

PACRIM ENERGY LIMITED
(ABN 63 010 856 014)
SUPPLEMENTARY PROSPECTUS

1 SUPPLEMENTARY PROSPECTUS

- 1.1 This document ("Supplementary Prospectus") is dated 22 December 2011 and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility as to the contents of this Supplementary Prospectus. This Supplementary Prospectus contains supplements to the original Prospectus dated 23 November 2011 ("Entitlements Issue Prospectus") that was lodged with ASIC on that date.
- 1.2 This Supplementary Prospectus must be read together with the Entitlements Issue Prospectus. Terms defined and used in the Entitlements Issue Prospectus have the same meaning in this Supplementary Prospectus, except where otherwise defined in this Supplementary Prospectus.
- 1.3 This Supplementary Prospectus and the Entitlements Issue Prospectus are important documents that should be read in their entirety. If you have any questions about the Shares and the attaching Entitlement Options being offered under the Entitlements Issue Prospectus or any other matter, you should consult your professional advisers.

2 REASONS FOR OF THE ISSUE OF SUPPLEMENTARY PROSPECTUS

- 2.1 The Offer under the Entitlements Issue Prospectus closed on 19 December 2011. The Directors have become aware that Cygnet Capital Pty Ltd has terminated the Underwriting Agreement referred to in section 5.6 of the Entitlements Issue Prospectus ("Underwriting Agreement").
- 2.2 Consequently, the Entitlements Issue Prospectus is no longer fully underwritten and as such, this Supplementary Prospectus has been lodged to rectify any possible defects in the Entitlements Issue Prospectus.

3 CHANGES TO THE ENTITLEMENTS ISSUE PROSPECTUS

The Entitlements Issue Prospectus is amended such that:

- (a) the Offer under the Entitlements Issue Prospectus is no longer underwritten by Cygnet Capital Pty Ltd;
- (b) the Company's directors reserve the right to issue any Shortfall Shares at their sole discretion within three (3) months from the date the Entitlement Issue Offer closed (by 19 March 2012) in accordance with Listing Rule 7.2, Exception 3; and
- (c) the indicative dispatch date of the Shares has been extended from 29 December 2011 to 24 January 2012.

Accordingly, the Entitlements Issue Prospectus is specifically amended by making the changes listed below. Page numbers and section references below correspond to pages and sections referred to in the Entitlements Issue Prospectus.

3.1 Offer not underwritten

- (a) The words "*fully underwritten*" are removed from the first paragraph on the cover page.

This is a Supplementary Prospectus intended to be read with the Entitlements Issue Prospectus dated 23 November 2011 relating to an issue of Shares and free attaching Entitlement Options by Pacrim Energy Limited.

- (b) The sentence “*The Offer is fully underwritten by Cygnet Capital Pty Ltd. Refer to Section 5.6 of this Prospectus for details regarding the terms of the Underwriting Agreement*” is removed from the cover page.
- (c) The words “*fully underwritten*” are removed from the first paragraph under the heading “*Conclusion*” on page 4.
- (d) Section 1.5 on page 5 is amended to read as follows:
“*1.5 Offer not Underwritten*

The Offer under this Entitlements Issue Prospectus is not underwritten.”
- (e) The words “*or Cygnet Capital Pty Ltd on (08) 9226 5511 or (03) 9669 1900*” are removed from section 1.19 on page 6.
- (f) The text under section 1.6 on page 5 is removed and replaced with:
“*The Company has on issue 1,819,656,328 shares and 10,000,000 partly paid 10 cent shares paid to 0.1 cents. Assuming the Offer is fully subscribed, the total number of shares on issue at the completion of the Offer will be approximately 2,122,932,383. Additionally, there will be 10,000,000 partly paid shares, 312,218,459 December 2011 options and 303,726,055 November 2013 (Entitlement) options*”.
- (g) The text under section 1.11 on page 5 is removed and replaced with:
“*The expenses which are payable by the Company for legal fees, printing fees and other costs incurred in preparing and distributing this Prospectus in respect of the Offer are estimated to be approximately \$140,454 including brokerage fees of 6% on applications bearing the stamp of licensed Australian financial advisers.*”
- (h) Section 5.6 on page 12 is removed entirely.
- (i) The third paragraph of section 5.7 on page 12 is removed entirely.
- (j) The third paragraph of section 5.8 on page 12 is removed entirely.
- (k) The “*Underwriters*” section is removed entirely from the Corporate Directory on page 17.

3.2 Directors have discretion to allocate Shortfall

- (a) The words “*the Underwriter in consultation with*” are removed from the second paragraph of section 1.8 on page 5.
- (b) The following sentence is inserted at the end of section 1.8:
“*The Directors reserve the right to allocate any Shortfall at their absolute discretion within 3 months from the Closing Date*”.
- (c) The sentence “*Any Shortfall will pass to the Underwriter to allocate any Shortfall under the terms of the Underwriting Agreement at their absolute discretion*” is removed from section 7.4 and replaced with:
“*The Directors reserve the right to allocate any Shortfall at their absolute discretion within 3 months from the Closing Date*”.

- (d) The definition of “*Shortfall Closing Date*” is removed from page 16.

3.3 No Minimum Subscription

- (a) The sentence “*The minimum subscription in respect of this Offer is approximately \$1,516,380 (being the full subscription)*” is removed from section 1.3 and replaced with the following:

“There is no minimum subscription.”

- (b) The second paragraph of section 1.3 is removed entirely.

3.4 Expenses of Offer and Financial Information

- (a) Following the “*Use of Funds Full Subscription*” table in section 3.1, the following is inserted:

“In the event that full subscription is not achieved, the funds available for exploration costs will be reduced in proportion to the amount of funds raised.”

- (b) Under section 3.3 the words “*Underwriting fees⁽¹⁾ \$175,819*” and “*Management fees \$25,000*” are removed and replaced with:

“Broker Fees \$90,980”

- (c) The words “*Administration and lodgement \$15,000*” under section 3.3 are removed and replaced with:

“Administration and lodgement \$19,839”

- (d) Under section 3.3, the words “*Total \$245,454*” are removed and the following is inserted:

“Total \$140,454”

- (e) Note 1 under section 3.3 is removed.

- (f) At the end of the first paragraph on page 10, the following words are inserted:

“based on full subscription.”

- (g) The words “*Equity based payments \$100,000*” under Note 2 on page 10 are removed.

- (h) The words “*Less: Cost of Issue (\$240,454)*” under Note 2 on page 10 are removed and replaced with:

“Less: Cost of Issue (\$140,454)”

3.5 Indicative date of dispatch of Shares

- (a) The dispatch date of *29 December 2011* on page 1 is amended to *24 January 2012*.

- (b) The sentence “Allotment of the Shares will take place as soon as practicable and no later than 15 Business Days after the closing date of the Issue” is removed from section 7.5 and replaced with:

“Allotment of the Shares will take place as soon as practicable and no later than 24 January 2012.”

3.6 Announcements

Since lodgement of the Entitlements Issue Prospectus, the following announcements have been made by the Company and are inserted into the table in section 6 on page 14:

21/12/2011	Entitlement Offer - Underwriting
20/12/2011	Entitlement Offer Update
05/12/2011	Appendix 3B
24/11/2011	Appendix 3B Amendment
24/11/2011	Appendix 3B
24/11/2011	Letter to Holders of Listed Options
24/11/2011	Entitlement Issue Letter to Share Holders
24/11/2011	Entitlements Issue Prospectus

4 SHAREHOLDERS AFFECTED BY THIS SUPPLEMENTARY PROSPECTUS

- 4.1 As the Offer under the Entitlements Issue Prospectus has closed, this Supplementary Prospectus will only affect Shareholders who have lodged Application Forms prior to the Closing Date of the Offer (being 19 December 2011).
- 4.2 The Company must give Shareholders who have lodged Application Forms prior to the Closing Date of the Entitlements Issue Prospectus:
- (a) a copy of this Supplementary Prospectus; and
 - (b) the right to withdraw their Applications for a period of one (1) month from the date of this Supplementary Prospectus (being **22 January 2012**).

5 ACTION REQUIRED BY SHAREHOLDERS

- 5.1 No action is required by Shareholders who **have not** submitted an Application Form, as the Offer closed before the date of this Supplementary Prospectus.
- 5.2 The following applies only to Shareholders who **have** previously submitted an Application Form under the Entitlements Issue Prospectus.
- (a) A copy of the Supplementary Prospectus will be sent to all Applicants who have subscribed for Shares under the Entitlements Issue Prospectus prior to the Closing Date. In accordance with section 724 of the Corporations Act, the Company will allow investors who have lodged an Application Form under the Entitlements Issue Prospectus one (1) month from the date of this Supplementary Prospectus to obtain a refund of their Application Monies if they do not wish to proceed with their application.
 - (b) Any Applicant who wishes to obtain a refund should write to the Company's Share Registry at the following address:

Pacrim Energy Limited
C/- Link Market Services Limited
Level 15, 324 Queen Street
Brisbane QLD 4000

- (c) Any Applicant who wishes to obtain a refund must ensure that written notice is received by the Company no later than **22 January 2012**.

6 STATUS OF APPLICATIONS

As at the date of this Supplementary Prospectus, the Company has received funds totalling \$506,599.74 with valid applications from Shareholders under the Offer for 101,319,945 Shares and Entitlement Options representing 33.4% of the offered securities.

7 CONSENTS

Link Market Services Limited has given, and not withdrawn prior to the lodgment of this Supplementary Prospectus with ASIC, its consent to be named in this Supplementary Prospectus as the Company's Share Registrar in the form and context in which it is so named. Link Market Services Limited has had no involvement in the preparation of any part of this Supplementary Prospectus other than being named as Share Registrar to the Company. Link Market Services Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Supplementary Prospectus.

Cygnat Capital Pty Ltd has given, and not withdrawn prior to the lodgment of this Supplementary Prospectus with ASIC, its consent to be named in this Supplementary Prospectus in the form and context in which it is so named. Cygnat Capital Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Supplementary Prospectus.

Price Sierakowski Corporate has given, and not withdrawn prior to the lodgment of this Supplementary Prospectus with ASIC, its consent to be named in this Supplementary Prospectus as the Solicitors to the Company in the form and context in which it is so named. Price Sierakowski Corporate has not authorised or caused the issue of Supplementary Prospectus and takes no responsibility for any party of this Supplementary Prospectus other than any references to it.

8 COSTS OF THE OFFER

In addition to the expenses of the Offer outlined in the Entitlements Issue Prospectus, there are expenses associated with the preparation of this Supplementary Prospectus. These expenses are payable by the Company to Price Sierakowski Corporate and are estimated to be approximately \$6,000 for legal fees.

9 DIRECTOR'S AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. The Directors believe that the Entitlements Issue Prospectus when read together with this Supplementary Prospectus contains all the information that would be required by sections 710 and 711 of the Corporations Act and does not contain any material statement that is misleading or deceptive.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgment of this Supplementary Prospectus with ASIC and has not withdrawn that consent prior to lodgment.

Signed for and on behalf of
PACRIM ENERGY LIMITED

Mark Maine
Director
22 December 2011