

CHAIRMAN'S LETTER TO SHAREHOLDERS



11 August 2014

Rampart Energy Ltd

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Dear Shareholders,

On 1 August 2014, Rampart Energy announced that Operator Royale Energy had terminated its contract with Kuukpic Drilling, for the drilling of two exploration wells in the Western Block, North Slope Alaska. The contract was terminated by Royale Energy after Rampart Energy declined to fund a significant cash advance requested by Royale in order to secure the rig for drilling in the forthcoming Alaskan winter drilling season, further to completion of necessary repairs to the rig.

The required cash advance was presented to Rampart at short notice, and was in addition to the substantial sum that Rampart Energy had budgeted for in order to fulfil the escrow deposit required by Royale Energy's contract with Kuukpic Drilling.

This recent development has caused a delay to drilling of the Western Block. Your board wishes to assure you that this was a necessary measure, required to ensure that the Company is better positioned to proceed and create substantial shareholder value.

Significantly, your board sees recent developments as an opportunity to remove unrealistic time constraints, negotiate appropriate amendments to the Participation Agreement with Royale Energy, and ensure that the best outcome is achieved for shareholders and the Western Block Joint Venture – a technically and commercially robust partnership that can deliver significant value.

We recognise shareholders' disappointment that drilling of the Western Block has been deferred to early 2016. However, the board strongly believes that the very recent management and schedule changes were essential in order to steer the Company through the farm-out phase and subsequent drilling in a prudent, diligent and effective manner.

Rampart Energy now has time to complete the necessary technical work required in order to present the true potential of the Western Block to third parties shortlisted by ROTH Capital Partners. Recent technical work by the joint venture has identified multiple prospects not included in the preliminary prospective resources estimate as conducted by Netherland, Sewell & Associates, and announced by the Company in June 2014. We very much look forward to finalising a definitive prospect portfolio and prospective resources assessment, and to providing an update to the market in due course.



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Rampart Energy's Western Block project is prospective for material volumes of hydrocarbons. It is located within a world-class petroleum system, nearby to existing infrastructure such that a commercial discovery could be monetised quickly.

The priority of your board is to market the Western Block farmin opportunity in a professional and structured manner, in order to bring a suitably qualified funding partner to the project; while at the same time agreeing amendments to the Participation Agreement with Royale Energy that will serve to help achieve this aim. Together, these efforts will lay the foundations for an exciting exploration program commencing early 2016.

I attach a Market Briefing that I hope will address questions you may have. If you have any other queries please contact either myself on +61 (0) 416 427 275, or Ronn Bechler of Market Eye, on +61 (0)400 009 774.

Yours sincerely,

Gavin Harper

Executive Chairman (on behalf of the Rampart Energy board)



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**Attention: ASX Company Announcements Platform
Lodgement of Market Briefing**

11 August 2014

Market Briefing

Rampart Energy Limited on recent developments in relation to drilling activities on the Western Block and key priorities moving forward

Interview with Gavin Harper (Executive Chairman)

In this Market Briefing interview, Gavin Harper, Rampart Energy's Executive Chairman, discusses recent developments in relation to the Company's Western Block acreage and key priorities for the company moving forward including:

- *Maintaining a successful partnership with Royale Energy*
- *Presenting a compelling investment proposition to potential farm-in partners*
- *Minimising Company overheads*
- *Progressing a professional, focussed farmout process in order to secure a quality funding partner for drilling of the Western Block, North Slope Alaska.*

Market Briefing

Rampart Energy recently announced that Operator Royale Energy has terminated its drilling contract with Kuukpic Drilling, for two exploration wells in the Western Block in early 2015. The explanation provided is that Rampart Energy was not in a position to fund a substantial cash deposit requested by Royale Energy, in order to retain the drilling rig on-contract. Can you expand on the reasoning behind this decision?

Gavin Harper

Rampart Energy's new board and management made a decision not to expose the company to a significant and unbudgeted cash expense. The company had set aside US\$1.75 million in order to meet the original budget for a bond that was required to be deposited within an escrow account, under Royale Energy's contract with the rig contractor. This was changed, at short notice, to a substantially larger cash request by Royale Energy, in order to cover the Operator's financial exposure in the event of early termination of the rig contract (if that contract had continued). The magnitude of the revised deposit request was such that it would place all of (actually, more than) the company's financial resources at risk.



We believe shareholder's interests are best served by diligently undertaking a structured process to secure a farm-in partner prior to fully committing to a drill rig.

The board strongly favours progressing in an orderly manner to plan for and drill the two exploration wells, with decisions informed by data rather than being merely driven by schedule. The original schedule, inherited by the board and management, of acquiring 3D seismic data in early 2014 and drilling 12 months later (after processing the seismic, interpreting the data, farming out) was extremely ambitious.

The new board has acted prudently and in the best interests of shareholders, and believes that the best way forward is to further de-risk the Western Block project by focusing on better defining the resource potential, and securing a quality farmin partner. Under the previous schedule there was minimal time available to conduct a structured farmout process before the rig deposit was due, resulting in an unacceptable risk for the company.

Ultimately, the company had a finite amount of funds, an immediate farmout requirement, and an unreasonable time frame to contend with. Extending the farmout process will enable the company to better define the prospectivity and resource potential, thereby present a more compelling investment proposition opportunity to potential farmin partners. In addition, the current Participation Agreement requires amendment in order to maintain the successful partnership with Royale Energy and provide an attractive entry point for the future farmin partner.

Market Briefing

Where is the Strategic Partnering Process at, and what needs to fall into place for completion of this process?

Gavin Harper

The board is focussed on marketing the project in a professional manner to potential strategic partners, and with the latest 3D seismic data interpretation the project is looking to be even more robust in terms of the prospective resources. The additional time now available to complete a thorough analysis of the seismic data enables the project to be significantly de-risked and professionally presented. ROTH Capital Partners is working with Rampart Energy to identify a shortlist of possible candidates for a farmin partnership, and we look forward to engaging with these parties over the coming months.

Conrad Todd was recently appointed to the board, and brings over thirty years of exploration experience to the Company. He is personally involved with interpreting the seismic data and defining an updated prospective resource assessment for the Western Block, which we anticipate announcing in due course.

Market Briefing

What further technical work is required to deliver more certainty around the Western Block prospect, and increase the attractiveness of the asset to prospective industry and financial partners?

Gavin Harper

Royale Energy has done a good job getting the technical story to its current state in a short amount of time. There is now more comprehensive data available that has allowed us to identify new plays,

with additional prospective resources that were not included in the assessment previously conducted by Netherland, Sewell & Associates Inc. That assessment was preliminary and based on very early data over just two prospects. We note that there is a large range between low and high prospective resource cases, which is typical for this early stage of exploring a new block.

Preliminary locations for the first two wells have been identified and technical work to confirm these will continue. We intend to provide more technical information regarding the Western Block prospects once work is completed, and once this information has been released we believe the project will receive significant interest from potential industry partners.

Market Briefing

How does Rampart Energy plan to allocate the recently raised capital, and what is the company's funding position at present?

Gavin Harper

The recent capital raising has put Rampart Energy in a good position in terms of funding for the farm-out phase. The company is not incurring any further drilling costs in relation to the planned 2014 program, and the new board is working to reduce the company's overheads, so that the majority of funds recently raised will be utilised to progress the Western Block project.

Market Briefing

All of Rampart Energy's new directors, yourself, Iain Smith and Conrad Todd, have substantial experience in the oil and gas industry. What attracted you to the company?

Gavin Harper

Rampart Energy is the only ASX listed company targeting both conventional and unconventional oil prospects on the Alaskan North Slope. The North Slope is a prolific petroleum province and the Western Block is located directly above the extensive oil generating formations. Quite simply, this is an excellent location in which to explore for oil.

Additionally, exploration is low cost due in part to the ACES rebate scheme, and any discovery could be monetised quite quickly given the proximity to existing export infrastructure.

Market Briefing

With a new board and management team in place, what is your focus for the next twelve months?

Gavin Harper

We have three key priorities over the next twelve months. Firstly, we seek to finalise amendments to the Participation Agreement with Royale Energy in order to ensure a successful partnership and reasonable terms for a future farm-in partner.

Secondly, we intend to undertake the farmout process in a structured manner. We are committed to securing the right farmout deal and partner to take the Western Block project forward, and with the additional time now available we are confident of being able to achieve this.



Finally, we aim to improve the overall efficiency of the business, which includes analysing the company's overheads, trimming unnecessary administration costs, and migrating the head office to Perth.

Market Briefing

Thank you Gavin.

For further information, please visit www.rampartenergy.com.au

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