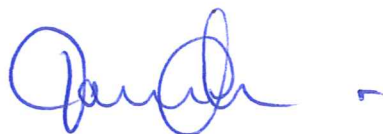
The Company reserves the right not to accept an Application Form from an Applicant if it has reason to believe that when that Applicant was given access to the electronic Application Form, it was not provided together with an electronic copy of this Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies shall be held by the Company on trust and returned (without interest) to the Applicant as soon as practicable.

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## 9. Authorisation

This Prospectus is authorised by each of the Directors.

This Prospectus is signed for and on behalf of the Company, pursuant to a resolution of the Board, by:



**James Cullen**  
**Managing Director and CEO**  
26 April 2018

## 10. Glossary

In this Prospectus, unless the context otherwise requires:

**\$** means Australian dollar.

**Annual Report** means the financial report lodged by the Company with ASIC in respect to the year ended 30 June 2017 and includes the corporate directory, review of activities, Shareholder information, financial report of the Company and its controlled entities for the year ended 30 June 2017, together with a Directors' report in relation to that financial year and the auditor's report for the period to 30 June 2017.

**Applicant** means a person who submits an Entitlement and Acceptance Form or Shortfall Application Form (as applicable).

**Application** means a valid application for New Shares under the Entitlement Offer made pursuant to an Entitlement and Acceptance Form or Shortfall Shares under the Shortfall Offer made pursuant to a Shortfall Application Form (as applicable).

**Application Form** means an Entitlement and Acceptance Form or Shortfall Application Form (as applicable).

**Application Monies** means application monies for New Shares received by the Company from an Applicant.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited ABN 98 008 624 691 and where the context permits, the market operated by it.

**ASX Settlement Rules** means ASX Settlement Operating Rules of the ASX.

**Board** means the board of Directors.

**Business Day** means Monday to Friday inclusive, excluding public holidays in Western Australia and any other day that ASX declares is not a trading day.

**CHESS** means ASX Clearing House Electronic Subregistry System.

**Closing Date** means the date referred to as such in the Indicative Timetable.

**Company** or **Pacific Energy** means Pacific Energy Limited ACN 009 191 744.

**Constitution** means the constitution of the Company as at the date of this Prospectus.

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

**Director** means a director of the Company.

**Eligible Employee** means a full time or part time employee of the Group.

**Eligible Shareholder** means a person who:

- (a) is a Shareholder at 5.00pm (WST) on the Record Date; and
- (b) has a registered address recorded by the Share Registry as at the Record Date in Australia, New Zealand, Hong Kong, Singapore and United Kingdom.

**Entitlement** means a Shareholder's entitlement to subscribe for New Shares under the Entitlement Offer.



**Entitlement and Acceptance Form** means the entitlement and acceptance form attached to, or accompanying this Prospectus, that sets out the entitlement of an Eligible Shareholder to subscribe for New Shares pursuant to the Entitlement Offer.

**Entitlement Offer** has the meaning given to that term in Section 3.1.

**Group** means the Company and each of its subsidiaries.

**Indicative Timetable** means the indicative timetable on page 6 of this Prospectus.

**Ineligible Shareholder** means a Shareholder who is not an Eligible Shareholder.

**Issuer Sponsored** means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

**Listing Rules** means the official listing rules of ASX.

**New Share** means a Share offered pursuant to this Prospectus.

**Offers** means the Entitlement Offer and the Shortfall Offer.

**Official Quotation** means quotation of Shares on the official list of ASX.

**Opening Date** means the date referred to as such in the Indicative Timetable.

**Option** means an option to acquire a Share.

**Performance Right** means a right to be issued a Share upon satisfaction of certain vesting milestones.

**Prospectus** means this prospectus dated 26 April 2018.

**Record Date** means the date referred to as such in the Indicative Timetable.

**Section** means a section of this Prospectus.

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

**Share Registry** means Computershare Investor Services Pty Limited.

**Shareholder** means a registered holder of Shares.

**Shortfall** means the New Shares not applied for under the Entitlement Offer before the Closing Date.

**Shortfall Application Form** means the application form attached to, or accompanying this Prospectus, to be used for the purposes of applying for Shortfall Shares.

**Shortfall Notification Date** means the date referred to as such in the Indicative Timetable.

**Shortfall Offer** has the meaning given to that term in Section 3.7.

**Shortfall Shares** means the New Shares constituting the Shortfall.

**Statements** has the meaning given to that term in Section 4.2.

**Underwriter** has the meaning given to that term in Section 3.5.

**Voting Power** has the meaning given in section 610 of the Corporations Act.

**WST** means Australian Western Standard Time.



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