

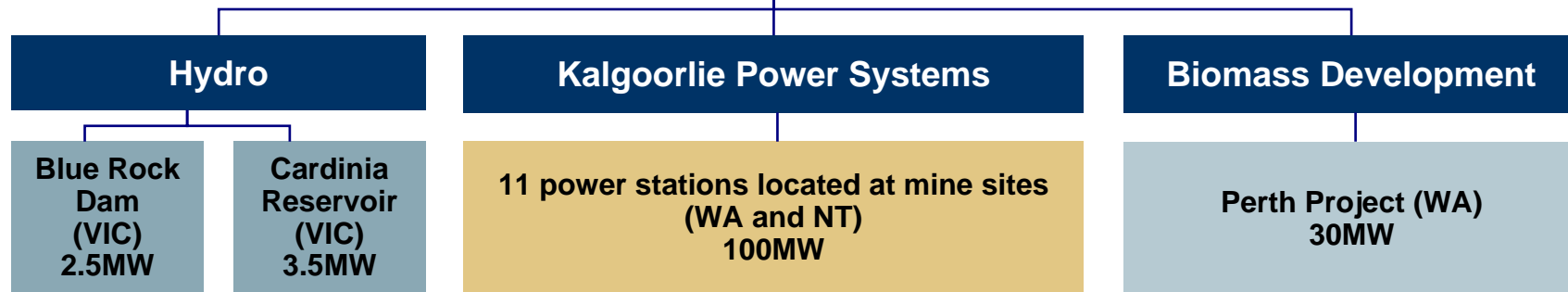


Pacific Energy Limited EGM Presentation Acquisition of Kalgoorlie Power Systems

22 January 2009

Strictly private and confidential

Pacific Energy develops and owns power stations



Blue Rock Turbine



Typical KPS Power Station



Example Biomass Facility

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KPS Overview



- ◆ **The leading provider of long term remote mine site power in WA**
- ◆ **Owned and managed by Ken Hall since 1981**
 - Kalgoorlie based with a strong historical presence in WA Goldfields
 - 20 staff
- ◆ **150MW of generation capacity**
 - 100MW of installed capacity
 - 50MW of additional capacity available for future deployment
- ◆ **“Build / Own / Maintain” business model**
 - Simple contracted \$ per Kwh charge rate
 - Miner supplies and pays for fuel
 - Assets can be cost effectively redeployed upon mine closure
- ◆ **Proven track record with strong brand and industry recognition**
 - KPS requested to tender for contracts despite not actively seeking work (i.e. no website, business cards, signage, mobile phone etc.)
- ◆ **High quality client base including some of the World’s leading miners**
 - Xstrata, Norilsk, Newmont
- ◆ **Contracted long term annuity style cashflow**
 - Typically 5 year contracts with early termination payment obligations
 - Contract’s invariably “roll-over” at contract end if mine continues to operate

KPS Power Stations



Power station and adjacent switch room



Generator Hall



Switch room

**KPS power stations are custom built - but highly standardised
Quick to establish and easy to redeploy**

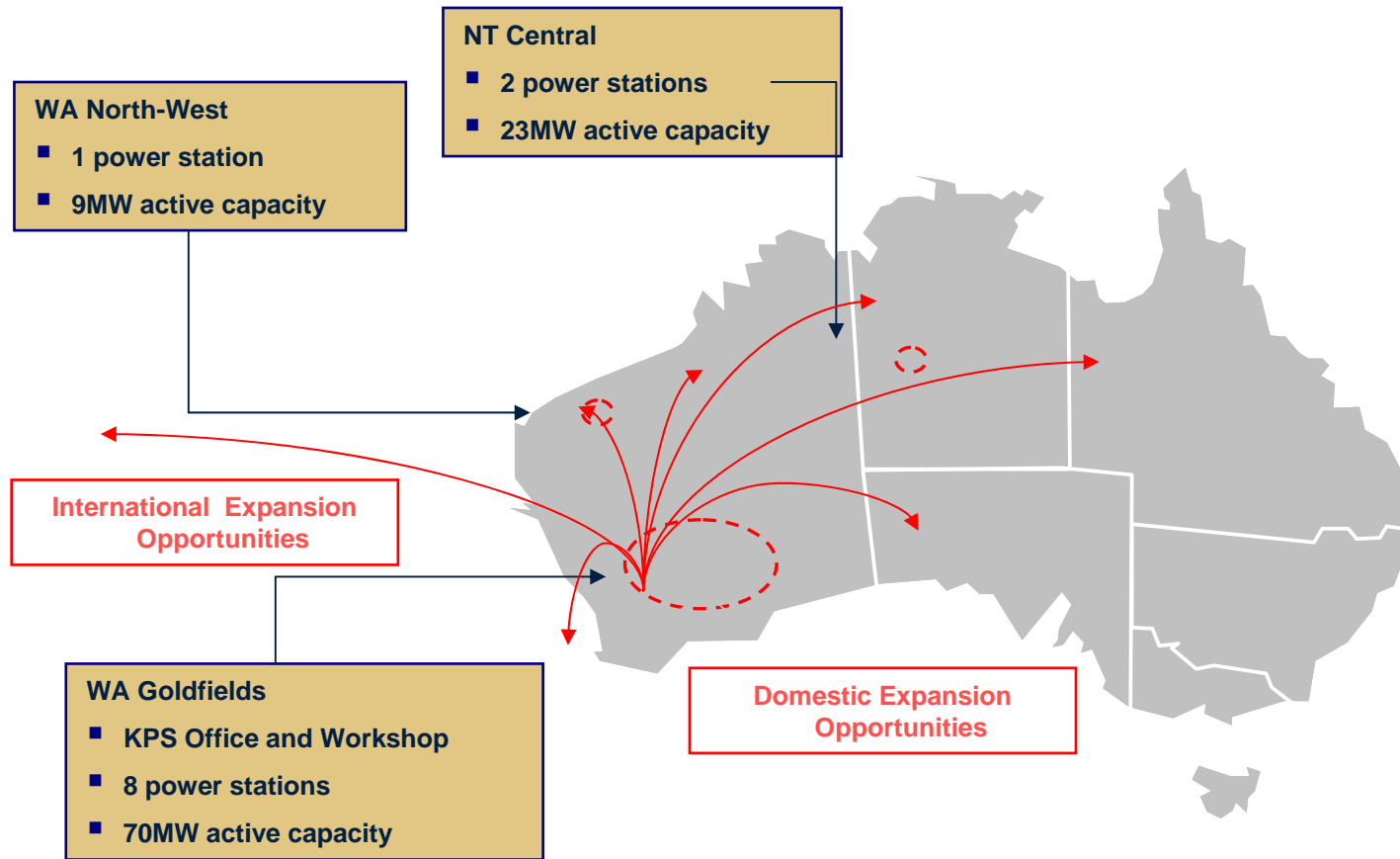
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Acquisition Highlights



- ◆ **Provider of critical energy infrastructure**
- ◆ **Established and proven track record with leading global and domestic mining clients**
- ◆ **High margin, profitable business with significant barriers to entry**
- ◆ **Attractive entry price for investors at 2009 PER of 3.4x (peers trading at >14x)**
- ◆ **Projected 2009 NPAT of \$10 million, with EPS of 7.4 cents per share**
- ◆ **Conservative leverage – Net Interest Cover in excess of 8x in 2009, 15x in 2010**
- ◆ **Contracted medium to long term revenues with ‘take or pay’ terms**
- ◆ **Sustainable cost structure advantage over its competitors**
- ◆ **Significant opportunity for both geographical and industry expansion**

KPS Operating Locations and Clients



Significant opportunities for expansion into new markets
Leverage “blue chip” client relationships across their multiple projects

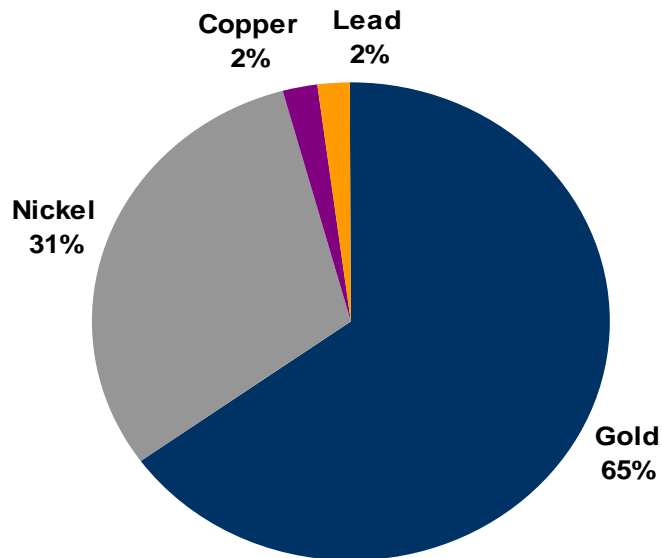
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KPS Contracted Revenue by Commodity

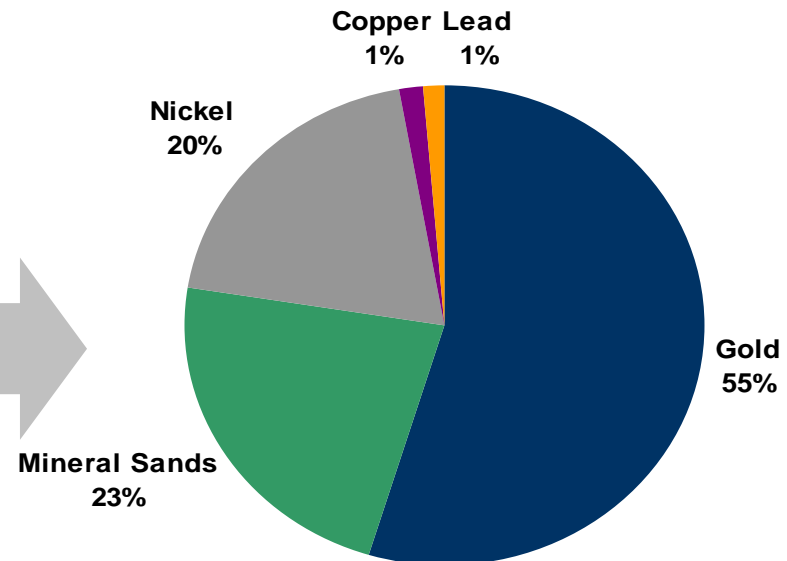


- ◆ **Long term take-or-pay contracts which invariably “roll-over” for remainder of mine life**
 - Average remaining term on existing contracts is 4 years
 - Average estimated remaining mine life is 7 years
 - Multiple 10 year contracts presently being negotiated
- ◆ **Revenue is forecast to grow and become more diverse with the winning of new contracts in 2009**

Existing Revenue (2009E to 2014E)



Forecast Revenue (2009E to 2014E)



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KPS Organisation and Management



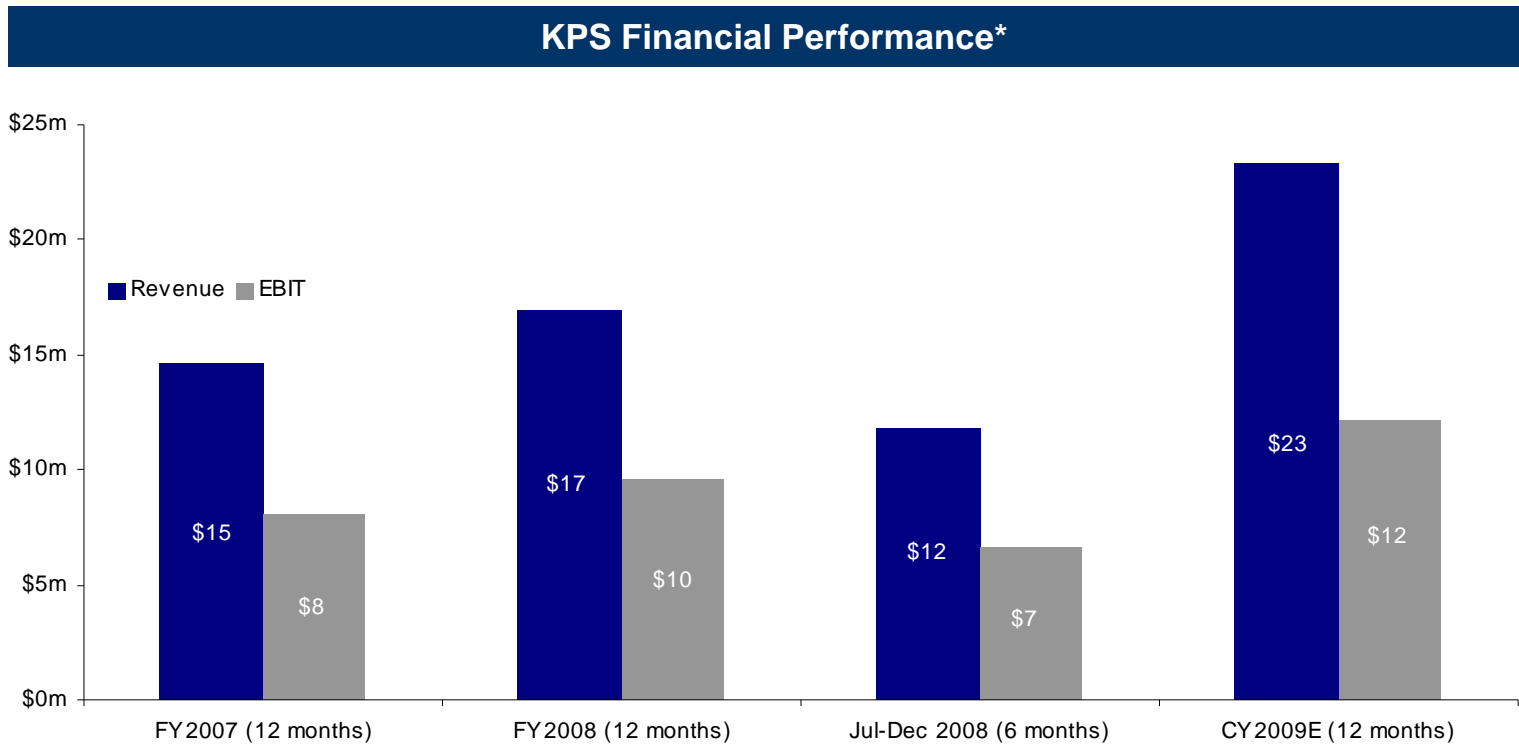
- ◆ **Capitalising on Pacific and KPS management's combined knowledge and strengths**
- ◆ **KPS to continue business as usual as a subsidiary of Pacific**
- ◆ **Ken Hall to remain actively involved in KPS under a 2 year consultancy agreement to ensure smooth transition and knowledge transfer**
 - Will remain Pacific Energy's largest shareholder with 38% of PEA ordinary shares
- ◆ **Management transition plans well advanced**
 - Existing management provided with Pacific Energy options
- ◆ **A Business Development Manager will be appointed to expand the client base, particularly into new regions and sectors**
- ◆ **Corporate and operating locations shared between Perth and Kalgoorlie**
 - Corporate office in Perth
 - Regional operating office in Kalgoorlie

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KPS Financial Performance



Highly profitable track record and contracted growth



* Historical financial data based on unaudited accounts of KPS
CY2009 based on Pacific Energy projections, and include 3 new power stations (Sinclair, Gwalia Deeps and Higginsville)
6 month period from July to December 2008 includes termination payment following closure of the Lennard Shelf mine.

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Acquisition Consideration



Payment Structure

Net Cash Payment	\$49.5m
Vendor Note	\$15.0m
Equity to Vendor	\$12.5m
Total	\$77.0m
Maximum Contingent Payments	\$20.0m

- ◆ Acquisition includes unencumbered plant and equipment (replacement cost \$75 million)
- ◆ Contingent payments to be 50% cash, 50% scrip
 - Contingent cash payments to be made from free cash flow. Only paid if EPS exceeds forecasts, therefore EPS accretive
- ◆ Independently assessed value of \$120 to \$150 million

Summary of Funding



Funding Requirement

Acquisition of KPS	\$77m
Government Charges (Stamp Duty)	\$5.5m
Transaction Costs	\$3.5m
Growth Capital	\$12m
Total Uses	\$98m

Funding Sources	Senior Debt	Exch. Bond	Vendor Note	Equity	Total
Amount	\$28m	\$35m	\$15m	\$20m	\$98m
Security	1 st Ranking	Unsecured	Unsecured	-	-
Term	4 Years	4 Years	2 Years	-	-
Repayment	Amortising	Redeemed on maturity if not exchanged	Exchanged on maturity if not redeemed	-	-
Redemption Premium	-	4% pa (accruing)	\$1 million	-	-
Interest Rate	BBSW + 2.5%	0%	0%	-	~2.7%
2009 Net Interest	-\$2.1m	\$0	\$0	+\$0.8m	-\$1.3m

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The New Pacific Energy (1)



- ◆ Post acquisition Pacific Energy will emerge as a balanced energy utility company with significant growth prospects and opportunities
- ◆ Pacific Energy is an attractive value proposition relative to ASX peers Energy Developments (ASX:ENE) and Transfield Services Infrastructure Fund (ASX:TSI)

	Pacific Energy ¹	ENE ²	TSI ³
Shares on Issue	131m	152m	267m
Market Capitalisation	\$33m	\$365m	\$275m
Net Debt	\$66m	\$423m	\$754m
Enterprise Value	\$99m	\$788m	\$1029m
Revenue (FY09E)	\$24m	\$224m	\$175m
EBIT (FY09E)	\$11m	\$70m	\$74m
NPAT (FY09E)	\$10m	\$25m	\$16m

Margins, Multiples & Returns (FY09E)

EBIT Margin	45%	31%	42%
EV / EBIT	8.9x	11.3x	13.9x
P / E	3.4x	14.6x	17.2x
ROE ⁴	31.3%	7.9%	6.1%

1 Based on a Pacific Energy share price of \$0.25 with net debt immediately post KPS acquisition and earnings based on Pacific Energy's estimates for FY09 (31 December end).

2 Based on a ENE share price of \$2.40 with net debt as at 30 June 2008 and earnings as per consensus broker forecasts sourced from Bloomberg.

3 Based on a TSI share price of \$1.03 with net debt as at 30 June 2008 and earnings as per consensus broker forecasts sourced from Bloomberg.

4 ROE for ENE and TSI as per consensus broker forecasts sourced from Bloomberg. PEA ROE based on \$31.3m equity (ie: \$11.3m equity at Jun 08 plus \$20m equity raised to fund the acquisition of KPS).

The New Pacific Energy (2)



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Top Ordinary Shareholders	Pre-Acquisition	Post-Acquisition
Ken Hall	-	38.2%
Pacific Road	-	9.2%
Institutions	25.1%	9.8%
Directors and Management	21.9%	8.5%
General Public	53.0%	34.3%

Directors	Pre-Acquisition	Post-Acquisition
Non-Executive Chairman	Brian Hewitt	Brian Hewitt
Non-Executive Deputy Chairman	Ian Middlemas	Ian Middlemas
Managing Director	Adam Boyd	Adam Boyd
Non-Executive Director	Stuart Foster	Stuart Foster
Pacific Road Representative	-	Louis Rozman
Vendor Representative	-	Ken Hall nominee

The New Pacific Energy - Investment Opportunity



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High Quality Business	<ul style="list-style-type: none"> ◆ Proven high margin business ◆ Market leader with distinct competitive advantages ◆ Infrastructure like characteristics ◆ Long-term contracted take-or-pay based revenue 	
Positive Fundamentals	<ul style="list-style-type: none"> ◆ Exposure to positive long term resource (primarily gold) and energy infrastructure fundamentals 	
Strong Growth	<ul style="list-style-type: none"> ◆ Strong growth outlook ◆ Significant expansion opportunities into new regions and business sectors 	
Attractive Value	<ul style="list-style-type: none"> ◆ Cheap relative to peers – estimated 2009 PER of 3.4x ◆ Fully Diluted DCF valuation > \$0.60 per share¹ 	
Investor Group	<ul style="list-style-type: none"> ◆ Opportunity to invest alongside a knowledgeable and supportive investor group 	
Biomass Upside	<ul style="list-style-type: none"> ◆ Biomass projects provide investors with significant upside 	

¹ Pacific Energy estimate based on Post-issue DCF valuation of KPS and Hydro power stations assets with an additional \$8 million to attributed to Pacific Energy's cash, listed investments and other projects.

Indicative Timing



Execution of Business Sale Agreement	21 November 2008
Announcement to ASX	4 December 2008
Notice of Meeting, Explanatory Statement and Independent Expert's Report dispatched	22 December 2008
Shareholders Meeting to approve acquisition	22 January 2009
Formal Approval from Senior Lender (est.)	30 January 2009
Equity placement funds transferred to trust account	13 February 2009
Completion and issue of shares	17 February 2009

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