THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under FSMA if you are in the United Kingdom or, if not, you should immediately consult another appropriately authorised independent professional adviser.

This document, which comprises an AIM admission document, has been drawn up in accordance with the AIM Rules. This document does not contain an offer of transferable securities to the public within the meaning of section 85 and 102B of FSMA and is not a prospectus for the purposes of the Prospectus Rules. Accordingly this document has not been prepared in accordance with the Prospectus Rules, nor has it been approved by the FCA pursuant to section 85 of FSMA and a copy has not been delivered to the FCA under regulation 3.2 of the Prospectus Rules. Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective, and that dealings in the Enlarged Share Capital will commence on 16 May 2016.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

ANDALAS ENERGY AND POWER

(Incorporated and registered in the Isle of Man under Company Number 010493V)

Proposed Farm-in to an interest in the Tuba Obi East TAC

Proposed Placing of 1,307,584,560 New Ordinary Shares to raise £2.62 million

Proposed Bonus Warrant Issue

Admission of the Enlarged Share Capital to trading on AIM

and

Notice of General Meeting

Joint Broker	*Nominated Adviser and Joint Broker*	*Joint Broker*
Cornhill Capital	Cantor Fitzgerald	Peterhouse Corporate Finance

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Cantor Fitzgerald, which is authorised in the United Kingdom by the FCA, is acting as nominated adviser and joint broker for the purposes of the AIM Rules exclusively for the Company and no one else in connection with the matters described herein and will not be responsible to any other person for providing the protections afforded to customers of Cantor Fitzgerald, or for advising any other person on the contents of this document or any matter referred to herein. The responsibilities of Cantor Fitzgerald, as nominated adviser, are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or Proposed Director or any other person and accordingly no duty of care is accepted in relation to them. No representation or warranty, express or implied, is made by Cantor Fitzgerald as to, and no liability whatsoever is accepted by Cantor Fitzgerald in respect of, any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

Cornhill Capital, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company as broker in connection with any placement of the securities of the Company described herein and admission of such securities and is not acting for, and will not be responsible to, any person other than the Company for providing the protections afforded to customers of Cornhill Capital or for advising any other person on any transaction or arrangement referred to in this announcement.

Peterhouse Corporate Finance, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company as broker in connection with any placement of the securities of the Company described herein and admission of such securities and is not acting for, and will not be responsible to, any person other than the Company for providing the protections afforded to customers of Peterhouse Corporate Finance or for advising any other person on any transaction or arrangement referred to in this announcement.

The whole of this document should be read. Your attention is drawn, in particular, to Part I: "Letter from the Non-Executive Chairman of Andalas" and Part II: "Risk Factors" for a more complete discussion of the factors that could affect the Company's future performance and the industry in which it will operate. This document is being sent to all Shareholders for information purposes only to enable them to exercise their rights as Shareholders in connection with the General Meeting.

A notice convening a General Meeting of Andalas to be held at the offices of Watson Farley & Williams at 15 Appold Street, London EC2A 2HB on 13 May 2016 commencing at 10.00 a.m. is set out at the end of this document. The Form of Proxy for use in connection with the General Meeting is enclosed with this document and should be returned as soon as possible and, in any event, so as to be received at the offices of the Company's Administrators, FIM Capital Limited, IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP, not later than 10.00 a.m. on 11 May 2016, being 48 hours (excluding weekends and public holidays) before the time appointed for the holding of the General Meeting. The completion and depositing of a Form of Proxy will not preclude a Shareholder from attending and voting in person at the General Meeting.

This document does not constitute an offer to issue or sell, or the solicitation of any offer to subscribe for or buy, any of the Ordinary Shares in any jurisdiction where it may be unlawful to make such offer or solicitation. The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any such distribution could result in a violation of the laws of such jurisdictions. In particular, this document is not for distribution into the United States, Canada, Australia, Japan or the Republic of South Africa and is not for distribution directly or indirectly to any US Person. The Ordinary Shares have not been and will not be registered under the US Securities Act, or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of any province or territory of Canada or under the securities laws of Australia, Japan or the Republic of South Africa.

Copies of this document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) from the registered office of the Company and at the offices of Cantor Fitzgerald at One Churchill Place, Canary Wharf, London E14 5RB from the date of this document and for a period of at least one month from Admission and from the Company's website, www.andalasenergy.co.uk.

Forward looking statements

Certain statements in this document are "forward looking statements" including without limitation, statements containing the words "believes", "anticipates", "expects", "target", "estimate", "will", "may", "should", "would", "intend" and similar expressions. These forward looking statements are not based on historical facts but rather on the expectations of the Directors and the Proposed Director regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), planned expansion and business prospects and opportunities. Such forward looking statements reflect the Directors' and Proposed Director's current beliefs and assumptions and are based on information currently available to the Directors and the Proposed Director. Forward looking statements involve significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements, including risks associated with vulnerability to general economic market and business conditions, competition, environmental and other regulatory changes or actions by governmental authorities, the availability of capital, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although the forward looking statements contained in this document are based upon what the Directors and the Proposed Director believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward looking statements.

Market and financial information

The data, statistics and information and other statements in this document regarding the markets in which the Company operates, or its market position therein, is based upon the Company's records or are taken or derived from statistical data and information derived from the sources described in this document.

In relation to these sources, such information has been accurately reproduced from the published information, and, so far as the Directors and the Proposed Director are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

Certain financial data has also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

All times referred to in this document are, unless otherwise stated, references to London time.

United States securities law

The Ordinary Shares have not been and will not be registered under the Securities Act or securities laws of any US state or other jurisdiction and will not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and such other applicable laws.

The Ordinary Shares are generally only being offered and sold outside the United States to persons who are not US Persons (within the meaning of Regulation S) in transactions complying with Regulation S, which provides an exemption from the requirement to register the offer and sale under the Securities Act.

The Ordinary Shares have not been approved or disapproved by the US SEC or by any US state securities commission or authority, nor has any such US authority reviewed, approved or confirmed on the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence.

An investment in the Company carries risk. Prospective investors should read the whole of this document and should carefully consider whether an investment in Ordinary Shares is suitable for them in light of their circumstances and financial resources. Your attention is particularly drawn to Part II of this document which sets out certain risk factors relating to any investment in the Company. All statements regarding the Company's business, financial position and prospects should be viewed in the light of the risk factors set out in Part II of this document. The contents of the Company's website, including any websites available from hyperlinks on the Company's website, do not form part of this document.

TABLE OF CONTENTS

DIRECTORS, PROPOSED DIRECTOR, SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Mr. Paul Cyril Warwick *(Non-Executive Chairman)* Mr. David Robert Whitby *(Chief Executive Officer)* Mr. Daniel Bandholtz Jorgensen *(Finance Director)* Mr. Ross Michael Warner *(Executive Director)* Mr. Graham Roger Smith *(Non-Executive Director)*
Proposed Director	Mr. Simon George Gorringe *(Chief Operating Officer)*
Company Secretary	Mr. Philip Scales
Registered office	IOMA House Hope Street Douglas Isle of Man IM1 1AP Tel: +44 1624 681250
Principal place of business	c/o PT Mitra Selaras Fortsindo Mid Plaza 1 Lt 17 Jl Jend Suidrman Kav 10-11 Karet Tengsin – Tanah Abang Jakarta Pusat 10220 Indonesia
Company Website	www.andalasenergy.co.uk
Nominated Adviser and Joint Broker	Cantor Fitzgerald Europe One Churchill Place London E14 5RB United Kingdom
Joint Broker	Cornhill Capital Limited 4th Floor, 18 St Swithin's Lane London EC4N 8AD United Kingdom
Joint Broker	Peterhouse Corporate Finance Limited 3rd Floor, New Liverpool House 15 Eldon Street London EC2M 7LD United Kingdom
Solicitors to the Company	Watson Farley & Williams Asia Practice LLP 6 Battery Road #28-00 Singapore 049909
Indonesian Solicitors to the Company	Hadiputranto, Hadinoto & Partners The Indonesia Stock Exchange Building Tower II, 21st Floor Sudirman Central Business District Jl. Jendral Sudirman Kav 52-53 Jakarta 12190, Indonesia
Isle of Man Advocates to the Company	DQ Advocates Limited The Chambers 5 Mount Pleasant Douglas Isle of Man IM1 2PU

Solicitors to the Placing	Rosenblatt Solicitors 9-13 St Andrew Street London EC4A 3AF United Kingdom
Auditor and Reporting Accountant to the Company	BDO LLP 55 Baker Street London W1U 7EU United Kingdom
Competent Person	Gaffney, Cline & Associates Bentley Hall Blacknest Road, Alton Hampshire GU34 4PU United Kingdom
Registrar	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street, St Helier Jersey JE1 1ES Channel Islands

DEFINITIONS

"**Act**"	the Isle of Man Companies Act 2006, as amended
"**Admission**"	the admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with the AIM Rules
"**AIM**"	the market of that name operated by the London Stock Exchange
"**AIM Rules**"	the AIM Rules for Companies published by the London Stock Exchange from time to time
"**Amended Articles**"	means the amended articles of association that the Company proposes to adopt at the General Meeting
"**Articles**"	the articles of association of the Company as adopted on 22 November 2013
"**Assignment Agreement**"	the assignment agreement entered into between Corsair and the Company dated 4 June 2015, details of which are set out in paragraph 17 of Part IV of this document
"**Bonus Warrant Instrument**"	the instrument constituting the Bonus Warrants the terms of which are summarised in paragraph 18 of Part IV of this document
"**Bonus Warrant Issue**"	the proposed issue of the Bonus Warrants to Qualifying Shareholders on the basis of one Bonus Warrant for every four Ordinary Shares held pursuant to the Bonus Warrant Instrument
"**Bonus Warrants**"	the warrants to subscribe for Ordinary Shares proposed to be issued pursuant to the Bonus Warrant Issue
"**Bonus Warrants Exercise Date**"	5.00 p.m. on 31 May 2016
"**Business Day**"	a day other than a Saturday, Sunday or other day when banks in the City of London, England are not generally open for business
"**Cantor Fitzgerald**"	Cantor Fitzgerald Europe, nominated adviser and joint broker to the Company
"**Capital Raising**"	the Placing
"**certificated**" or "**certificated form**"	the description of a share or other security which is not in uncertificated form (that is not in CREST)
"**Code Company**"	a company subject to the Takeover Code
"**Company**" or "**Andalas**"	Andalas Energy and Power plc, a company incorporated in the Isle of Man with registered number 010493V
"**Conversion Shares**"	300,000,000 new Ordinary Shares to be issued on conversion of the Loan Notes
"**Cornhill Capital**"	Cornhill Capital Limited, joint broker to the Company
"**Corsair**"	Corsair Petroleum (Singapore) Pte Ltd, a company incorporated and registered in Singapore with company registration number 201419191D

"**Corsair Contingent Consideration Shares**"	the 93,750,000 Ordinary Shares to be issued upon the occurrence of certain milestones pursuant to the Assignment Agreement and the Share Issue Deed as described in paragraph 17 of Part IV of this document
"**Corsair Options**"	the 137,379,461 Options exercisable at 0.4p each
"**Corsair Option Agreement**"	the agreements dated 27 April 2016 between the Company and each of David Whitby, Simon Gorringe, Ross Warner, Paul Warwick and Daniel Jorgensen and various others pursuant to which the Company issued the Corsair Options to each of them at the nomination of Corsair, further details of which are set out in paragraph 17 of Part IV of this document
"**Corsair Fixed Shares**"	the new Ordinary Shares to be issued to the beneficial owners of Corsair, being David Whitby, Simon Gorringe, Ross Warner and Chris Newport (or their nominees) representing 5 per cent. of the Enlarged Share Capital, pursuant to the Share Issue Deed
"**Corsair Shares**"	the Corsair Fixed Shares and the Corsair Warrant Shares
"**Corsair Warrant Shares**"	the new Ordinary Shares to be issued to the beneficial owners of Corsair, being David Whitby, Simon Gorringe, Ross Warner and Chris Newport (or their nominees) pursuant to the Share Issue Deed following exercise of the Bonus Warrants which, when taken together with the Corsair Shares, shall represent 5 per cent. of the share capital of the Company as enlarged by the issue of the Warrant Shares
"**CREST**"	the relevant system (as defined in the Uncertificated Securities Regulations) in respect of which Euroclear is the operator (as defined in the Uncertificated Securities Regulations) in accordance with which securities may be held or transferred in uncertificated form
"**Directors**" or "**Board**"	the existing directors of the Company (each a "Director") as at the date of this document whose names appear on page 4 of this document
"**Enlarged Share Capital**"	the entire issued share capital of the Company immediately following Admission comprising the Existing Ordinary Shares and the New Ordinary Shares
"**EU**" or "**European Union**"	has the meaning given to it in Article 299(1) of the Establishing the European Economic Community Treaty as amended by, among others, the Treaty on European Unity (the Maastricht Treaty), the Treaty of Amsterdam and the Treaty of Lisbon
"**Euroclear**"	Euroclear UK & Ireland Limited
"**Existing Ordinary Shares**"	the 718,147,303 Ordinary Shares in issue at the date of this document
"**Farm-in**"	the farm-in to an interest in the Tuba Obi East TAC under the terms of the TOE Farm-in Agreement
"**Farmee**"	under the terms of the TOE Farm-in Agreement, the Company
"**Farmor**"	under the terms of the TOE Farm-in Agreement, PT Akar Golindo
"**Form of Proxy**"	the form of proxy enclosed with this document for use in connection with the General Meeting

"**FCA**"	the Financial Conduct Authority of the UK
"**FSMA**"	the Financial Services and Markets Act 2000 of the UK as amended
"**GCA**"	Gaffney, Cline & Associates
"**General Meeting**"	the general meeting of the Company convened by the Notice for 10.00 a.m. on 13 May 2016 to be held at the offices of Watson Farley & Williams at 15 Appold Street, London EC2A 2HB
"**Group**"	the Company and its subsidiaries
"**HMRC**"	Her Majesty's Revenue & Customs
"**Issue Price**"	0.2p per New Ordinary Share
"**KSO**"	a Kontrak Kerjasama Operasi or cooperation contract
"**Loan Notes**"	the £600,000 of convertible loan notes issued by the Company on 31 March 2016 on the terms described in paragraph 7 of Part IV of this document
"**London Stock Exchange**"	London Stock Exchange plc
"**Money Laundering Regulations**"	the Money Laundering Regulations 2007, The Proceeds of Crime Act 2002 (as amended by The Crime and Courts Act 2013 and The Serious Crime Act 2015) and The Terrorism Act 2006 and Proceeds of Crime Act 2002 (Amendment) Regulations 2007)
"**New Ordinary Shares**"	the Placing Shares, the Corsair Fixed Shares and the Conversion Shares
"**Northcote**"	Northcote Energy Limited, a company incorporated and registered British Virgin Islands with company number 1585070
"**Notice**"	the notice convening the General Meeting set out at the end of this document
"**Official List**"	the Official List of the UK Listing Authority
"**Options**"	the existing options to subscribe for Ordinary Shares, details of which are set out in paragraph 7 of Part IV of this document
"**Ordinary Shares**"	ordinary shares of no par value in the capital of the Company
"**Overseas Shareholders**"	holders of Existing Ordinary Shares who have registered addresses outside of the UK
"**Participation Agreement**"	the participation agreement dated 30 April 2015 between the Company and Northcote
"**Pertamina**"	PT Pertamina (Perusahaan Pertambangan Minyak Dan Gas Bumi Negara), the state owned oil company of Indonesia
"**Peterhouse Corporate Finance**"	Peterhouse Corporate Finance Ltd, joint brokers to the Company
"**Placing**"	the conditional placing of the Placing Shares at the Issue Price

"**Placing Agreement**"	the agreement dated 27 April 2016 between (1) Cantor Fitzgerald; (2) Cornhill Capital; (3) the Directors and Proposed Director and (4) the Company; relating to the Placing and Admission, details of which are set out in paragraph 17 of Part IV of this document
"**Placing Shares**"	the 1,307,584,558 new Ordinary Shares to be issued pursuant to the Placing
"**Prohibited Territories**"	United States, Canada, Australia, South Africa, Japan and any other jurisdiction where the distribution of this document or the offer of Ordinary Shares (or any transaction contemplated thereby and any activity carried out in connection therewith) would breach applicable law
"**Proposals**"	the Farm-in, the Placing and the Bonus Warrant Issue
"**Proposed Director**"	Mr. Simon George Gorringe who is to be appointed to the Board on Admission
"**Prospectus Rules**"	the prospectus rules of the UK Listing Authority made in accordance with section 73A of FSMA as amended from time to time brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No.809/2004 and the Prospectus Regulations 2005 (SI 2005/1433)
"**Qualifying Shareholder**"	a Shareholder as recorded on the register of members of the Company as at the Record Date with a registered address outside of the Prohibited Territories
"**Record Date**"	5.00 p.m. on 13 May 2016
"**Resolutions**"	the resolutions set out in the Notice
"**Securities Act**"	the US Securities Act of 1933, as amended
"**Shareholders**"	holders of Ordinary Shares
"**Share Issue Deed**"	the share issue deed entered into between the Company, Simon Gorringe, Christopher Newport, Ross Warner and David Whitby dated 27 April 2016, details of which are set out in paragraph 7 of Part IV of this document
"**Takeover Code**"	the City Code on Takeovers and Mergers (as amended from time to time)
"**TOE Farm-in Agreement**"	the agreement dated 8 March 2016 governing the farm-in by the Company to a 30 per cent. interest in the Tuba Obi East TAC
"**Tuba Obi East**"	the Tuba Obi East concession area, governed by the Tuba Obi East TAC
"**Tuba Obi East Technical Assistance Contract**"	the agreement entered into on 15 May 1997 between Pertamina and Western Akar Petroleum Pty Ltd ("Contractor") governing the terms and conditions under which the Contractor shall be responsible to Pertamina for the execution of the petroleum operations, and for the provision of financial and technical assistance for such operations, in relation to Tuba Obi East a summary of which is set out in paragraph 17.2 of Part IV of this document
"**UK Listing Authority**"	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA

"**uncertificated**" or "**in uncertificated form**"	a share or shares recorded on the register of members as being held in uncertificated form in CREST, entitlement to which, by virtue of the Uncertificated Securities Regulations 2001 (SI/2001/3755), may be transferred by means of CREST
"**Uncertificated Securities Regulations**"	the Uncertificated Securities Regulations 2001 (SI/2001/3755)
"**United Kingdom**" or "**UK**"	the United Kingdom of Great Britain and Northern Ireland
"**United States**" or "**US**"	the United States of America, its territories and possessions, any state in the United States, the District of Columbia and other areas subject to its jurisdiction
"**US Person**"	as defined in the Securities Act
"**US SEC**"	the Securities Exchange Commission of the United States
"**VAT**"	value added tax
"**WAPPL**"	Western Akar Petroleum Pty Ltd, an original party to the Tuba Obi East TAC
"**Warrant Shares**"	the Ordinary Shares to be issued to holders of the Bonus Warrants upon valid exercise of the Bonus Warrants
"**Warrant Shares Admission**"	the admission of the Warrant Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules
"**Warrants**"	the existing warrants to subscribe for Ordinary Shares, details of which are set out in paragraph 7 of Part IV of this document

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and *vice versa*, and words importing the masculine gender shall include the feminine or neutral gender.

GLOSSARY OF TERMS

The following glossary of terms applies throughout this document, unless the context otherwise requires:

3D	three dimensional
A$	Australian Dollars
ABF	Air Benakat Formation
API	American Petroleum Institute gravity
ASEAN	Association of South East Asian Nations
Bcf	billion cubic feet of natural gas
boepd	barrels of oil equivalent per day
bopd	barrels of oil per day
FPSO	floating production, storage and offload facility
£, **pound**, **GBP**, **p** or **pence**	British pound and pence sterling, the legal currency of the United Kingdom
GDP	gross domestic product
GW	gigawatts
GSA	gas supply agreement
IPP	independent power producer or independent power production
ISIN	International Security Identification Number
LNG	liquefied natural gas
LPG	liquefied petroleum gas
MW	megawatts
MMscf	million standard cubic feet of natural gas
MMscf/d	million standard cubic feet of natural gas per day
MMtpa	million metric tonnes per annum
OPEC	Organization for Petroleum Exporting Countries
PLN	Perusahaan Listrik Negara, the state owned electricity distribution company
PPA	power purchase agreement
PRMS	Petroleum Resource Management System of the SPE
PSC	Production Sharing Contract
SDRT	Stamp Duty Reserve Tax

SKKMigas	Special Task Force for Upstream Oil and Gas Business Activities in Indonesia
SPE	Society of Petroleum Engineers
TAC	Technical Assistance Contract
TAF	Talang Akar Formation
Tcf	trillion cubic feet of natural gas
US$	US Dollars, the legal currency of the United States of America
VAT	value added tax

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	27 April 2016
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 11 May 2016
General Meeting	10.00 a.m. on 13 May 2016
Record Date for the Bonus Warrant Issue	5.00 p.m. on 13 May 2016
Ex-entitlement date for the Bonus Warrant Issue	8.00 a.m. on 16 May 2016
Admission effective and trading expected to commence in the Enlarged Share Capital	8.00 a.m. on 16 May 2016
CREST members' accounts credited in respect of New Ordinary Shares in uncertificated form	As soon as possible after 8.00 a.m. on 16 May 2016
Share certificates in respect of New Ordinary Shares in certificated form expected to be dispatched by no later than	23 May 2016
Bonus Warrant Exercise Date	5.00 p.m. on 31 May 2016
Admission effective and trading expected to commence in the Warrant Shares	8.00 a.m. on 3 June 2016
CREST members' accounts credited in respect of the Warrant Shares in uncertificated form	As soon as possible after 8.00 a.m. on 3 June 2016
Share certificates in respect of Warrant Shares in certificated form expected to be dispatched by no later than	10 June 2016

Notes:

Each of the times and dates in the above timetable is subject to change without further notice. References to all times are to London time.

PLACING, BONUS WARRANT ISSUE AND ADMISSION STATISTICS

Number of Ordinary Shares in issue immediately before Admission	718,147,303
Number of Ordinary Shares in issue at Admission	2,448,138,801[(1)]
Percentage of Enlarged Share Capital represented by the New Ordinary Shares	70.7%
Issue Price	0.2p
Total amount, before expenses, to be raised under the Placing	£2.62 million
Market capitalisation of the Company on Admission at the Issue Price	£4.90 million
Maximum number of Ordinary Shares in issue at Warrant Shares Admission	2,637,124,932[(2)]

(1) This figure assumes that no Options or Warrants that are outstanding as at the date of this document are exercised between the date of this document and Admission.

(2) This figure assumes that, other than the issue of Ordinary Shares pursuant to the Bonus Warrant Issue and the issue of the Corsair Warrant Shares, no other Ordinary Shares are issued following Admission.

ANDALAS ENERGY AND POWER PLC

(Incorporated and registered in the Isle of Man under Company Number 010493V)

Directors:
Mr. Paul Cyril Warwick *(Non-Executive Chairman)*
Mr. David Robert Whitby *(Chief Executive Officer)*
Mr. Daniel Bandholtz Jorgensen *(Finance Director)*
Mr. Graham Roger Smith *(Non-Executive Director)*
Mr. Ross Michael Warner *(Executive Director)*

Proposed Director:
Mr. Simon George Gorringe *(Chief Operating Officer)*

Registered address:
IOMA House
Hope Street
Douglas
Isle of Man IM1 1AP

27 April 2016

To all holders of Existing Ordinary Shares, and for information only, to holders of options and warrants over Ordinary Shares and to the holders of Loan Notes

Dear Shareholder,

PROPOSED FARM-IN TO AN INTEREST IN THE TUBA OBI EAST TAC

PLACING OF 1,307,584,558 PLACING SHARES TO RAISE £2.62 MILLION

PROPOSED BONUS WARRANT ISSUE

ADMISSION OF ENLARGED SHARE CAPITAL TO TRADING ON AIM AND NOTICE OF GENERAL MEETING

1. INTRODUCTION

The Directors are pleased to announce that, in accordance with the Company's strategy to identify and evaluate oil and gas opportunities in Indonesia, the Company has entered into a conditional agreement to farm-in to an interest in the Tuba Obi East TAC in the South Sumatra Basin on the island of Sumatra, within the Republic of Indonesia. The Farm-in will constitute a reverse takeover of the Company under the AIM Rules, changing the Company from an investment company to an operating company involved in the exploration and production of oil and gas, and therefore is subject to the approval of Shareholders at the General Meeting.

In conjunction with this, the Company has also conditionally placed 1,307,584,558 Placing Shares at the Issue Price of 0.2 pence to raise total gross proceeds of £2.62 million. The Placing is also subject to Shareholder approval at the General Meeting, notice of which is set out at the end of this document.

Further details of the Farm-in and the Placing are set out later in this Part I of this document. This document sets out the details of, and reasons for, the Proposals and explains why the Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole, and recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

You should read the whole of this document and not just rely on the information contained in this letter. In particular, you should consider carefully the "Risk Factors" set out in Part II of this document. Your attention is also drawn to the information set out in Parts III to IV of this document.

2. BACKGROUND TO AND REASONS FOR THE PROPOSALS

The Company was incorporated as Clean Energy Brazil plc on 19 September 2006 in the Isle of Man. On 29 November 2013, the Company's name was changed to CEB Resources plc and the Company was

re-registered as a company incorporated under the Act. On 3 December 2015, CEB Resources plc changed its name to Andalas Energy and Power plc.

The Company is currently an AIM investment company with an investing policy to invest in and/or acquire companies and/or projects within the natural resources and/or energy sector with potential for growth. With the publication of this document and subject to the passing of the Resolutions, the Company will become an AIM operating company focused on the exploration and development of oil and gas concessions in Indonesia.

On 5 June 2015, the Company announced that it had raised £1.5 million by way of a placing of new Ordinary Shares, and had entered into the Assignment Agreement with Corsair for the identification and acquisition of oil and gas concessions in Indonesia. The terms of the Assignment Agreement provide that Corsair would consider and if applicable, apply for oil and gas concessions in Indonesia, following which it would assign its interest in such concessions to the Company. At the time, the Company noted that any such transaction would likely be classified as a reverse takeover under Rule 14 of the AIM Rules, and as a result following the identification of an acquisition target, trading in the Company's Ordinary Shares would be suspended until the publication of an admission document. In conjunction with entering into the Assignment Agreement, Mr. David Whitby, a shareholder and director of Corsair, joined the Board as Chief Executive Officer of the Company.

Since then, the Company has worked with Corsair to review a number of identified oil and gas concessions in Indonesia and, on 26 October 2015, it announced that it had completed due diligence on four potential assets and presented offers to sellers for two of those assets. On the basis that any of the potential transactions would constitute a reverse takeover under Rule 14 of the AIM Rules, the Company also advised that trading in its Ordinary Shares would remain suspended until such time as an admission document is published in respect of a reverse takeover, or the potential transactions cease to be viable.

The Company announced on 8 March 2016 that it had entered into a conditional agreement for a farm-in to a 30 per cent. interest in the Tuba Obi East TAC. In conjunction with the Farm-in, the Company's brokers, Cantor Fitzgerald, Cornhill Capital and Peterhouse Corporate Finance, have conditionally placed 1,307,584,558 Placing Shares at the Issue Price to raise total gross proceeds of £2.62 million. The purpose of the Placing is to provide funding to the Company for development expenditure to earn its interest in the Tuba Obi East TAC under the terms of the TOE Farm-in Agreement and for general working capital purposes.

The Directors believe that the Company is well placed to capitalise on the opportunities currently available in the oil and gas and power sectors in Indonesia. The Company has secured a core team of industry professionals with over 250 years of combined experience in 35 countries worldwide. The team has in excess of 70 years of experience in the Indonesian oil and gas sector and consequently has an in country network providing a competitive advantage for the Company in Indonesia.

The Board believes that Indonesia represents a significant opportunity given the experience of the Directors, Proposed Director and senior management in both the development and operation of oil and gas assets in Indonesia. Indonesia is the most significant hydrocarbon producer in South East Asia and was a member of OPEC until 2009 when domestic demand increased to the point that local consumption became a priority over oil exports. The country re-joined OPEC in January 2016. The country has numerous well-explored and prolific hydrocarbon basins attracting some of the world's largest exploration and production companies (including ConocoPhillips, Chevron Corporation, ExxonMobil Corporation and Total SA). Industry standard infrastructure, equipment, and services are readily available across the country.

A rigorous screening process was implemented by the Company with over 75 assets and projects screened over the last 24 months and as a result, the Company has developed a significant project pipeline focused on longer term gas opportunities. The Tuba Obi East project was selected by the Board as it provides a relatively low cost entry point into the Indonesian oil and gas sector with significant potential to exploit gas to power and/or gas pipeline sales opportunities in the growing Indonesian energy and power generation market.

3. THE INDONESIAN OIL AND GAS INDUSTRY

3.1 Indonesia country overview

The Republic of Indonesia is an archipelago comprising approximately 17,508 islands covering some 1.9 million km^2, located in Southeast Asia and Oceania. It comprises 34 provinces and shares land borders with Papua New Guinea, East Timor, and Malaysia. Other neighbouring countries include Australia, Singapore, Philippines, Palau, and the Indian territory of the Andaman and Nicobar Islands. The capital city is Jakarta, located on the western end of the island of Java.

Indonesia is a democratic republic with an elected legislature and president and is a founding member of ASEAN. The country is a polyglot nation with an estimated population of over 256 million people in 2015 and is the world's fifth most populous country (behind the likes of China, India, and the United States). It is the most populated country in Southeast Asia.

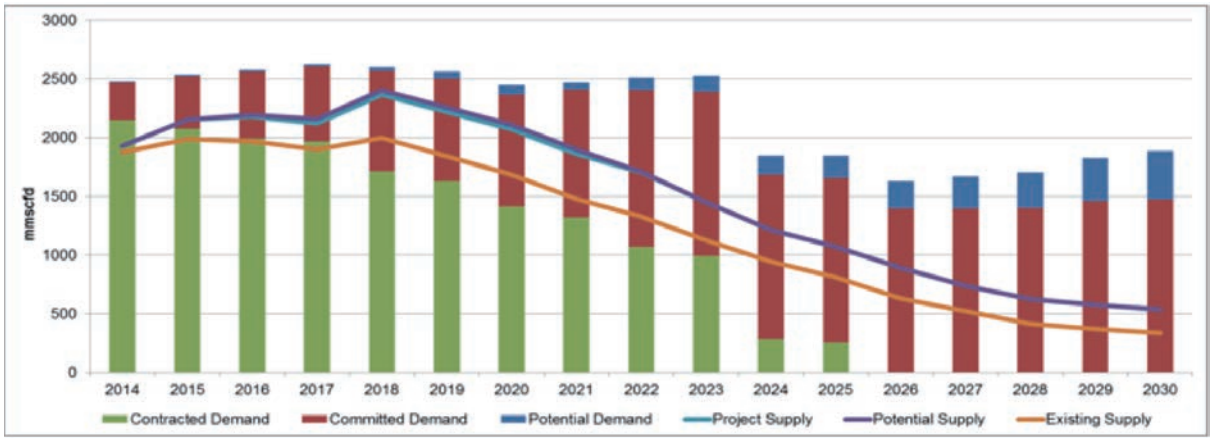
Indonesia is a member of the G-20 group of major economies and ranked as the world's 16th largest economy with an estimated nominal GDP of over US$888 billion. It has seen a resurgence since the Asian financial crisis in 1997, averaging GDP growth of 5.5 per cent. per annum from 2011 to 2015. The country is now seen as an emerging and vibrant democracy, with a growing economy, and as a growing regional power.

Indonesia's oil and gas industry is a vital part of the economy, contributing approximately 5 per cent. of total state income tax revenues in 2015.

3.2 The Indonesian gas industry

Gas makes up a substantial part of Indonesia's petroleum production. The US Energy Information Agency estimates that during 2013, Indonesia produced 2.5 Tcf of dry natural gas – the 12th largest in the world – mostly from offshore fields not associated with crude oil production. In addition, in 2014 Indonesia was the 5th largest exporter of LNG globally, with shipments of approximately 762 Bcf of gas. In 2015 it was estimated that the country possessed the 13th largest natural gas reserves in the world and the second largest in the Asia-Pacific region, with 103.4 Tcf of proved reserves.

Indonesia's position as the world's largest exporter of LNG to international markets in 2005 has been usurped due to the influence of waning production, more competitive LNG markets, exports via new pipeline infrastructure and increasing domestic demand. In 2006, the Indonesian Government announced a policy to encourage natural gas production to focus on domestic needs. Domestic demand for gas is now so high that the spot cargoes of LNG at export terminals are being purchased for regasification and use in domestic power generation across the archipelago.

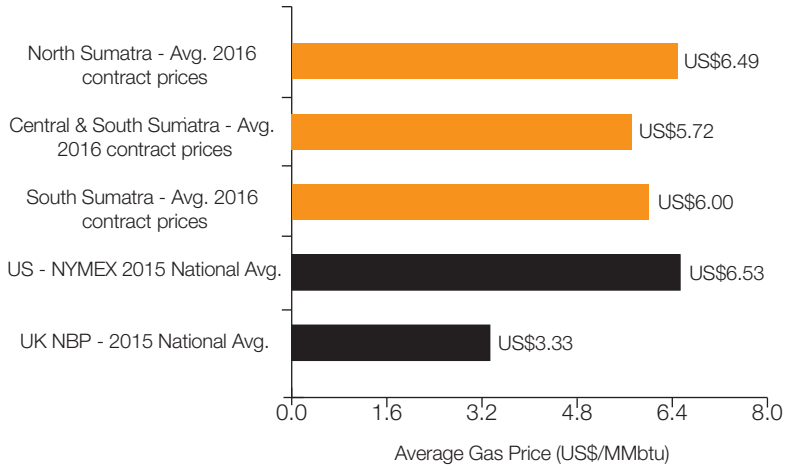


Above: Indonesian gas supply & demand (source: Indonesian Ministry of Energy and Mineral Resources, National Natural Gas Policy and Roadmap 2014-2030)

The US Energy Information Agency reports that the country continues to struggle to attract foreign investment in more technically challenging and deep-water fields, and exploration has slowed as a result of regulatory hurdles and a lack of fiscal incentives for independent oil companies. Development of the country's gas fields remains a high government priority as part of its drive to meet growing domestic energy demands. Along with a small number of major discoveries, there are a significant number of stranded small gas fields

that remain undeveloped and are now the focus of SKKMigas, Pertamina and some other exploration and production companies.

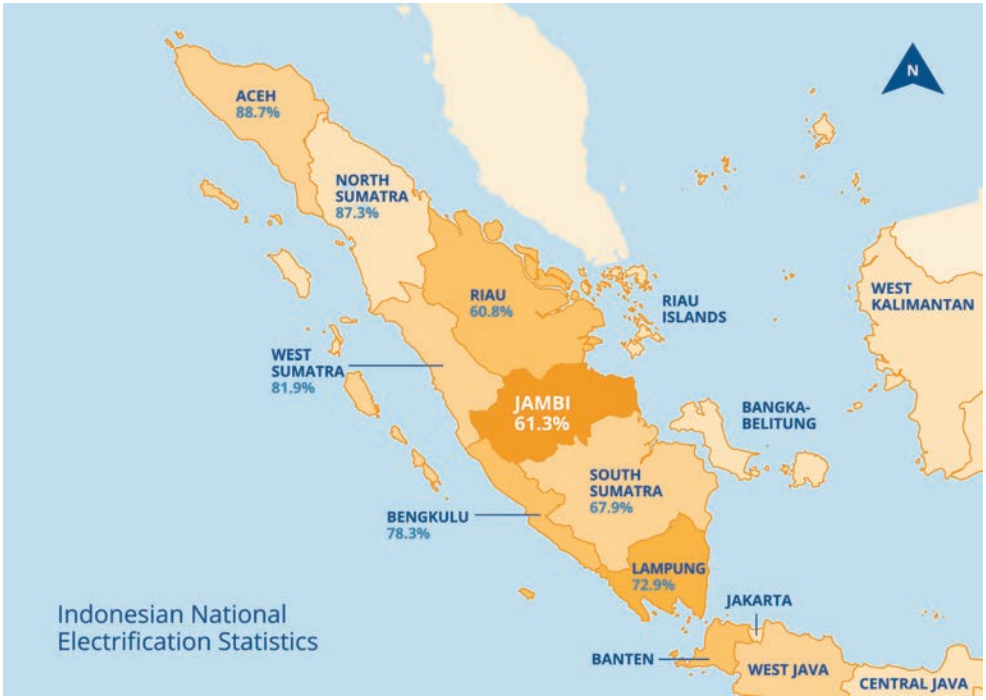
Natural gas is intended to play an increasingly important role in Indonesia's energy mix, particularly with world pressure on carbon emissions. Demand for gas and power in Indonesia is predicted to remain strong and hence it is likely that gas and power prices will remain high. Indonesian gas supply has been insufficient to meet demand for over a decade therefore the market remains attractive for new suppliers with a ready market and strong pricing.



Above: Indonesian Gas prices vs. other established markets (source: Bloomberg)

3.3 **The gas to power opportunity in Indonesia**

Indonesia is a fast growing economy predicted by McKinsey & Company to be the world's 7th largest economy (currently 16th largest) and have the 4th largest population globally with over 295 million people by 2030. The national electrification rate currently is 88.4 per cent., which is low compared to its ASEAN neighbours. There is currently a nationwide gas and power shortage with power outages and gas shortages rampant across the archipelago. The Government of Indonesia is aiming for electrification rates of 99 per cent. by 2020 but to achieve this, the nation must address significant challenges. Significant investment is required in installing additional power infrastructure, as insufficient power is and will continue to hamper economic growth. Indonesia has announced an ambitious programme to add 35 gigawatts of electricity generation within the next 5 years to prevent an electricity deficit and to support economic growth.



A number of gas to power development opportunities in Indonesia are proven, cost effective and readily available. There is recent evidence that the independent power producer market within Indonesia is growing strongly. In November 2015, PLN, the Indonesian state owned electricity distribution company, reported that it had signed power purchase agreements (PPAs) for a combined capacity of 9,403 MW. This represented over 27 per cent. of the Government's target to develop 35,000 MW of new power plants within the country by 2019/2020. Some 25,000 MW of this overall target has been "ear marked" for independent power producer developments.

The Company has undertaken a preliminary assessment of the gas to power development options available in Indonesia which suggests that gas engines are likely to be the most economically feasible as a result of being capital cost effective, modular and scalable, tolerant of varying inlet gas pressures and quality, and with a short timeline to installation and operation. Typically, the Company estimates that 6 MMscf/d of plateau gas production could produce up to 30 MW of power, which is enough to power over 50,000 homes in Sumatra. Many of the independent power producers have successfully employed gas engine technology across a wide range of operating regions and situations in Sumatra, however due to the significant electricity deficit in the region the opportunity exists to pursue gas engine developments in areas with stable and stranded supplies of gas reserves.

3.4 **The Indonesian oil industry**

Indonesia has a long history of oil and gas exploration dating back to the first well drilled in 1871. The first Indonesian oil discovery and commercial production occurred in North Sumatra in 1885 quickly turning the country into one of the world's preeminent hydrocarbon provinces. The major hydrocarbon producing regions within Indonesia are Sumatra, offshore in the Java Sea, East Kalimantan, and Natuna in the South China Sea.

In 2014, Indonesia produced approximately 911,000 barrels of oil per day, ranking as the 22nd-largest oil producer in the world and accounting for around 1 per cent. per cent. of total world production. In recent decades the country's petroleum and other liquids production has declined but it continues to export crude oil and condensate and remains a major LNG producer and exporter.

The US Energy Information Agency reported that at the end of 2014, Indonesia had some 3.7 billion barrels of proved crude oil reserves.

Declining oil production and increased domestic consumption has resulted in Indonesia becoming a net oil importer. As a result, and in combination with the then prevailing high oil prices, the Indonesian Government made the decision in 2008 to scale back substantially its domestic fuel subsidy and to withdraw temporarily from OPEC, which it joined as the only ASEAN member in 1962. In January 2016 the Company re-joined OPEC, despite remaining a net importer of oil.

Hydrocarbon exploration and production in the country is dominated by Pertamina, the national oil company, which has revenues of over US$70 billion, proved and probable reserves of 5.2 billion barrels of oil equivalent, production of over 550,000 boepd per day in 2014, and is ranked 130 on Fortune's Global 500 corporations. It controls some 77 of the country's oil and gas exploration and production concessions and maintains a significant presence in the downstream sector – operating six refineries with a capacity of over one million barrels per day, and catering to over 66 per cent. of domestic product demand. In addition, it operates over 5,000 fuel stations, over 500 LPG filling plants, hundreds of vessels and fuel terminals, aviation units and blending plants. The company is a key part of government's regulatory and control framework for the petroleum industry within Indonesia.

Other players in the Indonesian oil sector include Chevron Corporation, ExxonMobil Corporation, BP plc, ENI S.p.A, Total SA, and CNOOC (China National Offshore Oil Corporation). Investment in the upstream sector grew over 230 per cent. between 2006 and 2014. However, the dramatic downturn in oil prices during 2015 has since seen these levels of investment slow.

4. COMPANY STRATEGY

The Company's strategy is to secure gas supply and to monetise this supply through gas sales to local Indonesian power producers, export pipelines or by developing independent power generation operations.

In pursuing its Indonesian strategy, the Company is focussed on building an Indonesian energy company capturing revenue streams from both power generation and upstream gas exploration and production activities. The rationale behind this approach to gas and power is premised upon the following factors:

- the Company has identified numerous undeveloped, small gas discoveries which represent stranded gas fields, and some promising exploration prospects, which it believes can be economically exploited in feeding the power sector;
- Indonesia's energy sector is unable to meet current demand, with frequent power outages and gas shortages hampering economic growth;
- electrification in Indonesia is currently at 88.4 per cent. which is significantly behind the South East Asian average;
- the Indonesian Government is encouraging new players and more open access in power; and
- the outlook for gas and power prices over the medium term is positive, driven by high gas demand in a regulated gas pricing environment.

The Directors believe this represents a compelling opportunity for the Company and endorse PwC's view, in their 2013 report entitled "Power in Indonesia, Investment and Taxation Guide, 2nd Edition" that "Indonesia offers potentially the most exciting power investment opportunities for at least a generation.

On the basis of this strategy, as its first entry into the country's gas industry the Company has entered into an agreement to Farm-in to the Tuba Obi East concession area in the South Sumatra Basin.

5. KEY STRENGTHS

The Directors and the Proposed Director believe that the Group's key strengths include:

- A committed Board and management team which includes over 250 years of collective industry experience globally, including 70 years in Indonesia. Some of the key management career highlights in Indonesia include:
    - achieving the first major gas sale from the Corridor Block, South Sumatra, comprising 450 MMscf/d via a new facility and pipeline;
    - establishing PT Transgas Indo and overseeing the construction of a pipeline for the transport of gas from South Sumatra to Batam and Singapore; and
    - representing Pertamina in negotiations for the unitisation of the Suban gas field, which returned over US$200 million per annum to Pertamina for 14 years.
- The Company has a targeted strategy to produce gas and gas to power energy generation in Indonesia, which is a leading global hydrocarbon producer with a substantial and rapidly growing demand for electricity and natural gas.
- A significant pipeline of potential assets as a result of a substantial network of local contacts and relationships. The Company has screened 75 projects to date and is actively pursuing or has high graded 20 projects for further study, of which 12 are in Sumatra.
- Tuba Obi East represents the Company's first asset in execution of its strategy in the South Sumatra Basin. GCA has confirmed that the concession contains an exploration prospect with gross best estimate prospective resources of approximately 22 Bcf in each of two potential reservoirs, with the potential for gas export or gas to power development.

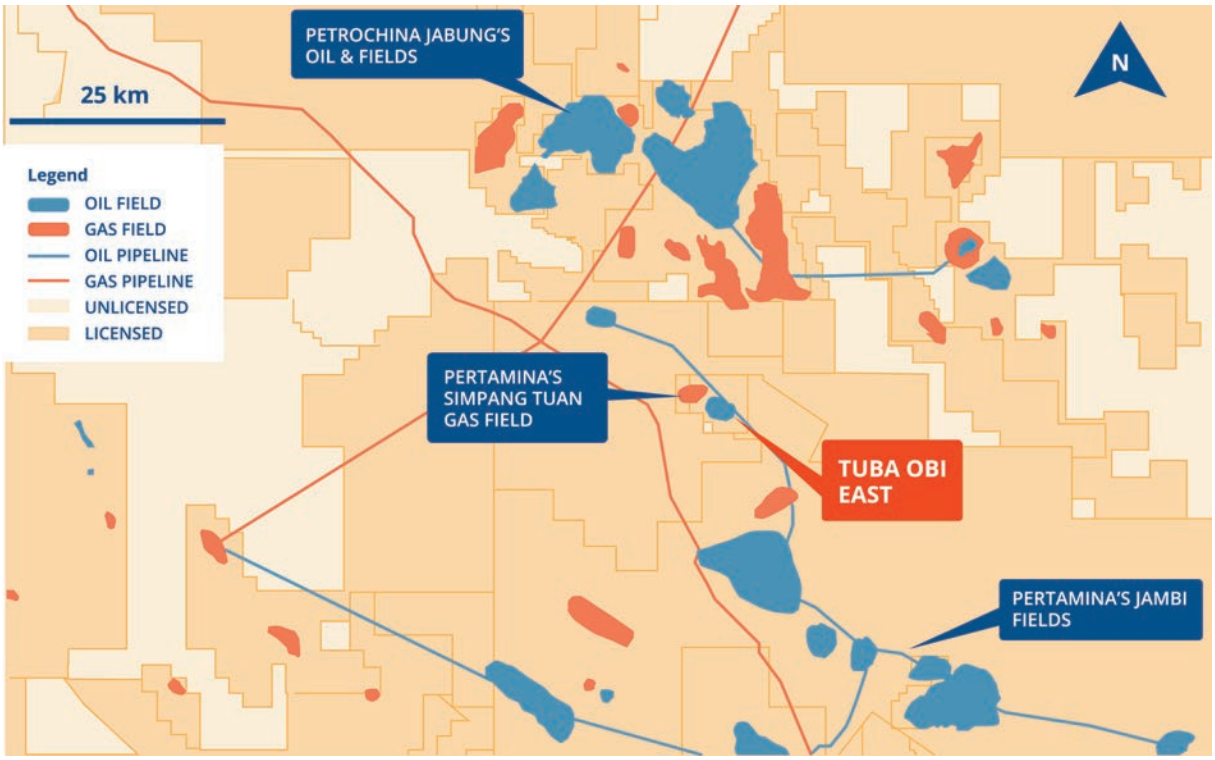
6. TUBA OBI EAST FARM-IN

6.1 Tuba Obi East TAC

The Farm-in marks the entry point for the Company into the Indonesian gas and power sector with any future production from the concession proposed to be either exported via the nearby pipeline infrastructure or used to supply a potential future gas to power operation, as the concession is located in an area where a significant shortfall in power generation exists.

The Tuba Obi East oil and gas concession area is located in the Jambi province in Sumatra, Indonesia, approximately 40km north-west of Jambi city. The concession was awarded in 1997 for a term of 20 years which expires 23 April 2017. The concession covers an area of 55km^2 in the South Sumatra basin and is close to the major Sumatra gas pipeline to Duri and Singapore.

Above: Tuba Obi East field location map



Above: Field location map showing proximity to pipelines and infrastructure

Tuba Obi East was discovered in 1986 and to date three wells have been drilled on the concession. The field has previously tested near pipeline quality gas from the Oligocene Talang Akar Formation (TAF) at rates of up to 3MMscf/d.

The structures within the concession have been delineated by 3D seismic. The three wells previously drilled in the concession also penetrated the Air Benakat Formation (ABF) where logging has indicated the potential presence of gas. The ABF has flowed gas outside the concession at commercial rates, but insufficient data from this formation has been gathered to date to confirm the presence or productivity of gas within the concession area.

Pursuant to the TOE Farm-in Agreement, the Company has agreed a work programme with PT Akar Golindo which includes the drilling of an appraisal well, provisionally called TOE-2, and further technical and development studies. GCA's technical analysis indicates that the Air Benakat reservoir zone potentially contains substantial gas resources that may be proven via the drilling and flow testing of the proposed TOE-2 well. If the work programme proves successful, the TOE-2 well may be completed as a future production well.

Under the terms of the TOE Farm-in Agreement, the Company will be the technical operator for the TOE-2 well work programme. Accordingly, the Company's in-country team has expedited the design, planning and site preparations for the Farm-in well. The concession operator, PT Akar Golindo, has been supporting this work.

Two well locations (a preferred location and an alternate) have now been selected for the drilling of TOE-2 and site surveys have been completed, along with the inspection of potential drilling rigs. The drilling team is now progressing the rig selection process whilst services contracting continues apace with the preparation of critical tender documents.

Additionally, the Company has prepared a draft gas and power development plan for the Tuba Obi East concession. As part of the TOE-2 well approval process this plan will be presented to Pertamina (the Indonesian national oil company). Work has also commenced on a power production feasibility study in parallel with geological, geophysical and reservoir evaluations of gas discoveries in the area surrounding the concession.

6.2 **South Sumatra Basin**

Tuba Obi East is located in the heart of the prolific South Sumatra Basin, which is located in the southern part of the Indonesian island of Sumatra. Petroleum was first produced from the South Sumatra Basin in the early 1900s.

Above: Map of South Sumatra Basin and key geological trends

The South Sumatra Basin continues to play a major role in the Indonesian oil and gas industry, with the ongoing development of mature fields complemented by several new discoveries in recent years. Since 2007, the fields have also supplied the domestic gas market in Java, via the 370km South Sumatra-Java trunkline.

6.3 **Resources and reserves**

A report dated 22 April 2016 was prepared by GCA which estimated the prospective resources in the Air Benakat Formation within the Tuba Obi East concession based on the historical exploration and appraisal data available. GCA reports best estimate prospective resources of approximately 22 Bcf in each of two potential reservoir zones, the ABF upper and ABF lower, within the main closed structure within the boundary of the Tuba Obi East TAC as presented in the table below.

		Gross prospective resources			*Net working interest prospective resources*[1]			
Prospect/Reservoir	*Units*	*Low Estimate*	*Best Estimate*	*High Estimate*	*Low Estimate*	*Best Estimate*	*High Estimate*	*GCOS*[2]
Tuba Obi East ABF upper	Bcf	6.90	22.30	54.80	2.07	6.69	16.44	60%
Tuba Obi East ABF lower	Bcf	3.90	21.40	59.70	1.17	6.42	17.91	60%

(1) the net working interest is the 30 per cent. attributable to Andalas on completion of the Farm-in but does not represent Andalas' net entitlement under the terms of the Tuba Obi East TAC which would be lower.
(2) Geological chance of success.

The ABF reservoir zones have not been tested within the concession area and as a result there is a risk associated with the presence of gas and there is also a risk associated with whether the gas, if present, is movable. As a result, GCA considered the volumes above as prospective resources. GCA assessed the risks and presented the geological chance of success associated with the estimated prospective resources of 60 per cent. The full GCA report is presented as Part III of this document.

6.4 **Key terms of the Farm-in Agreement**

Under the terms of the Farm in, Andalas will acquire a 30 per cent. direct working interest in the Tuba Obi East TAC through the execution of a single well work programme. The work programme includes the completion of a geological, geophysical and reservoir study along with the drilling and flow testing of a single well to assess the deliverability, recoverable volumes, and gas quality in the Air Benakat Formation. Andalas will be technical operator during the well work programme.

The transfer of a participating interest in the Tuba Obi East TAC to the Company is subject to the consent of the Government of the Republic of Indonesia and Pertamina.

The Tuba Obi East concession expires on 23 April 2017. Prior to expiry of the Tuba Obi East TAC, it is anticipated that application will be made jointly by PT Akar Golindo and Andalas for a new contract to reflect the same division of participating interest as agreed by the TOE Farm-in Agreement. PT Akar Golindo and Andalas will jointly pursue the application and Andalas has agreed to pay a further sum of US$500,000 to PT Akar Golindo if a new contract is awarded. There is no certainty at this time that a new contract will be awarded by Pertamina.

Further detail regarding the TOE Farm-in Agreement is set out in paragraph 17 of Part IV of this document.

6.5 **Participation Agreement with Northcote**

On 30 April 2015, the Company entered into a Participation Agreement with Northcote in consideration for Northcote providing services and relationships in connection with procuring financing for the Company to undertake one or more projects in Indonesia. Under the terms of the Participation Agreement, Northcote is entitled to participate directly with the Company in any joint venture, partnership, concession, profit sharing contract, working interest in any well or other similar agreement, introduced by any party, relating to the exploration, development and production of hydrocarbons in Indonesia initiated prior to 30 April 2020. Northcote is entitled to a paying participation at a level equal to 12.5 per cent. of the interest of the Company (prior to Northcote's election to participate) either directly or through any partnership or joint venture agreement entered into by the Company. Northcote has notified the Company of its election to participate in the Tuba Obi East concession. Further detail regarding the Participation Agreement is set out in paragraph 17 of Part IV of this document.

6.6 **Key commercial terms of the Tuba Obi East TAC**

The Tuba Obi East TAC (referred to in this paragraph as the "TAC") was entered into on 15 May 1997 between Pertamina and WAPPL (as the "Contractor"). WAPPL's interest in the TAC has subsequently been assigned to PT Akar Golindo, which currently holds a 100 per cent. interest in the TAC and is block operator. The term of the TAC is 20 years. The TAC records the terms and conditions under which the Contractor shall be responsible to Pertamina for the execution of the petroleum operations, and for the provision of financial and technical assistance for such operations.

Under the TAC, the Contractor is responsible for operating costs which are recoverable from up to 65 per cent. of the revenue generated by hydrocarbon sales. After cost recovery, Pertamina is entitled to 73.2 per cent. of revenue generated from oil sales and the Contractor to 26.8 per cent. For gas sales, Pertamina is entitled to 37.5 per cent. and the Contractor to 62.5 per cent. of revenue generated from gas sales. In addition there are bonus payments payable to Pertamina by the Contractor on the achievement of certain production milestones. The TAC expires on 23 April 2017 and is not capable of being extended. PT Akar Golindo and Andalas will jointly pursue the application for a new contract to replace the TAC which is likely to contain significantly different commercial terms than the TAC.

WAPPL was a joint venture company incorporated under the laws of Western Australia in which PT Akar Golindo owned a 10 per cent. interest and Western Resources NL owned a 90 per cent. interest. The Company has been informed by PT Akar Golindo that (a) on or around 30 June 1999, WAPPL assigned its interest in the TAC to PT Akar Golindo; (b) Pertamina consented to this assignment by way of letter to PT Akar Golindo dated 3 October 2003; and (c) with effect from 30 June 1999, WAPPL was dissolved.

The Company has reviewed correspondence from Pertamina to PT Akar Golindo in respect of the TAC in relation to certain historic matters and the adoption of future work programmes and there has been a course of conduct (including the receipt of petroleum related revenue streams) over the relevant 13 year period which gives the Board some comfort that Pertamina treats PT Akar Golindo as the contractor under the TAC. However, the Company has been unable to obtain from PT Akar Golindo copies of the deed of assignment (which transfers the rights and obligations of the contractor to PT Akar Golindo) or the consent from the Government of the Republic of Indonesia (as required for the transfer under the TAC), and there is a risk that PT Akar Golindo may not have acquired good title to the TAC, which would mean that it would be unable to assign good title as contractor to the Company pursuant to the terms of the TOE Farm-in Agreement.

The Company has received warranties of good title under the TAC from PT Akar Golindo but there can be no guarantee that these could be successfully enforced in Indonesia or that PT Akar Golindo has sufficient financial resources to support these obligations.

Whilst the Board wishes to emphasise the current material deficiencies in title based on the documents made available to it during the due diligence process, the TAC is due to expire on 23 April 2017 at which time (subject to the operational progress made and other relevant considerations) the Company intends to apply for a new KSO (or other concession) jointly with PT Akar Golindo, although there can be no assumption that it will be successful in such application. The Board places greater emphasis on being involved in the potential opportunity of this future award, than establishing definitive title to the current TAC. Whilst there can be no assurance that such an award of a KSO will be made to the Company, the TOE Farm-in Agreement includes exclusivity undertakings from PT Akar Golindo in respect of any bid for such award.

The principal terms of the Tuba Obi East TAC are summarised in paragraph 17.2 of Part IV of this document.

7. LEGACY ASSET – PEELWOOD PROJECT

The Company currently holds a 20 per cent. interest in the Peelwood Project. The Peelwood Project comprises six exploration licences located in the Lachlan Ford Belt of eastern New South Wales, Australia. The Company entered into a farm-in agreement with Balamara Resources Limited on 18 January 2014 to earn up to a 49 per cent. interest in the Peelwood Project by spending A$1.2 million. As at the date of this document the Company has spent a total of US$179,000, which was its carrying value for the Peelwood Project in the Company's audited financial statements as at 30 April 2015, to acquire a 20 per cent. interest and its option to increase its interest has expired. The Company's strategy with its current asset portfolio is to pursue a disposal of its interest in the Peelwood Project while applying its existing cash balances, along with the proceeds of the Placing, to the development of oil and gas concessions in Indonesia.

8. CURRENT TRADING AND PROSPECTS

Since 31 October 2015, being the date of the Company's latest published historical financial information, the Company has continued its strategy to identify and evaluate opportunities in the oil and gas sector in Indonesia. In conjunction with this, the Company has strengthened its Board and executive management team which has resulted in a modest increase in its general and administrative overhead costs which were US$1.54 million for the five month period from 1 November 2015 to 31 March 2016 (unaudited). In addition, the Company has incurred non-contingent costs associated with the preparation of this document which as at the date of this document have totalled US$80,000.

The impact of these increased costs on the Company's cash reserves have been offset by a fundraising completed by the Company in March 2016 which raised gross proceeds of £500,000 by way of an issue of Loan Notes to new and existing investors. As a result, as at 22 April 2016, being the latest practicable date prior to the publication of this document, the Company had a cash balance of US$251,000 and debt outstanding of £600,000 in respect of the Loan Notes.

9. INFORMATION ON THE DIRECTORS, PROPOSED DIRECTOR AND SENIOR MANAGEMENT

9.1 Directors

Mr. Paul Cyril Warwick (Non-Executive Chairman)

Paul, aged 63, recently retired from Talisman Energy Inc./Repsol SA where he was Executive Vice President and Executive Director for Europe, the Middle East and Africa. Prior to this he held a number of senior level executive positions with ConocoPhillips Ltd in Indonesia, the Middle East, Europe and Africa. Over the course of his career Paul has gained an excellent reputation for strong leadership and delivering significant improvements to the businesses he has managed.

In 2001, Paul was appointed President and CEO of Gulf Indonesia Resources Ltd and in 2002 became President of ConocoPhillips Indonesia, overseeing the merger between Gulf Indonesia and Conoco Indonesia. He led the successful completion of the Belanak FPSO, which at the time was the largest FPSO in the world; the development of the Corridor Block including the Suban field; the creation of the pipeline company TransgasIndo; secured gas sales from South Sumatra to Singapore and Batam; and, with Perusahaan Gas Negera, secured an agreement to supply gas from South Sumatra to West Java. Between 2004 and 2006, Paul was ConocoPhillips' President Middle East and North Africa during which he supervised the negotiations and sanction approval for the 7MMtpa US$7 billion Qatar Gas 3 LNG project and the re-entry into the Libya Waha concession. As ConocoPhillips' President of Europe and West Africa (2006-2009), he delivered over 450,000 boepd net production and managed net yearly operating and capital budgets of more than US$3.5 billion. While ConocoPhillips' President UK and Africa (2009-2012), he was accountable for businesses in the UK, Libya, Algeria and Nigeria managing capital budgets in excess of US$1.5 billion.

In 2012, Paul was appointed Executive Vice President of Talisman Energy Inc. with responsibility across Europe, Middle-East, Africa and South America. Here, he was part of the Talisman executive team that delivered the successful sale to Repsol S.A where he became Executive Director until his retirement.

Mr. David Robert Whitby (Chief Executive Officer)

David, aged 60, has over 30 years of international experience in the oil and gas industry. He has previously been Vice President of Heavy Oil for Husky Oil in Canada, President of Gulf (Australia) Resources, Vice President (Corporate Development), for Gulf Indonesia, and Project Director, West Java Gas, for Conoco-Phillips Ltd. He was also Chairman and CEO of ASX listed Nido Petroleum Ltd, a Non-Executive Director of Cool Energy Ltd and Chairman of Xstate Resources Ltd. During his time as CEO of Nido Petroleum he rejuvenated the company increasing its market capitalisation on the ASX from A$1.6 million to over A$600 million in just 4 years.

During his career he has had a key leadership role in the Block A, Aceh, farm-out to Japan Petroleum Exploration Co. Ltd for a US$79 million drilling commitment, resulting in 3 major discoveries; the first major gas sale from Corridor Block, South Sumatra – 450 MMscf/d of gas via a new built facility and pipeline from 2008; led the negotiations for gas sales to Singapore, Batam, and West Java, delivering 750 MMscf/d of gas; led Gulf Indonesia's minority shareholders' defence against ConocoPhillips Ltd resulting in US$400+ million sale; and represented Pertamina in the unitization negotiations with ConocoPhillips Ltd on the large Suban gas field, returning over US$200 million per annum in revenue to Pertamina for 14 years.

David holds a Bachelor of Mechanical Engineering from the Royal Military College, Canada.

Mr. Daniel Bandholtz Jorgensen (Finance Director)

Daniel, aged 35, is a chartered accountant with nearly 15 years of experience in the public markets and with international groups. He has gained experience with various AIM-listed international resource companies where he has completed a variety of corporate transactions.

Prior to his appointment, Daniel was Finance Director of Northcote Energy Limited. In addition, Daniel has experience gained in senior management positions with a number of other AIM-listed international resource companies. Between 2004 and 2011, he worked for BDO LLP in their Natural Resources team advising a large number of international AIM companies. He is a chartered accountant and holds a BSc in Economics from Reading University.

Mr. Ross Michael Warner (Executive Director)

Ross, aged 49, is a lawyer and experienced company director of both private and public resource companies listed on AIM and the Australian Securities Exchange. He has also held senior corporate roles with Mallesons Stephen Jaques in Australia and Clifford Chance in the UK. He is currently Executive Chairman of Northcote and Executive Director of Zarmadan Gold Ltd and has previously been chairman of Uranium Resources plc. He holds a Bachelor of Laws from University of Western Australia, and Master of Laws, University of Melbourne.

Mr. Graham Roger Smith (Non-Executive Director)

Graham, aged 58, is a Chartered Accountant and an Isle of Man resident. He is currently an Executive Director of FIM Capital Limited (formerly IOMA Fund and Investment Management Limited), the administrator to the Company. He has over 30 years' financial management experience, primarily in the investment funds sector. He is also a non-executive director of AIM listed Glenwick plc and Trinity Capital plc, and of several unlisted companies.

9.2 **Proposed Director**

Mr. Simon George Gorringe (Chief Operating Officer)

Simon, aged 59, began his 35-year career in the petrochemical industry, moving into cryogenics and finally into the oil and gas industry in the late-1980s. He has worked for Kerr-McGee on the Gryphon field and for ConocoPhillips Ltd on its UK continental shelf developments, before moving to BHP Billiton plc. Whilst there he developed a reputation for unlocking marginal fields by developing the Keith Field, an asset that was previously deemed to be uneconomic. In Indonesia Simon was the development manager for Serica's Kambuna Gas Field Development and Chief Operating Officer for NuEnergy Gas Ltd. which was developing coal bed methane projects in South Sumatra.

He has also held a number of senior roles including at SOCO International plc and Kerr-McGee. Simon is a graduate of Chemical Engineering from University of Manchester Institute of Science and Technology.

9.3 **Senior Management**

Mr. Muhamad Slamet, Country Manager Indonesia

Slamet has extensive experience in government and community relations, general management, procurement and logistics in Indonesia, having held senior roles with multinational and local companies operating in the Indonesian energy sector. Slamet has specific expertise in building and managing strong relationships between multinational companies and the Indonesian Government. In his most recent position as Vice President Corporate Services for PT Nations Petroleum. He advised and assisted top management in its relationship with senior Government officials and entities, including the Governor and Vice Governor of the province of Aceh, the Directorate General of Migas, Indonesia's upstream petroleum regulator, and Pertamina, the national oil company. Between February 2007 and March 2010 he was Senior Manager of Supply Chain Management for Nations Petroleum (Rombebai) BV where he managed procurement contracts worth over US$40 million to support seismic as well as drilling operations in the Rombebai block, Papua. Prior to this, he was Executive Director of PT Rhio Chendhe Karya, a distributor of petrochemical products from Pertamina's refinery in Cilacap, Central Java, and was also Jakarta Facility and Logistics Manager for Chevron Indonesia Company. Slamet is a graduate in accountancy from Sekolah Tinggi Akuntansi Negara, Indonesia.

Mr. Didiek Sumasdi, Vice President, Geoscience

Didiek has over 35 years experience focused in Indonesia and South East Asia. He has held senior roles as Exploration Exploitation Manager, ConocoPhillips Indonesia; General Manager, Prabu Energy; Senior

Exploitation Manager, Gulf Indonesia; Exploration Manager and General Manager, Astra Petronusa, Myanmar and Vietnam. As the Senior Manager, Exploration and Exploitation Onshore for ConocoPhillips Indonesia, where he was responsible for onshore exploration and production subsurface activities, he managed five exploration and producing onshore blocks and oversaw the drilling of a multiple well development and exploration drilling programme. Didiek is a graduate in geology from Universitas Gadjah Mada, Indonesia.

Mr. Gregor Mawhinney, Vice President of Operations

Greg has over 37 years experience in the petroleum industry with a strong operations background with considerable expertise in key aspects of the upstream side of the industry. During an extensive career with international oil and gas operators, he has successfully led operations of various sizes and complexity both onshore and offshore, conventional and non-conventional, with capital budgets in excess of US$100 million per annum and operating budgets approaching US$400 million per annum. As Field Manager of the Buzzard Field in the North Sea for Nexen Inc., he was responsible for a 200,000 bopd production asset; as Operations Manager with Encana Corporation in Ecuador, he oversaw a 65,000 bopd field; and as Country Manager with Nexen in Yemen, he managed the 200,000 bopd Masila Block 14 in the Hadhramawt Province in eastern Yemen. Greg holds a BSc (Hons), University of Newfoundland, and MSc (Chemical Engineering), University of New Brunswick.

10. DETAILS OF THE PLACING AND USE OF PROCEEDS

10.1 **Principal terms of the Placing**

Pursuant to the Placing, Cantor Fitzgerald, Cornhill Capital and Peterhouse Corporate Finance have conditionally raised £2.62 million (before expenses) for the Company though the placing of the Placing Shares with investors at the Issue Price conditional, *inter alia*, upon the Resolutions being approved by Shareholders at the General Meeting and on Admission. The net proceeds of the Placing are estimated at £2.12 million. The net proceeds will be used for the agreed work programme on Tuba Obi East in order for the Company to earn its interest under the terms of the Farm-in Agreement and for general working capital purposes.

The Placing Shares will, upon issue, rank *pari passu* with the Existing Ordinary Shares. The Placing is conditional upon, *inter alia*, Shareholders passing the Resolutions at the General Meeting and Admission becoming effective by not later than 8.00 a.m. on 16 May 2016 (or such date as Cantor Fitzgerald may agree being not later than 31 May 2016).

The Directors and Proposed Director are participating in the Placing by way of a subscription for a total of 167,834,558 Placing Shares as follows:

Name	*Number of Placing Shares*
Paul Warwick	13,366,982
David Whitby	39,568,874
Daniel Jorgensen	48,366,281
Simon Gorringe	33,460,918
Ross Warner	33,071,503
Graham Smith	–

Their subsequent beneficial holdings are detailed in paragraph 9.1 of Part VI of this admission document.

10.2 **Use of proceeds**

The purpose of the Placing is to raise proceeds to fund the costs of the Farm-in and provide the Company with additional working capital. The Placing is intended to raise gross proceeds of £2.62 million before costs and net proceeds of £2.12 million. A summary of the use of proceeds of the Placing is shown in the table below:

	£'000
Costs of the Capital Raising and Admission	500
Tuba Obi East work programme	800
Working capital	1,320
Total use of proceeds	2,620

10.3 **Other information relating to the Placing**

The Placing is conditional, *inter alia*, upon:

(a) the passing of the Resolutions;

(b) the Placing becoming unconditional in all respects (other than Admission) and not having been terminated in accordance with its terms; and

(c) Admission of the Enlarged Share Capital becoming effective by not later than 16 May 2016 (or such later time and/or date as Cantor Fitzgerald may agree, not being later than 31 May 2016).

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Placing will not proceed. A summary of the principal terms of the Placing Agreement is set out in paragraph 17 of Part IV of this document.

The Placing will result in the issue of in total 1,307,584,558 new Ordinary Shares (representing, in aggregate, approximately 53.4 per cent. of the Enlarged Share Capital). The New Ordinary Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares and therefore rank equally for all dividends or other distributions declared, made or paid after the date of issue of the New Ordinary Shares. No temporary documents of title will be issued.

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on 16 May 2016. Definitive share certificates in respect of the New Ordinary Shares will be dispatched on or before 23 May 2016.

The Company's Articles permit the holding of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. The system allows shares and other securities to be held in electronic form rather than paper form, although a Shareholder can continue dealing based on share certificates and notarial deeds of transfer. For private investors who do not trade frequently, this latter course is likely to be more cost-effective.

10.4 **Details of the Bonus Warrant Issue**

The Directors have carefully considered the best way to structure the proposed equity fundraising in order to provide existing Shareholders with some ability to subscribe should they so choose on similar terms to the Placing. On this basis, the Board proposes, subject to the certain regulatory considerations relating to marketing securities in certain jurisdictions to carry out the Bonus Warrant Issue on the terms of the Bonus Warrant Instrument.

The issue of the Bonus Warrants will be to Qualifying Shareholders on a pro rata basis of one Bonus Warrant for every four Ordinary Shares held. The Board believes that the Bonus Warrant Issue should partially alleviate the impact of dilution on Qualifying Shareholders.

The record date for the Bonus Warrant Issue is 5.00 p.m. on 13 May 2016. Accordingly, the Board proposes that the Bonus Warrants will only be issued to Shareholders of the Company entered into the register of members at that time and with a registered address outside the Prohibited Territories. As such, placees in the Placing shall not be entitled to receive Bonus Warrants in respect of their Placing Shares.

The Bonus Warrants would represent approximately 7.3 per cent. of the Enlarged Share Capital prior to exercise.

The exercise price of the Bonus Warrants will be 0.2 pence per new Ordinary Share, being the same as the Issue Price.

The Bonus Warrants, which will be unlisted and non-transferable, will be exercisable on the Bonus Warrants Exercise Date being 31 May 2016 only (although irrevocable exercise notices and subscription funds can be issued to the Company prior to that date). If any of the Bonus Warrants remain unexercised on the Exercise Date, they will expire.

The Bonus Warrant Instrument is summarised in paragraph 18 of Part IV of this document and contains provisions typically found in such instruments, including those relating to the adjustment of the terms of the

Bonus Warrants, protections for holders of Bonus Warrants and the procedures for the modification of the rights of the Bonus Warrants.

The Bonus Warrants will be subject to eligibility requirements on issue. Such requirements are resultant from pre-existing securities law restrictions applicable to certain jurisdictions such as the United States of America. The Bonus Warrant Issue will not be extended to, and the Bonus Warrants will not be issued to and may not subsequently be exercisable by, Qualifying Shareholders in a Prohibited Territory. Notwithstanding the above, the Company will reserve the right to permit any Qualifying Shareholder to take up Bonus Warrants under the Bonus Warrant Issue if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the applicable restrictive legislation or regulations.

Qualifying Shareholders who are in any doubt about the implications of the Bonus Warrant Issue on their personal tax position should consult their professional adviser.

Further terms of the proposed Bonus Warrant Issue are set out below and in paragraph 18 of Part IV of this document.

11. LOAN NOTES

On 31 March 2016, the Company raised £500,000 (gross) through its joint broker Cornhill Capital by the issue of the Loan Notes. The Loan Notes carry a zero coupon and are unsecured. The nominal amount of each Loan Note is £1,000. The issue price of each Loan Note was £833.33. On Admission, the Loan Notes will convert into 300,000,000 new Ordinary Shares at the Issue Price.

In the event that Shareholder approval of the Resolutions at the General Meeting is not obtained and the Proposals do not proceed, the Loan Notes will convert on the fifteenth business day immediately following the re-commencement of trading in the Company's Ordinary Shares on AIM at a price calculated as ninety per cent. of the volume weighted average price per Ordinary Share for the lowest successive three day trading period out of the fifteen trading days immediately following re-commencement of the Company's Ordinary Shares to trading on AIM.

In the event that conversion has not occurred by 31 July 2016, the Loan Notes will not convert and will be required to be repaid by the Company.

For every five new Ordinary Shares issued on conversion of the Loan Notes, held by investors subscribing for Loan Notes through Cornhill Capital, Cornhill Capital shall receive one warrant to subscribe for one Ordinary Share exercisable at the price at which the loan conversion occurs.

12. ARRANGEMENTS WITH CORSAIR

On 4 June 2015, the Company entered into the Assignment Agreement, which covered arrangements whereby Corsair would introduce oil and gas concessions in Indonesia to the Company and the means by which Corsair was to be remunerated for this. Pursuant to the Assignment Agreement the Company agreed to issue to Corsair (or its nominees):

(a) 31,250,000 Ordinary Shares on closing of the Assignment Agreement;

(b) up to an additional 93,750,000 Corsair Contingent Consideration Shares in three equal tranches (of 31,250,000 Ordinary Shares) on the occurrence of each of the following three milestones: (i) the acquisition by the Company of one concession in Indonesia, (ii) the acquisition by the Company of a second concession in Indonesia; and (iii) gross production from projects in which the Company has an economic interest exceeding 400 bopd for a period of 30 days (the "Milestones");

(c) 34,344,865 Corsair Options which vest on closing of the Assignment Agreement; and

(d) up to an additional 103,034,596 Corsair Options which vest in three equal tranches of 34,344,865 upon the occurrence of each of the Milestones.

The Assignment Agreement also contains provisions whereby Corsair will have a carried interest in oil and gas concessions introduced by it and a share of future revenues from these concessions.

Corsair is a company in which each of David Whitby, Simon Gorringe and Ross Warner has a 25 per cent. beneficial interest. In the opinion of the independent Directors, who in this instance are Paul Warwick and Daniel Jorgensen, it will be difficult following Admission to determine which assets are originated within Andalas and which are introduced by Corsair and therefore to avoid any future conflict of interest, and to more fully align the interests of David, Simon and Ross with those of Shareholders, it has been agreed with Corsair that the arrangements between the Company and Corsair will change. In substitution of the carried interest and revenue share contemplated in the Assignment Agreement (and pursuant to a deed of termination and share issue deed summarised in paragraph 17 of Part IV of this document), subject to the passing of the Resolutions, each of David Whitby, Simon Gorringe, Ross Warner and Christopher Newport will be issued with such number of Ordinary Shares in the Company, which will, in aggregate, represent 5 per cent. of the Enlarged Share Capital. In addition, each of David Whitby, Simon Gorringe, Ross Warner and Chris Newport will be issued with the Corsair Warrant Shares following exercise of the Bonus Warrants such number of Ordinary Shares will represent, when taken together with the Corsair Shares, 5 per cent. of the share capital of the Company as enlarged by the issue of the Warrant Shares.

These revised arrangements are summarised in paragraph 17 of Part IV of this document.

The revision of the arrangements with Corsair is considered a related party transaction pursuant to the AIM Rules. The independent Directors, who for this purpose are Paul Warwick, Daniel Jorgensen and Graham Smith, consider, having consulted with Cantor Fitzgerald, the Company's nominated adviser, that the terms of the new Corsair arrangements are fair and reasonable insofar as Shareholders are concerned.

13. SHARE OPTION SCHEME

It is intended that, following Admission, the Company will put in place a share option scheme over up to 10 per cent. of the Ordinary Shares in issue for the purposes of issuing share Options to directors, officers, employees and consultants at the discretion of the remuneration committee. It is intended that any Options will be granted with certain performance based vesting conditions.

14. LOCK-INS AND ORDERLY MARKET ARRANGEMENTS

The Directors and the Proposed Director have each undertaken to the Company and to Cantor Fitzgerald not to dispose of the Ordinary Shares held by them and their connected persons as at the date of this document and as at Admission (which, taken together represent approximately 11.6 per cent. of the Enlarged Share Capital of the Company immediately following Admission) at any time prior to the date falling twelve months from the date of Admission (subject to certain exceptions, including disposals pursuant to a recommended takeover offer for the entire issued share capital of the Company) ("Hard Lock-in Period"). They have further undertaken to the Company and to Cantor Fitzgerald that, for a further six month period following the expiry of the Hard Lock-in Period, they will only dispose of Ordinary Shares held by them or their connected persons through Cantor Fitzgerald (or such other broker to the Company at the time) although Cantor Fitzgerald may impose reasonable restrictions on any such disposal of Ordinary Shares in order to maintain an orderly market in the Ordinary Shares.

In addition, Chris Newport has undertaken to the Company and to Cantor Fitzgerald not to dispose of the Ordinary Shares held by him and his connected persons as at the date of this document and as at Admission at any time prior to the date falling six months from the date of Admission (subject to certain exceptions, including disposals pursuant to a recommended takeover offer for the entire issued share capital of the Company) ("Newport Hard Lock-in Period"). He has further undertaken to the Company and to Cantor Fitzgerald that, for a further six month period following expiry of the Newport Hard Lock-in Period, he will only dispose of Ordinary Shares held by him or his connected persons through Cantor Fitzgerald (or such other broker to the Company at the time) although Cantor Fitzgerald may impose reasonable restrictions on any such disposal of Ordinary Shares in order to maintain an orderly market in the Ordinary Shares.

15. DIVIDEND POLICY

The strategy of the Directors and the Proposed Director is to generate capital growth for Shareholders. They will recommend the payment of dividends when it becomes commercially prudent to do so and then subject to the availability of distributable reserves and the retention of funds required to finance future growth.

16. CHANGE OF ARTICLES

The Articles of the Company are being amended to generally align the Company's bylaws with those of a UK incorporated company admitted to trading on AIM. In order to affect these amendments, the Company proposes to make certain amendments to the Articles by a special resolution of the Shareholders. A copy of the Amended Articles is available for review at the Company's registered office at any time before the General Meeting. In addition, copies of the Amended Articles will be available at the General Meeting.

17. TAXATION

Information regarding certain taxation considerations for corporate, individual and trustee Shareholders in the United Kingdom with regard to Admission is set out in paragraph 13 of Part IV of this document.

18. GENERAL MEETING

The Notice convening the General Meeting is set out at the end of this document. The General Meeting has been convened for 10.00 a.m. on 13 May 2016 at the offices of Watson Farley & Williams LLP at 15 Appold Street, London EC2A 2HB where the following Resolutions will be proposed to approve:

1. The Farm-in, for the purposes of Rule 14 of the AIM Rules;
2. The authorisation of the Directors to allot Ordinary Shares including the New Ordinary Shares;
3. The authorisation of the Directors to dis-apply statutory pre-emption rights in respect of future allotments of Ordinary Shares including in respect of the New Ordinary Shares; and
4. The amendments to the Articles.

19. ACTION TO BE TAKEN

A Form of Proxy is enclosed with this document for use by Shareholders in connection with the General Meeting. Whether or not you intend to be present at the General Meeting, Shareholders are asked to complete, sign and return the Form of Proxy in accordance with the instructions printed thereon. To be valid, completed Forms of Proxy must be received by the Company's administrators, FIM Capital Limited, IOMA House, Hope Street Douglas, IM1 1AP, Isle of Man, as soon as possible and in any event so as to arrive not later than 10.00 a.m. on 11 May 2016, being 48 hours (excluding weekends and public holidays) before the time appointed for the holding of the General Meeting. The completion and return of the Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they wish to do so. Accordingly, whether or not Shareholders intend to attend the General Meeting they are urged to complete and return the Form of Proxy as soon as possible.

20. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Parts II to IV (inclusive) of this document. You are recommended to read all the information contained in this document and not just rely on the key or summarized information. In particular Shareholders should read in full the Risk Factors set out in Part II of this document.

The technical information contained in this document has been reviewed and approved by GCA. GCA has consented to the inclusion of the technical information in this document in the form and context in which it appears.

21. DIRECTORS RECOMMENDATION AND VOTING INTENTION

The Directors and the Proposed Director consider that the Proposals are in the best interests of the Shareholders and the Company as a whole and accordingly, the Directors and the Proposed Director recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as they have irrevocably undertaken to do in respect of their own beneficial holdings of 23.4 million Ordinary Shares, representing 3.3 per cent. of the Company's Existing Ordinary Shares.

Yours faithfully

Paul Warwick
Non-Executive Chairman

PART II – RISK FACTORS

An investment in the Company involves a variety of risks. Accordingly, prospective investors should consider carefully the specific risk factors set out below in addition to the other information contained in this document before investing in the Company. The Directors consider the following risks to be the most significant for potential investors, but these risks are not set out in any particular order or priority. In particular, the Company's performance may be materially and adversely affected by changes in the market and/or economic conditions and/or by changes in the laws and regulations (including any tax laws and regulation) relating to, or affecting, the Company or the interpretation of such laws and regulations.

If any of the following risks materialise, the business, financial condition, results or future operations of the Company could be materially and adversely affected. In such circumstances, the trading price of the Ordinary Shares could decline and investors could lose part or all of their investment in the Ordinary Shares. In addition, the risks below are not the only risks to which the Company may be subject. The Company may be unaware of certain risks or believe certain risks to be immaterial which later prove to be material.

1. RISKS RELATING TO THE COMPANY'S BUSINESS

1.1 **Title risk**

The Tuba Obi East TAC was entered into by WAPPL and Pertamina on 15 May 1997. WAPPL was a joint venture company incorporated under the laws of Western Australia in which PT Akar Golindo owned a 10 per cent. interest and Western Resources NL owned a 90 per cent. interest. The Company has been informed by PT Akar Golindo that (a) on or around 30 June 1999, WAPPL assigned its interest in the TAC to PT Akar Golindo; (b) Pertamina consented to this assignment on 3 October 2003; and (c) with effect from 30 June 1999, WAPPL was dissolved.

The Company has reviewed correspondence from Pertamina to PT Akar Golindo in respect of the TAC in relation to certain historic matters and the adoption of future work programmes and there has been a course of conduct (including the receipt of petroleum related revenue streams) over the relevant 13 year period which gives the Board some comfort that Pertamina treats PT Akar Golindo as the contractor under the TAC. However, the Company has been unable to obtain from PT Akar Golindo copies of the deed of assignment (which transfers the rights and obligations of the contractor to PT Akar Golindo) or the consent from the Government of the Republic of Indonesia (as required for the transfer under the TAC), and there is a risk that PT Akar Golindo may not have acquired good title to the TAC, which would mean that it would be unable to assign good title as contractor to the Company pursuant to the terms of the TOE Farm-in Agreement.

1.2 **Hydrocarbon prices**

Historically, hydrocarbon prices have been subject to large fluctuations in response to a variety of factors beyond the Company's control. Accordingly, the Company can give no assurance that hydrocarbon prices will not decline further in the future. Lower hydrocarbon prices may reduce the economic viability of the Company and/or its projects, result in a reduction in revenues or net income, impair the Company's ability to make planned expenditures and could materially adversely affect the Company's business, prospects, financial condition and result of operations.

1.3 **Hydrocarbon reserves or resources**

Unless stated otherwise, the hydrocarbon reserves and resources data contained herein are taken from the Competent Persons Report contained in Part III of this document, which has been prepared in accordance with the standards established by the PRMS of the SPE. The reserves and resources data contained in this document have been assessed by GCA unless stated otherwise. There are uncertainties inherent in estimating the quantity of reserves and resources and in projecting future rates of production, including factors beyond the Company's control. Estimating the amount of hydrocarbon reserves and resources is a subjective process and, in addition, results of drilling, testing and production subsequent to the date of an estimate may result in revisions to original estimates.

The reserves and resources data contained herein are estimates only and should not be construed as representing exact quantities. Reserves estimates contained in this document are based on production data, prices, costs, ownership, geophysical, geological and engineering data, and other information assembled by Andalas. The estimates may prove to be incorrect and potential investors should not place undue reliance

on the forward-looking statements contained herein (including data included in the Competent Persons Report or taken from the Competent Persons Report and whether expressed to have been estimated by GCA or otherwise) concerning the Company's reserves and resources or production levels. Whilst reserves are stated in accordance with PRMS reserve and resources definitions, prospective investors should be aware that certain categories of reserves and resources (such as prospective and contingent resources) are inherently less certain than certain other categories (such as 1P or proved reserves).

If the assumptions upon which the estimates of the Company's hydrocarbon reserves or resources have been based prove to be incorrect, or if prospective resources are not discovered, the Company or the operators of assets in which it has interests may be unable to recover and produce the estimated levels or quality of hydrocarbons set out in this document and the Company's business, prospects, financial condition or results of operations could be materially and adversely affected.

1.4 **Production**

Production operations of the Company or by operators of assets in which it has interests involve risks normally incident to such activities, including blowouts, oil or chemical spills, explosions, fires, equipment damage or failure, natural disasters, geological uncertainties, unusual or unexpected rock formations and abnormal pressures. The occurrence of any of these events could result in environmental damage, injury to persons and loss of life, failure to produce oil or gas in commercial quantities or an inability to fully produce discovered reserves. Consequent production delays and declines from normal field operating conditions can be expected to adversely affect revenue and cash flow levels to varying degrees.

The Company's future production is to be sourced from its interests in a limited number of PSCs or other concessions. Problems in any one PSC or other concession could have a material adverse impact upon the Company.

1.5 **Appraisal and development**

The results of appraisal of discoveries are uncertain and may involve unprofitable effort, not only from dry wells, but also from wells that are productive but uneconomic to develop. Appraisal and development activities may be subject to delays in obtaining governmental approvals or consents, shut-ins of connected wells, contracting and supply of equipment and services, insufficient storage or transportation capacity or other geological and mechanical conditions, all of which may increase the Company's costs of operations.

1.6 **Exploration**

Exploration activities are capital intensive and inherently uncertain in their outcome. There is therefore a risk that the Company or the operators of exploration assets in which it has interests will undertake exploration activities and incur significant costs in so doing with no assurance that such expenditure will result in the discovery of hydrocarbons, whether or not in commercially viable quantities. If exploration activities prove unsuccessful over a prolonged period of time, the Company may not, after twelve months from the date of this document, have sufficient working capital to continue to meet its obligations and its ability to obtain additional financing necessary to continue operations may also be adversely affected.

1.7 **Interruptions in availability of exploration, production or supply infrastructure**

Andalas in the future may be reliant upon government and third party owned pipelines and processing facilities for the export of its oil and gas products to local and international markets. These facilities are not owned or operated by the Company. As such, the Company's oil and gas production levels may be adversely affected by events relating to such infrastructure, including obtaining governmental approvals or consents, repairs and maintenance, planned and un-planned shut-downs, civil conflict and terrorism, regulatory changes, competition from other suppliers and other operational matters which are unrelated to the performance of the Company's oil and gas fields and beyond its control.

Such interruptions or delays may have a material adverse effect on the Company's business, financial condition, prospects, results and/or future operations.

1.8 **Third party contractors and providers of capital equipment**

In common with most exploration and production companies, Andalas, or the relevant operator of assets in which it has an interest, may contract or lease services and capital equipment from third-party providers. Such equipment and services can be scarce and may not be readily available at the times and locations required.

In addition, there can be no guarantee that necessary equipment and services will be available at a reasonable cost in the future. The scarcity of such equipment and services, as well as their potentially high costs, could delay, restrict or lower the profitability and viability of the Company's projects and therefore have an adverse effect on its business.

1.9 **Reliance on joint venture partners**

There is a risk that other parties with interests in Andalas' current or future projects may elect not to participate in certain activities relating to those assets and which require that party's consent. In these circumstances, it may not be possible for such activities to be undertaken by Andalas alone or in conjunction with other participants at the desired time or at all.

Other participants may default on their obligations to fund capital or other funding obligations in relation to these assets or projects. In such circumstances, the Company may be required under the terms of the relevant operating agreement to contribute all or part of any such funding shortfall itself.

In addition, the Company may choose to farm-in to non-operated assets in the future. Accordingly, whilst in these circumstances the relevant operating agreement typically provides for a right of consultation or consent in relation to significant matters, the Company may have limited control over the day-to-day management or operations of those assets and would therefore be dependent upon the activities of the operator of those assets. Any mismanagement of an asset by the operator could result in delays or increased costs to non-operated exploration, development or production activities that the Company may be involved with in the future.

The terms of any relevant operating agreement generally impose standards and requirements in relation to the operator's activities. Whilst Andalas would only seek to acquire interests in assets that are operated by parties that it believes to be reputable, competent and sufficiently funded, there can be no assurance that an operator would observe such standards or requirements.

1.10 **Counterparties**

The Company has, or intends to, enter into agreements with a number of contractual counterparties in relation to the sale and supply of its hydrocarbon production volumes. The Company is therefore subject to the risk of delayed payment for delivered production volumes or counterparty default.

In certain cases, the Company's counterparty, either legally or as a result of geographic, infrastructure or other constraints or factors, may be in practice the sole potential purchaser of the Company's production output. In such circumstances, the Company may be exposed to adverse pricing or other adverse contractual terms.

In addition, the Company has entered, and may enter, into joint venture arrangements in order to pursue its projects. Any failure by the Company's counterparties to comply with their contractual obligations (or their obligations arising under applicable laws) may have adverse consequences for the Company.

Such delays or defaults or adverse pricing or other contractual terms could adversely affect the Company's business, results of operations and cash flows.

1.11 **Retention and recruitment of skilled personnel and professional staff**

The Company's business requires skilled personnel and professional staff in the areas of exploration and development, operations, engineering, business development, oil and gas marketing, finance and accounting. There is competition for such personnel globally and in the Southeast Asia region. Limitations on the Company's ability to hire and train the required number of personnel would reduce its capacity to undertake further projects and may have an adverse impact on its operations, results and growth.

1.12 **Health, safety and environment**

The Company's operations are subject to laws and regulations relating to the protection of human health and safety as well as the environment. The Company's health, safety and environment policy is to observe local legal requirements as well as to apply recognized international standards in its operations. Failure by Andalas, or the relevant operator of the assets in which it has an interest, to comply with applicable legal requirements or recognised international standards may give rise to significant liabilities.

Health, safety and environment laws and regulations may over time become more complex and stringent or the subject of increasingly strict interpretation or enforcement. The terms of licences or concessions may include more stringent environmental and/or health and safety requirements. The obtaining of exploration, development or production licences and permits may become more difficult or be the subject of delay by reason of governmental, regional or local environmental consultation, approvals or other considerations or requirements.

These factors may lead to delayed or reduced exploration, development or production activity as well as to increased costs.

1.13 **Current and future financing**

The Company's business involves significant capital expenditure and it may, after twelve months from the date of this document, need to obtain further external financing for its existing operations, be it equity or debt. Furthermore, as a result of a change in its operations, the Company may require further equity or debt financing during the twelve-month period from the date of this document. There is no assurance that such additional funding, if required, will be available on acceptable terms at the relevant time. Furthermore, any incremental debt financing may involve restrictive covenants, which may limit the Company's operating flexibility. If additional funds are raised through the issuance of equity or equity-linked instruments, the Company's Shareholders may experience a reduction in their percentage shareholdings. An inability to obtain sufficient funding for its operations, exploration or development plans, may adversely affect the Company's business, results of operations and cash flows.

1.14 **Uninsured hazards**

Andalas may be subject to substantial liability claims due to the inherently hazardous nature of its business or for acts and omissions of sub-contractors, operators or joint venture partners. Any indemnities the Company may receive from such parties may be difficult to enforce if such sub-contractors, operators or joint venture partners lack adequate resources.

Andalas believes that the level of its insurance cover is reasonable based on the costs of cover, the risks associated with its business and industry practice. Andalas can give no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover expenses relating to losses or liabilities. Accordingly, Andalas may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage. The Company is also subject to the risk of unavailability, increased premiums or deductibles, reduced coverage and additional or expanded exclusions in connection with its insurance policies and those of operators of assets it does not itself operate.

1.15 **Currency exchange rate fluctuations**

The Company's results of operations are affected by movements in exchange rates, particularly movements in the value of the US Dollar, the reporting currency of the Company, against the Indonesian Rupiah. While this is mitigated somewhat by the fact that the US Dollar is the currency most commonly used in the pricing of petroleum commodities, the Company's results of operations could be adversely or positively affected by movements in exchange rates, given that a proportion of the Company's costs are denominated in currencies other than the US Dollar.

1.16 **Transfer of participating interest in Tuba Obi East TAC subject to government consent**

The transfer of the participating interest in Tuba Obi East TAC to the Company pursuant to the TOE Farm-in Agreement is subject to PT Akar Golindo obtaining the consent of the Government of the Republic of Indonesia and Pertamina. There is no guarantee that such consent will be obtained within a reasonable timeframe or if at all. In the event that such consent is not granted, the Company will not have title to any oil and gas assets in Indonesia which will impact on its ability to execute its strategy.

1.17 **Expiry of the Tuba Obi East TAC**

The Tuba Obi East TAC expires on 23 April 2017. Should the TOE-2 well prove successful, then Andalas and its joint venture partners may apply to Pertamina for renewal of the concession contract as a KSO. However, there is no guarantee that a KSO will be granted in respect of the concession, nor is there certainty in respect of the terms and conditions upon which such a KSO would be granted.

1.18 **Legal systems**

Some of the countries in which the Company may operate could have legal systems which are less well developed than the UK. This could result in risks such as: (i) potential difficulties in obtaining effective legal redress in the courts of such jurisdictions (including enforcement of foreign judgments or foreign arbitral awards) whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; and (v) relative inexperience of the judiciary and courts in such matters.

The risk factors set out in paragraph 1 in relation to the Group's exploration and production business also apply with the necessary consequent amendments to the Group's IPP business.

2. RISKS RELATING TO THE COUNTRIES IN WHICH THE COMPANY OPERATES

2.1 **Political, economic, legal, regulatory and social risk**

The Company's operations are exposed to the political, economic, legal, regulatory and social risks of countries in which it operates or intends to operate, namely Indonesia, the Isle of Man, Singapore and the United Kingdom. These risks potentially include expropriation (including "creeping" expropriation) and nationalisation of property, instability in political, economic or financial systems, uncertainty arising from undeveloped legal and regulatory systems, corruption, civil strife or labour unrest, acts of war, armed conflict, terrorism, outbreaks of infectious diseases, prohibitions, limitations or price controls on hydrocarbon exports and limitations or the imposition of duties on imports of certain goods.

Some of the countries in which Andalas operates have transportation, telecommunications and financial services infrastructures that may present logistical challenges not associated with doing business in more developed locales. Furthermore, Andalas may have difficulty ascertaining its legal obligations and enforcing any rights it may have. Certain governments in other countries have in the past expropriated or nationalised property of hydrocarbon production companies operating within their jurisdictions. Sovereign or regional governments could require the Company to grant to them larger shares of hydrocarbons or revenues than previously agreed to.

Once Andalas has established hydrocarbon exploration and/or production operations in a particular country, it may be expensive and logistically burdensome to discontinue such operations should economic, political, physical, or other conditions subsequently deteriorate. All of these factors could materially adversely affect the Company's business, results of operations, financial condition or prospects.

2.2 **Governmental involvement in the oil and gas industry**

The Indonesian Government has exercised and will continue to exercise significant influence over many aspects of its economy, including the oil and gas industry. Any government action concerning the economy, including the oil and gas industry (such as a change in oil or gas pricing policy or taxation rules or practice, or renegotiation or nullification of existing concession contracts), could have a material adverse effect on Andalas.

Further, there is no assurance that the Indonesian Government will not postpone or review projects or will not make any changes to laws, rules, regulations or policies, in each case, which could adversely affect the Company's financial position, results of operations or prospects.

2.3 **Licensing and other regulatory requirements**

The Company's activities in the countries in which it operates or intends to operate are subject to licences, regulations and approvals of governmental authorities including those relating to the exploration, development, operation, production, marketing, pricing, transportation and storage of oil and gas, the generation of electricity, taxation and environmental and health and safety matters.

Andalas has limited control over whether or not necessary approvals of licences (or renewals thereof) are granted, the timing of obtaining (or renewing) such licences or approvals, the terms on which they are granted or the tax regime to which it or assets in which it has interests will be subject. As a result, Andalas may have limited control over the nature and timing of development and exploration of oil and gas fields in which it has or seeks interests.

Upon the expiry of licences, contractors may be required, under the terms of relevant licences or local law, to dismantle and remove equipment, cap or seal wells and generally make good production sites. Subject to the terms of the licence or contract the Company's accounts may make provision for this decommissioning and such funds may be delivered, together with the equipment, to the government or relevant counterparty at the conclusion of the relevant licence or contract.

2.4 **Indonesian and Southeast Asian regional energy demand**

The performance of the Indonesian economy and the economies of the Southeast Asia region have been relatively volatile, and there can be no assurance that anticipated levels of growth of such economies or of their energy requirements will in fact materialise. Should such economies not grow or should one or more economies or the region generally be subject to recession, then demand for energy and accordingly for oil and gas may not continue to increase in accordance with projected growth rates or may decline, and the planned expansion of power generation facilities may be reduced or not take place. In such circumstances, Andalas may need to find alternative markets for certain of its expected future oil and gas developments. Such markets may not be available or it may not be economic to access such alternative markets from the Company's oil and gas reserves or power generation operations. Should any of such factors occur and if no alternative markets for the Company's oil and gas or power generated are then available, the level of the Company's exploration and development activities on assets in which it has an interest may be reduced. Even if such markets are available, the costs of accessing such alternative markets may be greater. All or any such factors may have a material adverse effect on the results of operations, financial condition and prospects of Andalas.

2.5 **Competition**

The oil and gas and power generation industries are highly competitive. Andalas competes with other industry participants in the search for and acquisition of oil and gas assets and licences. Competitors include companies with, in many cases, greater financial resources, local contacts, staff and facilities than those of Andalas.

Competition for exploration and production licences as well as other regional investment or acquisition opportunities may increase in the future. This may lead to increased costs in the carrying on of the Company's activities in the region, reduced available growth opportunities and may adversely affect the business, financial condition, results of operations and prospects of Andalas.

2.6 **Corruption**

Corruption is perceived as a problem in certain jurisdictions in which the Group operates. Corrupt practices may affect the ability of the Group to enforce legal rights.

2.7 **Terrorism**

Terrorist attacks, and any other acts of violence or war, may affect the Group's operations and profitability.

2.8 **Natural disasters**

The Group's operations and profitability may be affected by natural disasters.

3. RISKS RELATING TO THE ORDINARY SHARES

3.1 **It may be difficult to realize an investment on AIM**

The Ordinary Shares will be quoted on AIM. The AIM Rules are less demanding than those of the Official List and an investment in a security that is traded on AIM may carry a higher risk than an investment in securities listed on the Official List. The price of publicly traded securities can be highly volatile.

It may be more difficult for an investor to realize his or her investment in the Company than to realise an investment in a company whose shares or other securities are listed on the Official List or other similar stock exchange. Shares held on AIM are perceived to involve higher risks. AIM is a market designed for small and growing companies but its future success and liquidity as a market for Ordinary Shares cannot be guaranteed.

3.2 **Market price of Ordinary Shares**

The price at which Ordinary Shares are traded and the price at which investors may realise their investment are influenced by a large number of factors, some specific to the Company and its operations and some which may affect growth companies or quoted companies generally. Admission to AIM does not imply that there will be a liquid market for Ordinary Shares. Consequently, the price of Ordinary Shares may be subject to fluctuation on small volumes, and Ordinary Shares may be difficult to sell at a particular price.

3.3 **Dividends**

The Company does not plan on making dividend payments in the foreseeable future and there can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors and will depend on, among other things, the Company's results of operations and financial condition, its future business prospects, any applicable legal or contractual restrictions and the availability of profits. A dividend may never be paid and, at present, there is no intention to pay a dividend.

3.4 **Access to further capital**

The Directors are of the opinion (having made due and careful enquiry) that, after taking into account the net proceeds of the Placing, the working capital of the Group will be sufficient for its present requirements, that is, for at least the period of twelve months from the date of Admission.

The Company may require additional funds to respond to business challenges or to enhance existing operations. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. If the Company raises additional funds through further issues of equity or convertible debt securities, existing Shareholders could suffer significant dilution, and any new equity securities could have rights, preferences and privileges superior to those of current Shareholders. Any debt financing secured by the Company in the future could involve restrictive covenants relating to its capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, the Company may not be able to obtain additional financing on terms favourable to it, if at all. If the Company is unable to obtain adequate financing or financing on terms satisfactory to it and when the Company requires it, the Company's ability to continue to support its business growth and to respond to business challenges could be significantly limited or could affect its financial viability.

3.5 **Issuance of additional Ordinary Shares**

An additional issue of Ordinary Shares by the Company, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest, and hence the proportionate voting interest, of Shareholders. This will particularly be the case if and to the extent that, such an issue of Ordinary Shares is not affected on a pre-emptive basis or Shareholders do not take up their rights to subscribe for further Ordinary Shares structured as a pre-emptive offer.

3.6 **Taxation**

The Group is subject to tax in Indonesia, the Isle of Man, Singapore and the United Kingdom. The ultimate treatment of significant transactions by the relevant tax authority is not determinable with certainty at the date of this document and the time of Admission. In addition, the application of taxes to the Group may change over time due to changes in laws, regulations or interpretations by the tax authorities, tribunals and courts. While no material changes are anticipated in such taxes, any such changes may have a material adverse effect on the Group's financial condition and the results of its operations.

3.7 **Market perception**

Market perception of the Group may change, potentially affecting the value of investors' holdings and the ability of the Group to raise further funds by issue of further Ordinary Shares or otherwise.

4. RISKS RELATING TO THE GROUP'S IPP BUSINESS

4.1 **The Group is at an early stage of development as an IPP**

The Group has no operating history in the IPP sector and has no experience developing, commissioning, operating and managing IPP businesses, or in competing in the commercial power generation business.

The Board has limited experience developing, commissioning and managing IPP. The Group is presently (and will likely be for some time), dependent on the technical knowledge and expertise of third party vendors and suppliers and other business contacts that have substantially more experience in developing and building IPP projects. The ability to succeed in these projects may be hampered by unforeseen expenses, difficulties, the location of the Group's IPP facilities, availability of raw materials, complications and delays frequently encountered in commissioning IPP facilities and the commencement of operations of a new business. There can be no assurance that the Group can manage such projects effectively and any failure to do so could delay its ability to meet its customers' requirements and its ability to generate revenue from such projects, which could have a material adverse impact on its business, financial condition and results of operations.

4.2 **Group's inability to operate effectively if the Group fails to attract and retain key managers**

There are a limited number of persons with the requisite experience and skills to serve in the Company's management positions. Should any existing member of the management team leave the Company the Group may not be able to locate or employ qualified executives on acceptable terms. In addition, if the Group's competitors offer, for instance, better compensation or working conditions, the Group could potentially lose some of its key managers. If the Group cannot attract, train and retain qualified managers, the Group may be unable to successfully manage its growth or otherwise compete effectively in the IPP industry, which could adversely affect its business.

4.3 **Size and diversification of the Group's asset portfolio**

The anticipated number of investments in projects is initially likely to be small. Accordingly, each investment will likely represent a significant proportion of the Company's total assets. As a result, the impact on the Group's performance and the potential returns to investors will initially be more adversely affected if any one of the investments performs badly than would be the case if the Company's portfolio of investments was more diversified.

4.4 **Gas supply agreements**

As a normal part of Andalas power production business it will need to negotiate, agree and execute one or more gas supply agreements (GSAs) for the supply of gas for use in its power production facilities. These GSAs require the approval of a number of government entities and these approvals are not guaranteed, may be delayed, or may specify material changes to the GSAs that may have an adverse impact on Andalas IPP business interests. An inability to secure timely and commercially attractive terms for any GSA may adversely affect the Company's business, results of operations and cash flows.

4.5 **Power purchase agreements**

In order for Andalas to sell any produced power it will need to negotiate, agree and execute one or more Power Purchase Agreements (PPAs). These PPAs require the approval of a number of government entities and these approvals are not guaranteed, may be delayed, or may specify material changes to the PPAs (including in respect of electricity tariffs) that may have an adverse impact on Andalas' IPP business interests. An inability to secure timely and commercially attractive terms for any PPA may adversely affect the Company's business, results of operations and cash flows. Furthermore, amendments to, or fluctuations in, electricity tariffs may adversely impact the Group's returns.

4.6 **Power purchase agreement counterparty risk**

In the event that the Group structures the sale of electricity under a PPA with a non-government counterparty, and although the Company will attempt to ensure that such counterparty have acceptable credit ratings, if for any reason such counterparties are unable or unwilling to fulfil their contractual obligations under the relevant PPAs, the returns to the Group could decline.

4.7 **Governmental involvement in the power industry**

The Indonesian Government has exercised and will continue to exercise significant influence over many aspects of its economy, including the power industry and more specifically IPPs. Any government action concerning the economy, including the power industry (such as a change in power pricing policy or taxation rules or practice, or renegotiation or nullification of existing PPA's), could have a material adverse effect on Andalas.

Further, there is no assurance that the Indonesian Government will not postpone or review projects or will not make any changes to laws, rules, regulations or policies, in each case, which could adversely affect the Company's financial position or the results of operations for potential power projects.

4.8 **Power project development, production and operational risks**

Power production operations of the Company or by operators of assets in which it has interests involve risks normally incident to such activities, including explosions, fires, equipment damage or failure, natural disasters, geological uncertainties, unusual or unexpected events. The occurrence of any of these events could result in environmental damage, injury to persons and loss of life, or failure to produce power in contracted quantities. Consequent production delays and decreased power production levels can be expected to adversely affect revenue and cash flow levels to varying degrees.

In addition, during the power project development phase additional risks may also include, but are not necessarily limited to, unforeseen licensing and construction costs (including cost escalations), land acquisition negotiations and costs, commissioning delays, forestry and other permitting delays, costs and fees. These may adversely affect the timing of any IPP project, the Company's financial position or the results of operations for potential power projects.

The Company's future production may be sourced from its interests in a limited number of IPPs. Problems in any one IPP or a combination of IPPs could have a material adverse impact upon the Company.

4.9 **Interruptions in availability of power production or supply infrastructure**

Andalas in the future may be reliant upon government and third party owned power infrastructure, power lines and other facilities for the export of its power to consumers. These facilities are not owned or operated by the Company. As such, the Company's power production levels may be adversely affected by events relating to such infrastructure, including obtaining governmental approvals or consents, repairs and maintenance, planned and un-planned shut-downs, civil conflict and terrorism, regulatory changes, competition from other suppliers and other operational matters which are unrelated to the performance of the Company's power production facilities and beyond its control.

Such interruptions or delays may have a material adverse effect on the Company's business, financial condition, prospects, results and/or future operations.

4.10 **Third party contractors and providers of capital equipment**

In common with most power companies, Andalas, or the relevant operator of assets in which it has an interest, may contract or lease services and capital equipment from third-party providers. Such equipment and services can be scarce and may not be readily available at the times and locations required.

In addition, there can be no guarantee that necessary equipment and services will be available at a reasonable cost in the future. The scarcity of such equipment and services, as well as their potentially high costs, could delay, restrict or lower the profitability and viability of the Company's projects and therefore have an adverse effect on its business.

4.11 **Current and future financing**

The Company's power business involves significant capital expenditure and it may, after twelve months from the date of this document, need to obtain external financing for its power production projects and operations, be it equity or debt. Furthermore, as a result of a change in its operations, the Company may require further equity or debt financing during the twelve-month period from the date of this document. There is no assurance that such additional funding, if required, will be available on acceptable terms at the relevant time.

Furthermore, any incremental debt financing may involve restrictive covenants, which may limit the Company's operating flexibility. If additional funds are raised through the issuance of equity or equity-linked instruments, the Company's Shareholders may experience a reduction in their percentage shareholdings. An inability to obtain sufficient funding for its power production or power project development plans, may adversely affect the Company's business, results of operations and cash flows.

4.12 **Licensing and other regulatory requirements**

The Company's power production activities in the countries in which it operates or intends to operate are subject to licences, regulations and approvals of governmental authorities including those relating to power

project development, the generation of electricity and the operation of associated facilities, marketing, pricing, and transmission of power and taxation and environmental and health and safety matters.

Andalas has limited control over whether or not necessary approvals of licences (or renewals thereof) are granted, the timing of obtaining (or renewing) such licences or approvals, the terms on which they are granted or the tax regime to which it or assets in which it has interests will be subject. As a result, Andalas may have limited control over the nature and timing of the power projects in which it has or seeks interests.

Upon the expiry of licences, contractors may be required, under the terms of relevant licences or local law, to dismantle and remove power production equipment, and generally make good production sites. There can be no assurance that the Company will not in future incur decommissioning charges since local or national governments may require decommissioning to be carried out.

4.13 **Land rights**

The Company's power production activities in the countries in which it operates or intends to operate will be subject to it obtaining the land rights or registrations it needs to pursue its projects.

4.14 **Equipment failure**

There is a risk of equipment failure due to, amongst other factors, wear and tear, design error or operator error which could have a material adverse effect on the Group's operations and, in turn, the Group's financial performance.

The risk factors set out in paragraph 4 in relation to the Group's IPP business also apply with the necessary consequential amendments to the Group's exploration and production business.

5. GENERAL RISKS

Investors should therefore consider carefully whether investment in the Company is suitable for them, in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.

The risk factors outlined above do not necessarily comprise all those associated with an investment in the Company, and are not intended to be presented in any assumed order of priority.

Gaffney, Cline & Associates

Competent Person's Report on the Tuba Obi East Block Onshore South Sumatra, Indonesia

Prepared for

Andalas Energy and Power Plc

April, 2016

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Table of Contents

List of Figures

List of Tables

Appendices

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22 April, 2016

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Dear Sir / Madam,

Competent Person's Report on the Tuba Obi East Block Onshore South Sumatra, Indonesia

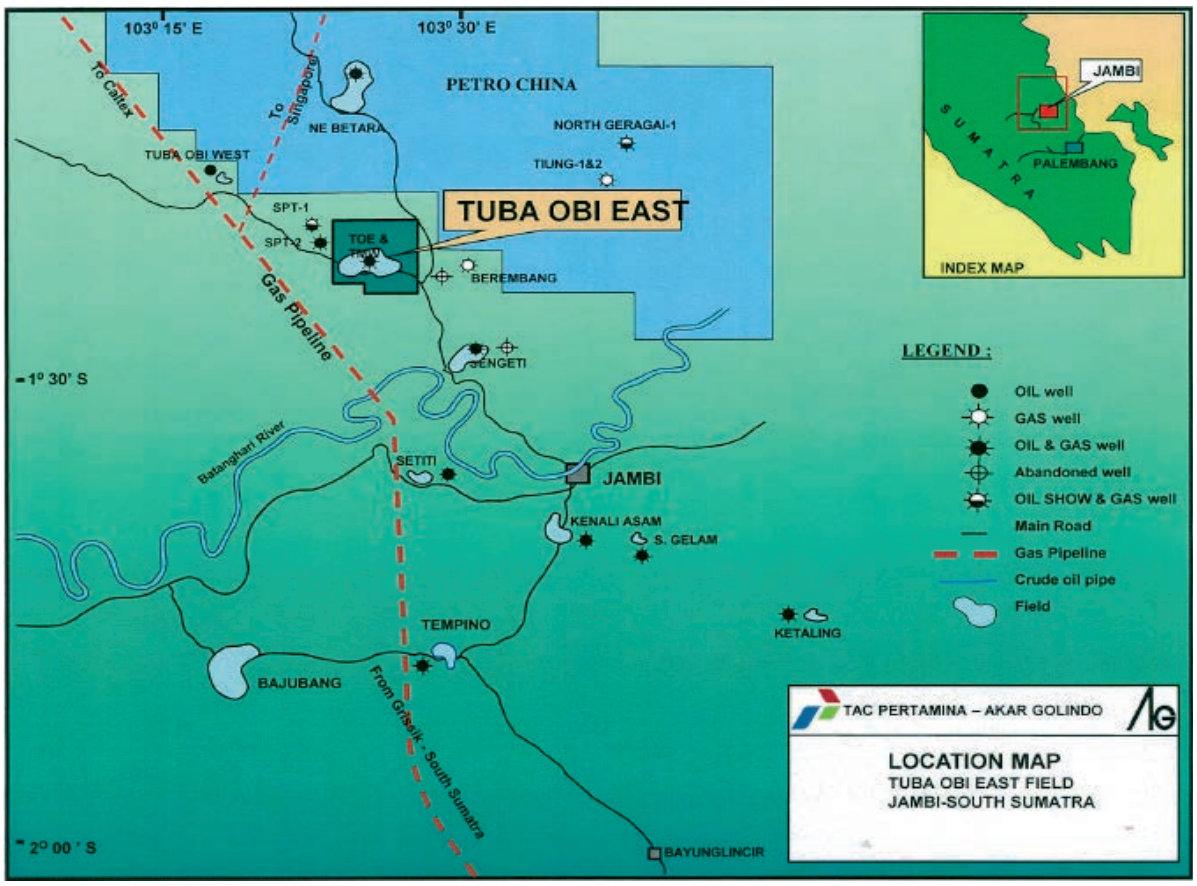
Introduction

At the request of Andalas Energy and Power Plc (Andalas or "the Client"), Gaffney, Cline & Associates (GCA) has performed an independent assessment of the petroleum Prospective Resources of the Air Benakat Formation (ABF) in the Tuba Obi East (TOE) Block, located onshore South Sumatra, Indonesia, approximately 40 km north-northwest of the provincial capital city of Jambi (**Figure 1**), in which Andalas is acquiring 30% interest.

This report has been compiled in accordance with the guidelines on the scope and content of a Competent Person's Report as set out in the AIM Note for Mining and Oil and Gas Companies dated June 2009, for the purposes of publication in an AIM Admission Document.

The TOE Block is currently operated by PT Akar Golindo (PT Akar or "the Operator"), which holds 100% working interest in the block under a Technical Assistance Contract (TAC) with Pertamina, Indonesia's National Oil Company, which was signed on 15th May, 1997. Andalas will acquire a 30% direct working interest in the TOE Block upon the completion and the funding of the agreed work programme, i.e. the drilling and flow testing of a well targeting the ABF reservoir. This report has been prepared on the assumption that the work programme is completed and Andalas has 30% interest.

Figure 1: Tuba Obi East Block Location Map



Source: Andalas

The scope of GCA's work has been to provide an independent evaluation of the prospective gas accumulation identified by Andalas in the ABF reservoir intersected by the Tuba Obi East wells. The scope of work included providing a range of volumetric estimates for the gas accumulation and assigning risk factors as appropriate. GCA attended a dataroom on 15th February, 2016 in PT Akar's office in Jakarta where PT Akar's staff provided data, and presented and discussed the current status of the technical work in the TOE Block. Some further data were provided subsequently. A site visit was not deemed necessary at this stage. GCA understands that there have been no material changes since the provision of this information.

GCA accepts responsibility for the CPR as part of the Admission Document insofar as it is based on data provided by Andalas and PT Akar, on the accuracy and completeness of which GCA has relied, and confirms that, to the best of its knowledge and belief having taken all reasonable care to ensure that such is the case, the information contained in the CPR is in accordance with the facts and contains no omission likely to affect its import.

This report relates specifically and solely to the subject matter as defined in the scope of work (SOW), as set out herein, and is conditional upon the specified assumptions. The report must be considered in its entirety and must only be used for the purpose for which it is intended.

Executive Summary

Andalas, an AIM listed company, plans to acquire a 30% working interest in the TOE TAC, an onshore asset in Indonesia. The asset details are summarised in the following **Table 1**:

Table 1: Summary Table of Assets

Asset	Operator	Interest (%)	Status	Licence expiry date	Licence area	Comments
Tuba Obi East TAC (onshore Indonesia)	PT Akar Golindo	100%	Exploration /Appraisal	14th May 2017	55 km^2	Field currently shut-in. Operator plans to pursue prospectivity in shallower section

The current TAC will expire in May, 2017. GCA understands that the Operator plans to apply to Pertamina for a renewal of the license, in the form of a Kerja Sama Operasi (KSO) contract, in which, similar to a TAC, the Contractor functions as Pertamina's partner and operates the Block, with Production shared between Pertamina and the Contractor. A KSO license typically has a duration of 15 years. Other details of the KSO fiscal terms are not yet known.

The Tuba Obi Block contains a shut-in oil field that produced for a brief period from the Talang Akar Formation (TAF) reservoirs in the TOE structure. The field was discovered in 1986 and was appraised in 2004. It produced for about a year from two wells before it was shut-in in 2005. There is currently no plan to redevelop the TAF reservoir. Instead, the Operator, along with Andalas, plans to focus its activity on investigating and evaluating the gas prospectivity of the shallower ABF reservoir, which was penetrated and logged by the three wells drilled in the TOE structure.

None of the three wells on the structure was tested over the ABF interval, and hence the presence of significant volumes of movable hydrocarbons in this reservoir has not been established. GCA investigated the Simpang Tuan-1 (SPT-1) well located 5 km to the northwest of the TOE structure, which was tested at the ABF reservoir and flowed 3.35 MMscfd of gas and therefore could potentially provide a suitable analogue. Unfortunately, log data limitations prevented a direct comparison being made. Hence, according to the Petroleum Resources Management System Guidelines the volumes of the TOE ABF cannot yet be declared a discovery and remain classified as Prospective Resources.

GCA reviewed the available well data from both the TOE and SPT structures, and also the available 2D and 3D seismic data to assess the Prospective Resources of the TOE ABF reservoir and its associated risks. GCA's assessment of the Prospective Resources of the ABF reservoir in the TOE structure and its associated risk (Geological Chance of Success or GCoS) are summarised in **Table 2**. The GCoS for the TOE ABF Prospect is estimated to be 60%, which is relatively high for a Prospect. The main risk is seen to be in the Trap/Seal.

Table 2: Tuba Obi East Block ABF Reservoir
Summary of Unrisked Gas Prospective Resources (Bscf)

Prospect / Reservoir	Gross			Net (30% Working Interest Basis)			Risk Factor[3]
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate	
TOE ABF Upper	6.9	22.3	54.8	2.07	6.69	16.44	60%
TOE ABF Lower	3.9	21.4	59.7	1.17	6.42	17.91	60%

Notes:
1. Gross Prospective Resources are 100% of the volumes estimated to be recoverable from the Prospect in the event that a discovery is made and subsequently developed.
2. Net Prospective Resources in this table are Andalas' Working Interest fraction of the Gross Prospective Resources, assuming a 30% working interest is acquired; they do not represent Andalas' actual Net Entitlement under the terms of the TAC/KSO that governs or will govern the asset, which would be lower. Prospective Resources are presented at a gross field level and a net working interest level, as the development plans are not yet sufficiently mature for Net Entitlements to be estimated, even if the terms of the KSO were known.
3. Prospective Resource volumes are presented as unrisked but are presented together with the associated "Risk Factor", which represents the Geological Chance of Success (GCoS), an indicative estimate of the probability that drilling this Prospect would result in a discovery. This does not include any assessment of the risk that the discovery, if made, may not be developed.
4. Identification of Prospective Resources associated with a Prospect is not indicative of any certainty that the Prospect will be drilled, or will be drilled in a timely manner.
5. Prospective Resources should not be aggregated with each other, or with Reserves or Contingent Resources, because of the different levels of risk involved and the different basis on which the volumes are determined.

The Operator is planning to drill a well in 2016 to prove the presence of significant quantity of moveable gas in the ABF interval. If successful the Operator plans to monetise the gas. Two alternative commercialisation concepts for any gas found in the block have been presented: direct gas sales, or gas sales to an Independent Power Producer (IPP). Both concepts assume commercialisation of a portion of the available volumes at a plateau rate of 3 to 4 MMscfd over 14 years (15-20 Bscf).

GCA has been advised that a one well drilling plan has been included in the annual Work Program and Budget (WP&B) for the license for the past several years, and that this obligation has been carried over to the approved WP&B for the current year. The Operator plans to fulfil this obligation by drilling the TOE ABF well in 2016.

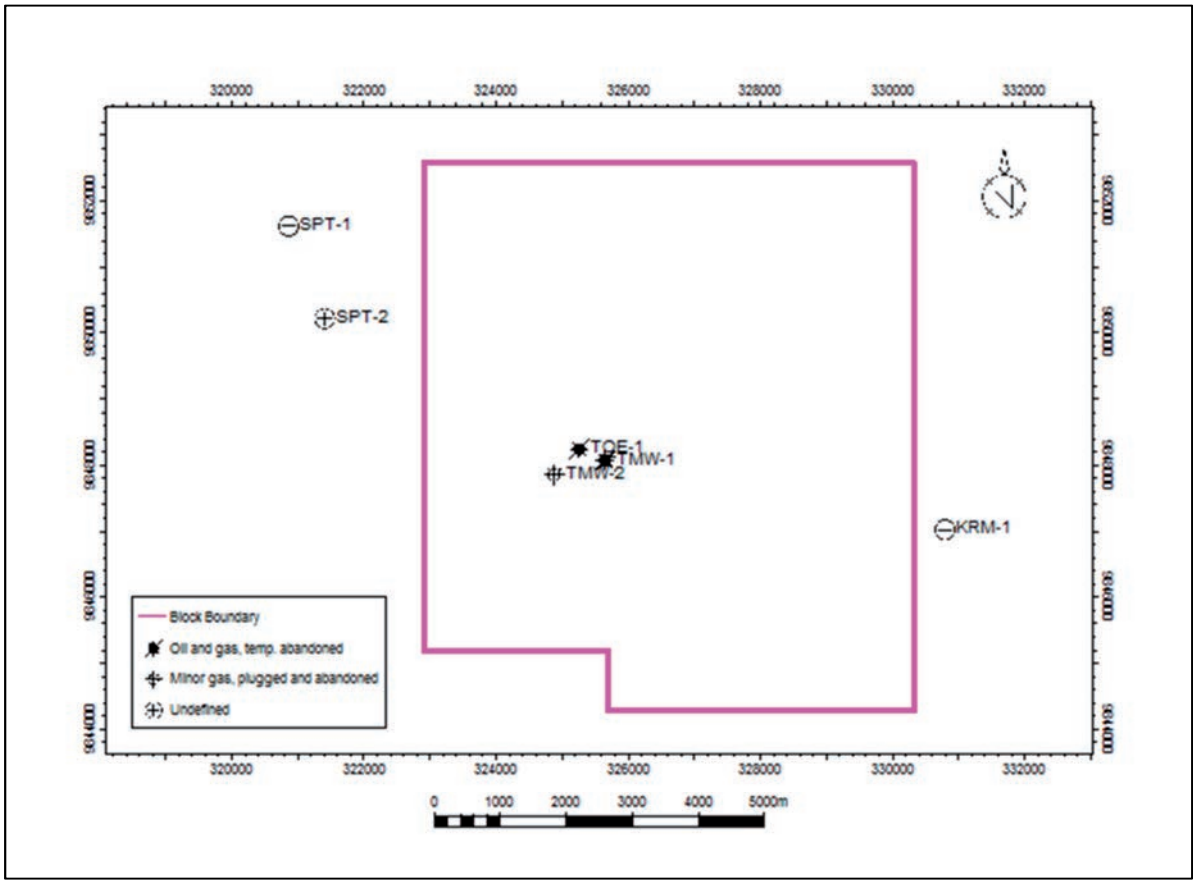
Discussion

1 Background

1.1 Block Description & History

The TOE TAC covers an area of 55 km^2 and contains the TOE field with three wells (**Figure 2**). The field was discovered in 1986 by the drilling of the Tuba Obi East-1 (TOE-1) well. The well tested oil and gas from several sandstone reservoirs in the Talang Akar Formation (TAF) at depths of between 1,550 to 2,000 m TVDss. A TAC was then signed in May 1997, with commitments by the Operator to develop the field if it was found to be commercial.

Figure 2: Tuba Obi PSC Contract Area and Well Locations



Under the TAC, the Contractor functions as Pertamina's partner and operates the Block. Production from the Block is shared between Pertamina and the Contractor, with the Contractor acting as operator and paying all OPEX and CAPEX associated with the development and production of any fields located within the Block. These costs are recoverable by the contractor out of proceeds from the sale of production.

In early 2004 TMW-1 and TMW-2 wells were drilled back to back. TMW-1 tested oil and gas from a sandstone reservoir in the TAF. TMW-2 only flowed very small amount of gas from tight reservoirs in the TAF. The oil is light, sweet crude oil with 36° to 55°API gravity. The gas has a high heating value, low CO_2 content, and some condensate. Production of oil and condensate started in July 2004 from TOE-1 and TMW-1. Initial flow rates were around 150 barrels of oil per day from each well, but rapidly declined until the field was shut-in in September 2005. GCA has not independently reviewed the TAF reservoir performance. However, the rapid decline could be due to the limited volumes accessed by the wells, due to the nature of the reservoir, which appear to be channelised and thus may have limited extent.

Additional, shallower, targets have subsequently been identified by PT Akar and Andalas, notably within the ABF, which was penetrated and logged in all three wells in the TOE structure. GCA's task for this assignment was specifically to assess the resources in the ABF reservoir in the TOE structure.

1.2 Geological Setting

Geologically, the TOE Block is located within the South Sumatra Basin, a prolific hydrocarbon producing basin located in the southern part of the Indonesian island of Sumatra. The South Sumatra Basin is one of the Sumatran back-arc basins filled with thick Tertiary sediments. The basin consists of several sub-basins; one of which is the Jambi sub-basin, where the TOE Block is located (**Figure 3**).

The South Sumatra Basin was formed by three major tectonic phases. The first was during the Late Paleocene to Early Miocene extensional tectonic phase, characterised by extensional faulting and the development of northeast-southwest and North-South trending horst blocks and half graben structures. The second was a tectonically quiescent period during the Early Miocene to Early Pliocene, when the basin was fully transgressed. Finally, a strong compressional force during Plio-Pleistocene time re-activated earlier structural features and created reverse faults and basement uplift.

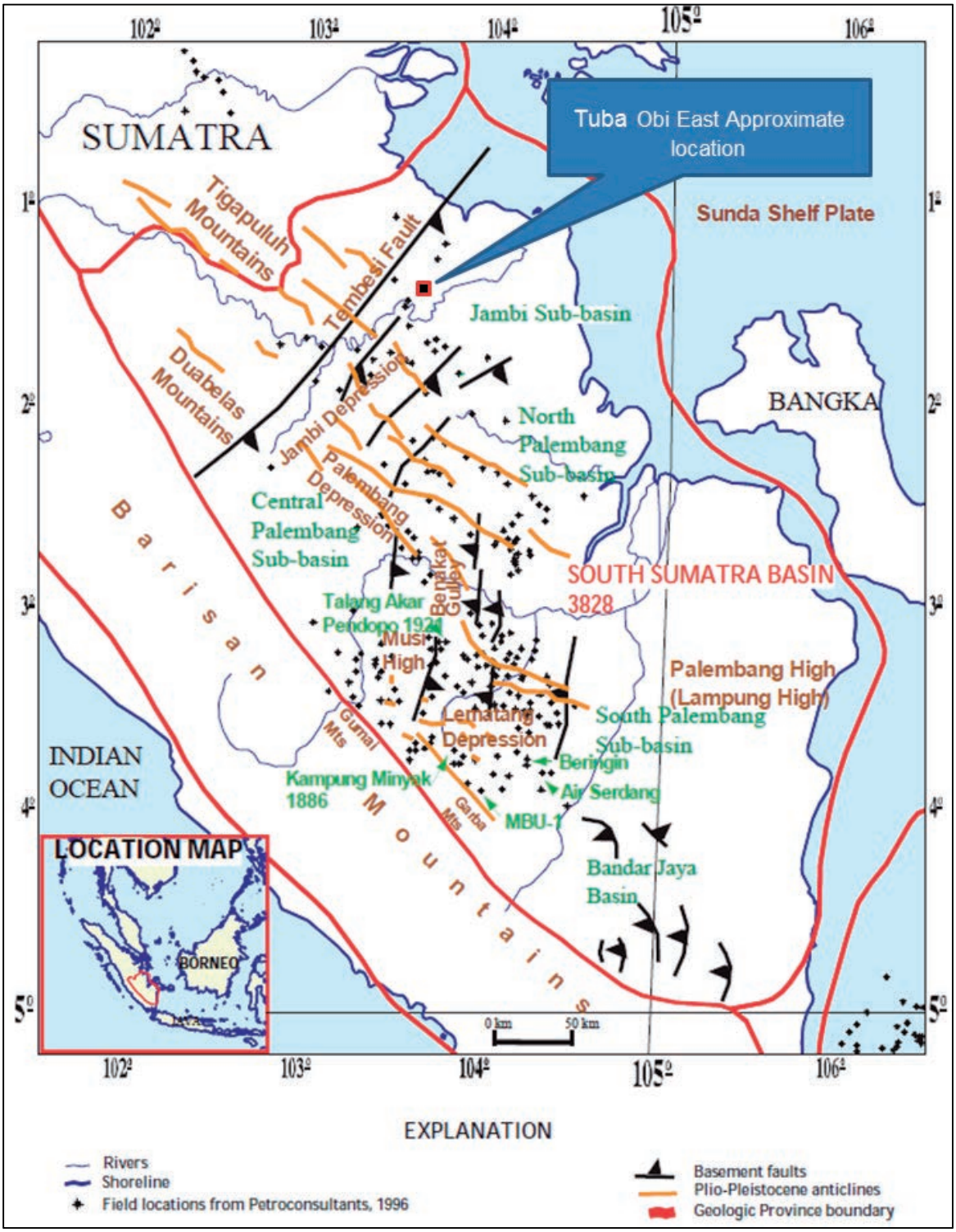
The generalised stratigraphy of the South Sumatra Basin, which includes the stratigraphy of the Jambi sub-basin where the Tuba Obi East Block is located, is shown in **Figure 4**.

The first and the oldest sediments in the TOE area, overlying the Tertiary basement are the Lahat Formation (LAF), which is a syn-rift period product, which began in the Middle Eocene with the deposition of continental sediments derived from local highs, which starts with alluvial fans and braided stream deposits and ends with the fine grained lake deposits.

The post-rift sediments are represented by the Oligocene-Early Miocene TAF, the Early Miocene Batu Raja Formation (BRF), the Gumai (GUF), the Middle-Late Miocene ABF, the Late Miocene-Pliocene Muara Enim (MEF) and lastly the Kasai Formations. The BRF is localised and is not found within the TOE Block.

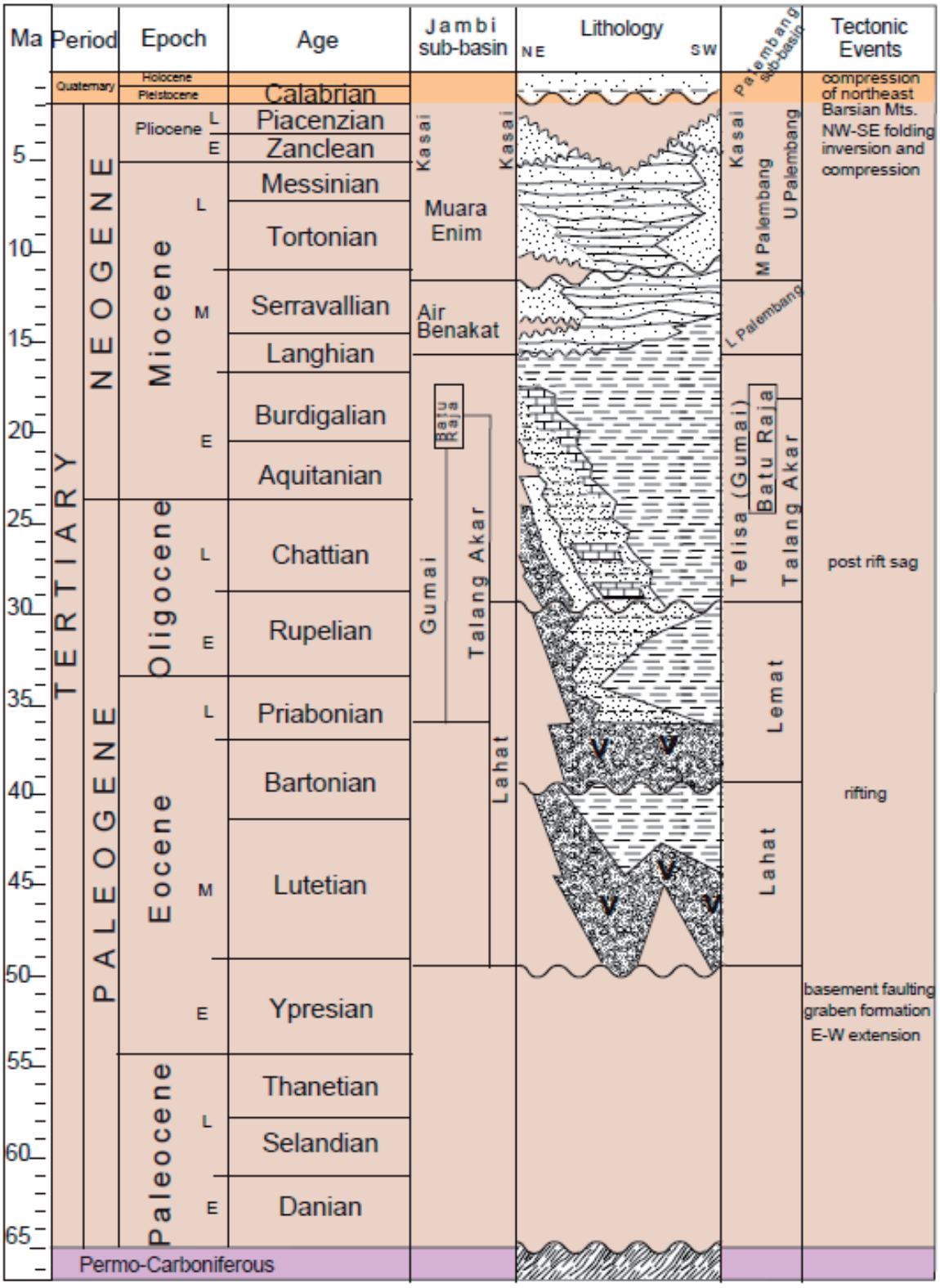
The presence of a petroleum system in the area is demonstrated by the various producing and discovered fields. The Jambi Sub-basin is one of the prolific Indonesian oil basins and has been intensively explored. Neighbouring active oil and gas fields include the Kabul, and Betara field complex operated by PetroChina Jabung, located to the north of the TOE Block. To the south of TOE are Pertamina's Jambi fields. **Figure 5** shows the fields and discoveries surrounding the TOE Block.

Figure 3: South Sumatra Basin Regional Tectonic Map



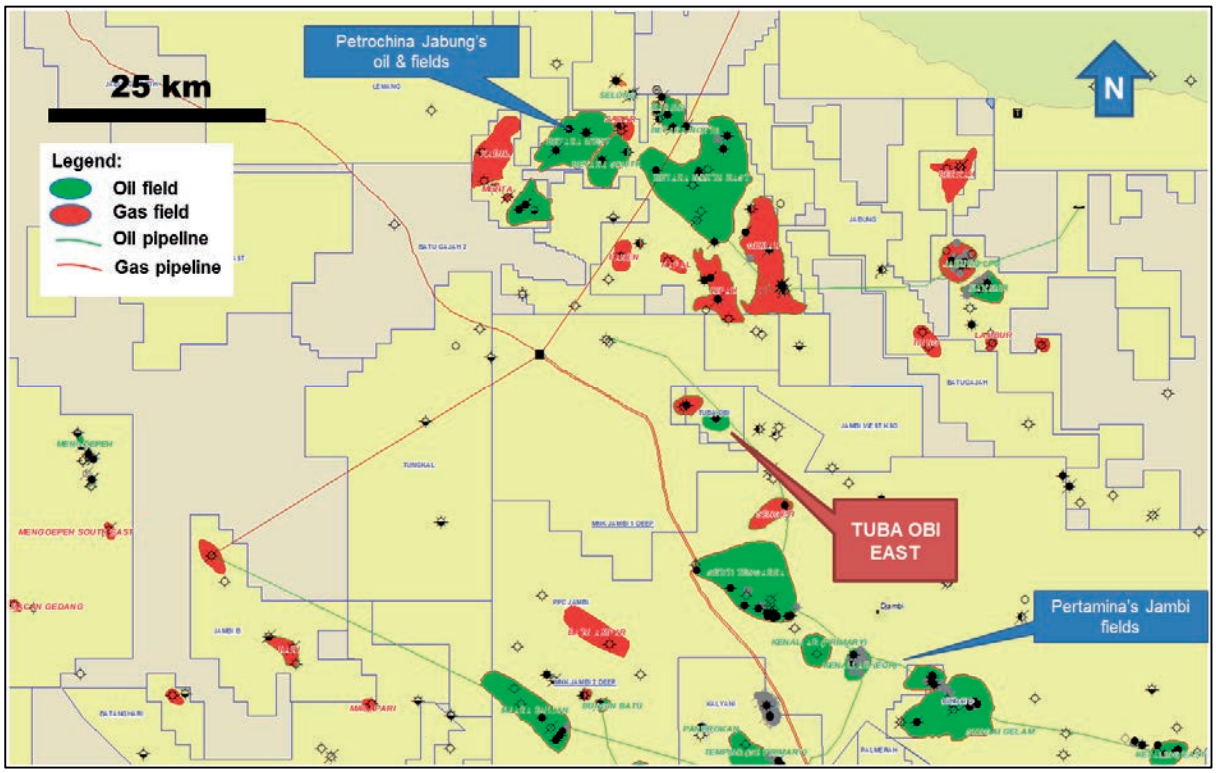
Source: USGS

Figure 4: Generalised Stratigraphy of the South Sumatra Basin



Source: USGS

Figure 5: Fields and Discoveries Surrounding Tuba Obi East Block



Source: Petroview

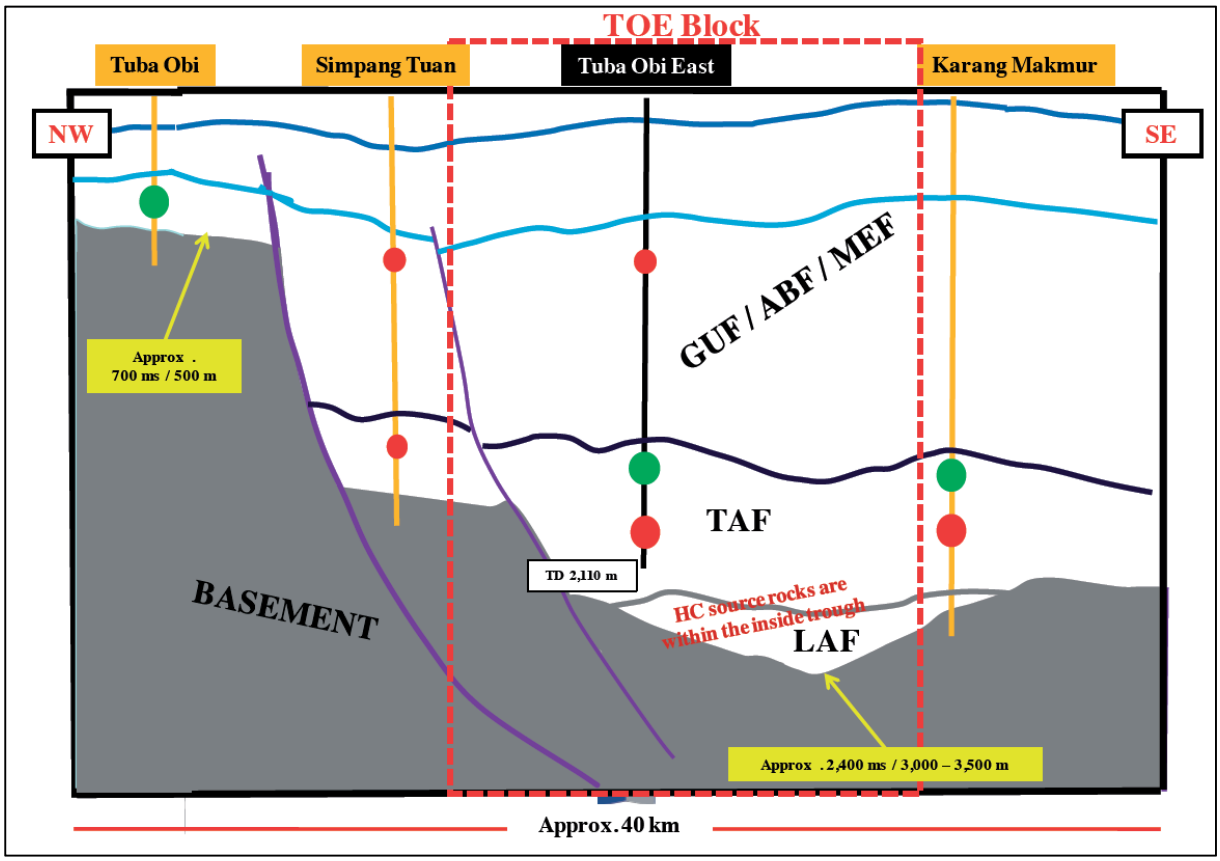
In the northern part of the South Sumatra Basin where the TOE Block is located, the hydrocarbons are derived from the syn-rift fluvio-deltaic, marginal marine, and locally lacustrine and coaly facies of the Lahat and Talang Akar Formations.

The NW-SE schematic cross section across the Tuba Obi Block and its immediate vicinity is shown in **Figure 6**, showing the Simpang Tuan structure immediately to the northwest and the Karang Makmur structure immediately to the southeast. The TOE structure is located above a graben, where the potential source rocks in the TAF and LAF are deeply buried. The TOE-1 final well report recorded the results of the geochemical analysis of the well, which shows that the TAF samples contain interbedded organic rich shales and coals, which contain terrestrially derived Type II/Type III oil and gas prone kerogens that are thermally mature and in the main to late phase of oil generation. The oil generation in the TAF is estimated to have occurred 15 to 14 million years ago and to have continued through to the present day.

Many reservoirs have been proven to be productive in the South Sumatra Basin; these include the TAF sandstones, the weathered granite and quartzite basement, the GUF carbonates and sandstones, and the ABF shallow marine and deltaic sandstone reservoirs. The shallow marine to continental sands of the Muara Enim Formation have been found to contain hydrocarbons as well.

The Gumai Formation represents the maximum highstand transgression following development of Baturaja carbonates and provides the regional seal in the area. However, the shallow marine and overbank shales within the Talang Akar also provide important intra-formational seals. The primary exploration targets in the South Sumatra Basin have been the anticlines and carbonate build-ups. The TOE structure is a NW-SE trending anticline.

Figure 6: Schematic Cross Section Tuba Obi East Block



Source: Andalas

2 Well Data and Correlation

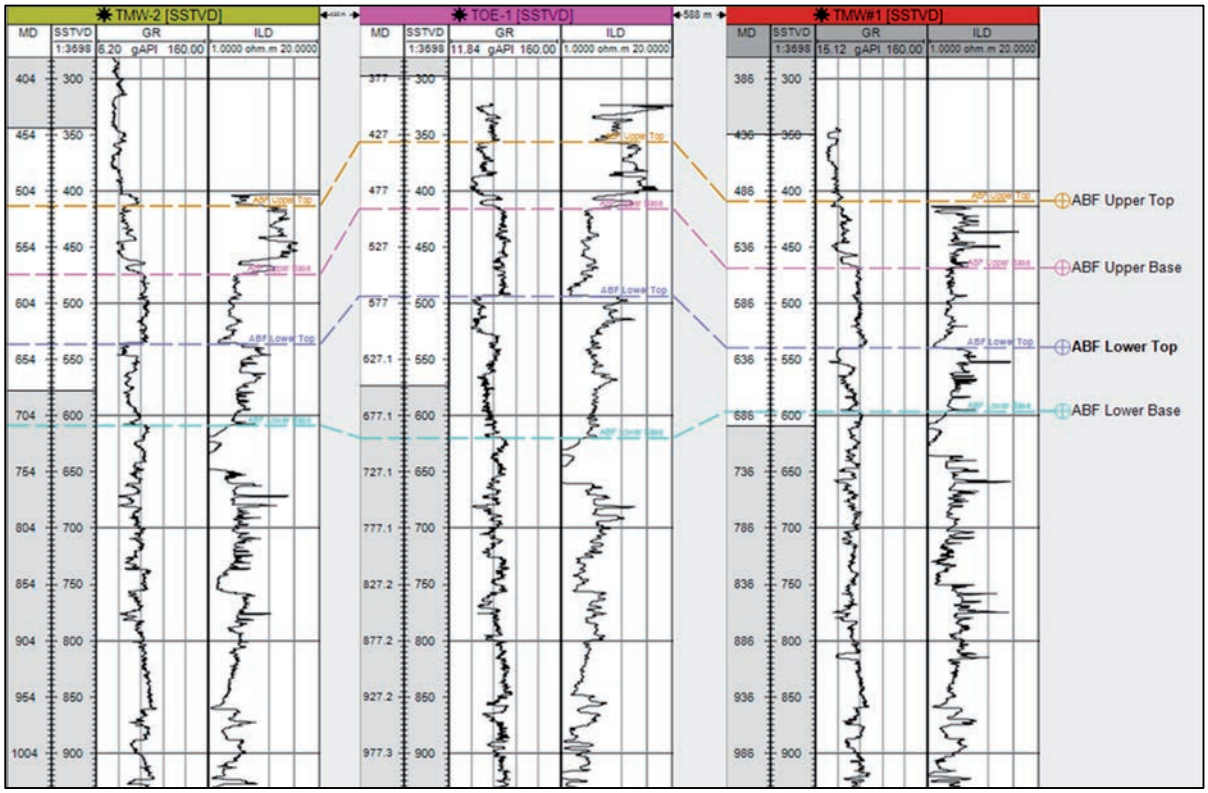
Three wells have been drilled in the block. TOE-1, the discovery well, was drilled to the depth of 2,119 m MDRT in the TAF to target a TAF closure. TMW-1 was drilled to a depth of 2,277 m MDRT in the basement and TMW-2 to a depth of 2,144 m MDRT in the LAF. All wells penetrated the ABF in the 12¼" hole section. The ABF interval was logged in all three wells, with gamma ray (GR), resistivity, neutron, density and sonic log data available in digital format.

Two separate ABF reservoir intervals can be identified in all three wells: the ABF Upper and ABF Lower, with correlation between the three wells shown in **Figure 7**.

Aside from the wells within the block, there are three further wells drilled in the vicinity of the block that have also penetrated the ABF. The Simpang Tuan-1 (SPT-1), located 5 km to the northwest of the TOE block, was drilled in November 1996 to a depth of 2,221 m MDRT. SPT-2, located 4 km to the northwest of the TOE block, was drilled in October 1998 to a depth of 2,177 m MDRT. Karang Makmur-1 (KRM-1) well was drilled in September 2006 to a depth of 2,259 m MDRT in the Basement. All three wells penetrated the ABF. SPT-1 was tested over the interval 641-651 m, and flowed gas at 3.35 MMscfd.

Data from the SPT and KRM wells were incomplete in PT Akar's database. Log data in SPT-1 was only available as a hardcopy composite log. The information regarding the successful flow test in the ABF reservoir in this well was only available as a brief note in the composite log, which shows the reservoir interval tested and the flow rate. In SPT-2 a gamma ray and a resistivity log were available in digital format.

Figure 7: ABF Well Log Correlation



3 Petrophysics

GCA conducted a petrophysical assessment of the TOE wells, resulting in a set of reservoir parameters that were used as input to the estimation of potential hydrocarbon volumes in the ABF Reservoir of the TOE Field.

Logs of five wells from TOE and the neighbouring Simpang Tuan structure were reviewed – TOE-1, TMW-1, TMW-2, SPT-1 and SPT-2. Wells SPT-1 and SPT-2 were included in the assessment because well SPT-1 was the only well in the area that had flowed gas from the target ABF Reservoir.

3.1 Data Availability and Quality

GCA's assessment was constrained by the limited data available. In wells TOE-1, TMW-1 and TMW-2, the log database comprised of standard resolution logs including gamma ray (GR), resistivity, neutron, density and sonic. Log quality was poor to average, with washout or bad hole effects observed in the ABF Upper and Lower reservoir intervals. The washouts resulted in erroneous log readings primarily affecting the density log, but also, to a lesser extent, the neutron and sonic logs.

In the digital log database for well SPT-2, only the GR and deep resistivity logs were available. Although the hard copy logs showed the well to have been logged with the density and neutron tools, these two porosity logs were not available in the digital LAS file.

The hard copy logs for well SPT-1 showed the well to have been logged with only the GR and resistivity tools. No porosity logs were run in the well.

Sidewall core samples were acquired in the TOE-1 well; however, these appear to be acquired using percussion sidewall tool, which does not preserve the in situ conditions of the samples and as such, the core data was not used for any log to core calibration.

No repeat formation tester (RFT) data was reported in any of the documents reviewed.

Temperature gradient was derived using the temperature data from the TAF producing interval in well TMW-1 as shown in a fluid analysis report (113°C), and applied to the entire drilled intervals of all wells.

3.2 Interpretation Methodology

Shale volume (Vsh) was calculated using the linear GR and density/neutron models. In intervals not affected by washout, both methods provided similar estimates of shale volume. Porosity was determined using the density log with corrections applied for the influence of hydrocarbons. An average grain density assumption of 2.65 g/cc was used. In the absence of Special Core Analysis (SCAL) data, the Indonesian model was used for the determination of water saturation, Sw, with the cementation and saturation exponents, m and n, respectively, defaulted to 2.0.

3.3 Log Analysis Results

The log interpretation methodology described above was applied to the wells with complete digital datasets, i.e. the TOE-1, TMW-1 and TMW-2 wells. It is difficult, with the currently available well data, to identify with certainty the type of fluid within the ABF Reservoirs. The resistivity logs do show elevated readings across the ABF Reservoir, but this could be due to the effect of fresh water or the presence of residual hydrocarbon. The TOE-1 well had produced hydrocarbon from the deeper TAF Formation, but the resistivity readings in this interval are in the range of 20 – 23 ohmm compared to 5 – 8 ohmm in the ABF Reservoir. The problem is further compounded by the absence of any information on water salinity.

Applying the water salinity derived from the TAF Formation (8,000 ppm) to the ABF Reservoirs resulted in petrophysical interpretations that supported the presence of water within both the ABF Upper and ABF Lower Formations. It may be argued that the TAF and ABF Formations were deposited under different environments and the assumption of a common salinity between the two formations may be erroneous.

A better analogue would, therefore, be the ABF Reservoirs encountered in the neighbouring Simpang Tuan Field. The issue with using the SPT wells as analogue was, however, the lack of a complete dataset for the evaluation of the two wells.

Although the SPT-1 well flowed gas during a DST over the ABF Lower Reservoir interval (test interval = 641 – 651 m MD), no porosity log was acquired in the well. The deep resistivity tool recorded measurements of between 7 to 10 ohmm, which is in line with those measured in the TOE-1 well. However, without proper estimation of porosity, well SPT-1 should not be considered a direct analogue of the TOE-1 well as the higher resistivity measurements could be due to a lithological effect that cannot be determined without any porosity logs.

The other well in the Simpang Tuan Field, SPT-2, recorded lower resistivities (2 – 3 ohmm) in the ABF Lower Reservoir, but did show elevated (7 – 9 ohmm) readings in the ABF Upper Reservoir. Density measurements reported in the hard copy logs suggest the reservoir quality to be similar to the TOE-1 well. No DST was performed in the well.

Based on the discussion above, GCA is of the opinion that the ABF Reservoir within the TOE Field cannot be declared a discovery as the presence of potentially moveable hydrocarbons has not been clearly established from the testing and logging data currently available. The logs will have to be re-evaluated once more data is acquired during the drilling that the Operator plans to undertake. In addition to the logging, sampling and testing programme that needs to be undertaken, it is recommended that conventional or rotary sidewall core samples be acquired for the calibration of log data. For the purpose of the current evaluation, the reservoir parameters derived from the TOE-1, TMW-1 and TMW-2 (and presented in **Table 3**) were used to estimate the potential hydrocarbon in-place volumes in the ABF Reservoir of the TOE Field. The average parameters were estimated using Vsh and porosity cut-offs of 45% and 15%, respectively. The cut-off values were not based on dynamic calibration and will have to be revisited when more data becomes available.

Table 3: Comparison of Petrophysical Averages of the Tuba Obi East Wells

Well	Reservoir	NTG (dec)	Porosity (dec)
TOE-1	ABF Upper	0.721	0.253
	ABF Lower	0.470	0.254
TMW-1	ABF Upper	0.578	0.263
	ABF Lower	0.295	0.261
TMW-2	ABF Upper	0.623	0.255
	ABF Lower	0.255	0.242

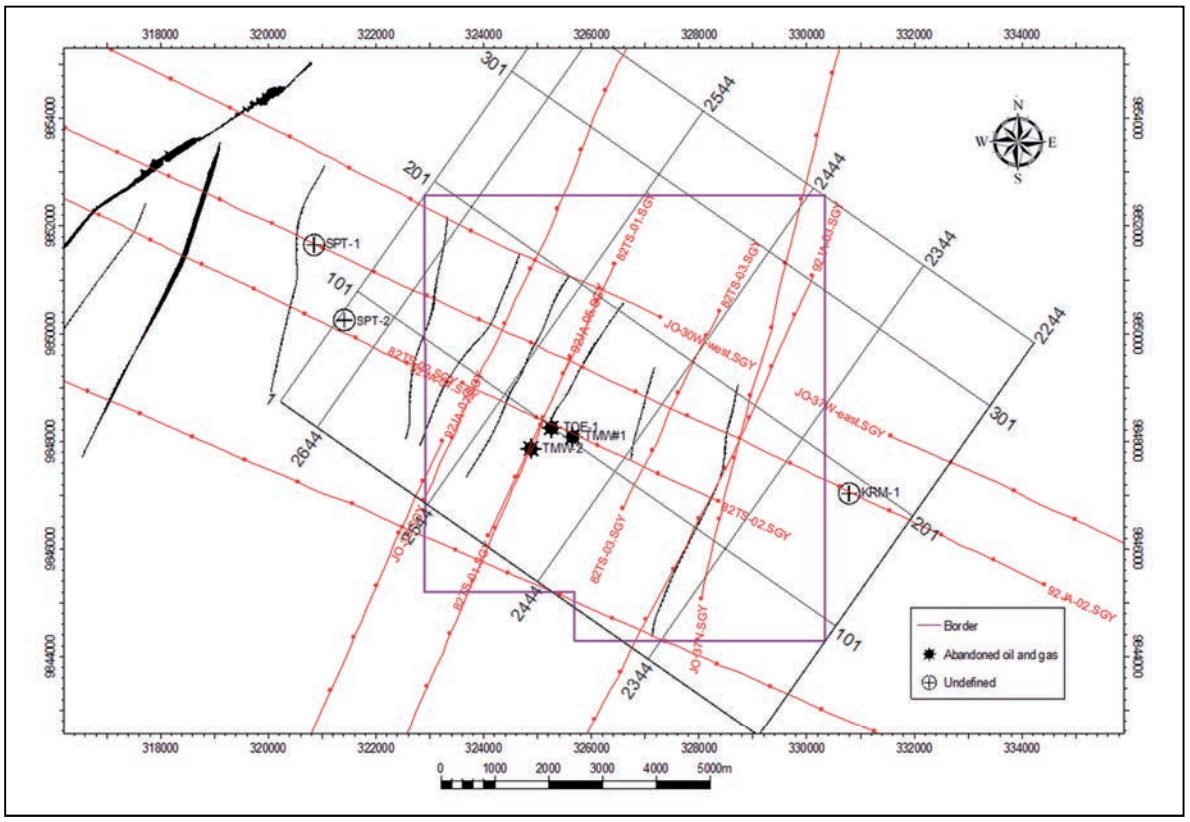
4 Seismic Interpretation & Mapping

4.1 Seismic Database

The seismic database provided over the TOE TAC consists of twelve 2D seismic lines and a 3D seismic data volume. GCA reviewed the seismic data as loaded in a Petrel project in the dataroom at PT Akar's office. Well log data and time grids were subsequently provided for further analysis. **Figure 8** shows the locations of the 2D and 3D seismic data. No seismic acquisition or processing reports were available for review. The assessment of the data is based only on a visual inspection of the data volumes provided in the Petrel project.

The 3D dataset is known to have been acquired post 2007. The data volume reviewed by GCA was truncated at the TAC boundary but the map suggests that the data was acquired over a larger area. The data quality is only fair to poor at the level of the ABF but improves to fair to good over the lower zones. The 2D data extends beyond the boundary of the TAC and ties the SPT-1, SPT-2 and KRM-1 well locations. Based on the line names only, most of the 2D seismic data was acquired in 1982 and 1992. The quality of the 2D seismic data varies considerably from very good to poor.

Figure 8: TOE TAC Seismic Database



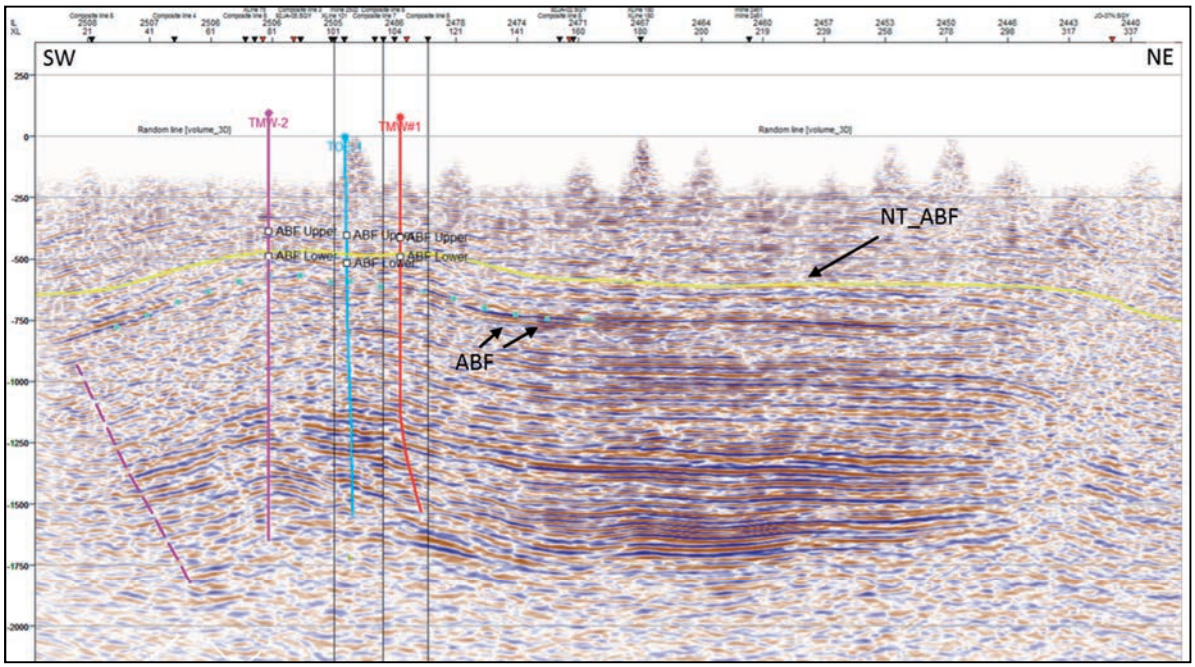
4.2 Structural Interpretation

Three different time horizon interpretations of the ABF reservoir were available for GCA to review, one of which was deemed a better representation of the structural interpretation of the ABF reservoir in the TOE and the nearby Simpang Tuan structure. This horizon was used as the basis of the volumetric calculation of the TOE ABF resources.

The TOE structure is shown in the seismic section in **Figure 9**, which is a seismic cross-section from the 3D data volume through the three TOE wells. The horizon that GCA finally used as the basis of the TOE ABF volumetrics is represented by the teal coloured dots (i.e. not the yellow horizon). The horizon appears only as isolated points because the data was interpreted along the inline direction. This horizon follows a strong seismic event which dims over the crest of the anticline into which the wells have been drilled. This horizon interpretation was also chosen as it extends beyond the block boundaries to include the SPT-1, SPT-2 and KRM-1 well locations, which tops were later used to tie the depth surfaces, along with the TOE wells.

In **Figure 9** the three wells and the ABF Upper and ABF Lower well tops as provided in the original Petrel project are plotted in depth as time curves were not available in the project.

Figure 9: ABF Seismic Interpretation



Source: PT Akar Petrel project

4.3 Time/Depth Calibration

A time to depth table from the TOE-1 well completion report shows that, to the depth of the ABF, the tops in depth are reasonable proxies for the tops in time provided the seismic datum corresponds to mean sea level and the well tops are plotted in true vertical depth subsea.

A crossplot of the time to depth tables for TOE-1 and TMW-1 and a best fit time to depth function estimated from the data is shown in **Figure 10**.

The time to depth function was used to create the time to depth table for the TMW-2, SPT-1 and SPT-2 wells and to convert the time surface to depth for the volumetric calculations. The measured depth (MD), true vertical depth subsea (TVDss) and two way time (TWT) for the top and base of the two ABF reservoir zones are shown in **Table 4**.

The depth surfaces used for the volumetric calculations were constructed using the following methodology: The time structure surface was converted to depth using the best fit time/depth function. The depth surface was then shifted as close as possible to each of the well tops (ABF Upper Top, ABF Upper Base, ABF Lower Top and ABF Lower Base) and then tied to the well top using global adjustment, except in the case of the ABF Lower Top, in which adjustment was done locally (800 m radius) to accommodate the locally thicker ABF Lower zone seen in TOE-1 well.

Figure 10: TOE Time to Depth Function

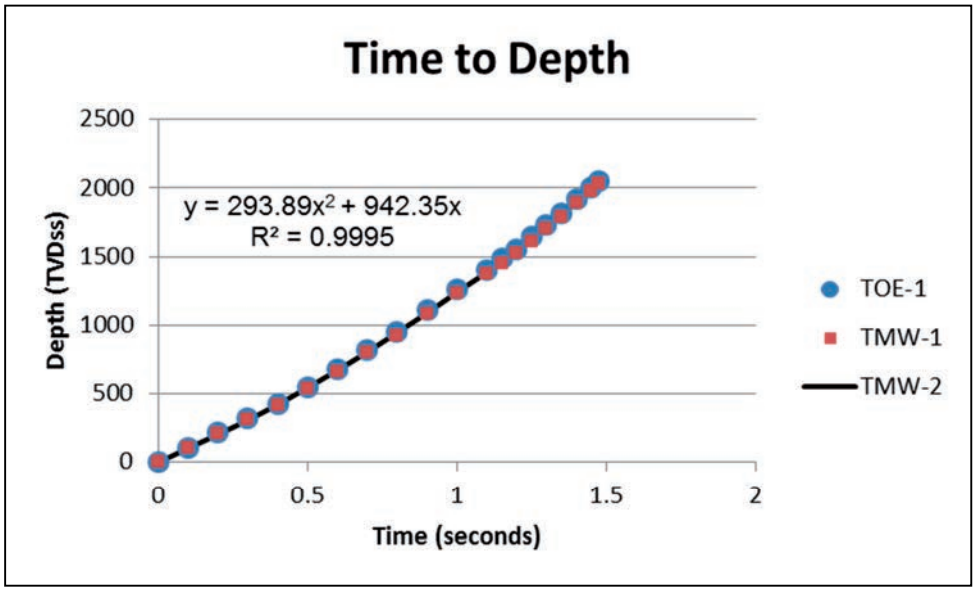


Table 4: Well Top Time Depth Table

Well	Top	MD (m)	TVDss (m)	TWT (ms)
TOE-1	ABF Upper Top	433.5	356.5	333.9
TOE-1	ABF Upper Base	493.2	416.1	389.0
TOE-1	ABF Lower Top	570.8	493.8	454.4
TOE-1	ABF Lower Base	697.0	619.9	556.0
TMW-1	ABF Upper Top	495.2	409.2	390.5
TMW-1	ABF Upper Base	554.8	468.8	442.5
TMW-1	ABF Lower Top	625.5	539.5	502.7
TMW-1	ABF Lower Base	682.3	596.3	555.1
TMW-2	ABF Upper Top	517.4	413.4	377.7
TMW-2	ABF Upper Base	578.4	474.4	430.0
TMW-2	ABF Lower Top	640.5	536.5	482.3
TMW-2	ABF Lower Base	712.8	608.8	542.1
SPT-1	ABF Upper Top	500.0	420.3	383.7
SPT-1	ABF Upper Base	560.0	480.3	435.0
SPT-1	ABF Lower Top	633.0	553.3	496.3
SPT-1	ABF Lower Base	693.0	613.3	462.9
SPT-2	ABF Upper Top	540.2	460.5	418.2
SPT-2	ABF Upper Base	612.3	532.6	479.1
SPT-2	ABF Lower Top	691.3	611.6	544.4
SPT-2	ABF Lower Base	742.6	662.9	586.0

Notes:
1. Time for TOE-1 and TMW-1 taken from the Petrel Project time/depth tables
2. Time for TMW-2, SPT-1 and SPT-2 estimated from best fit time/depth function

The Top depth structure map for the ABF Lower reservoir is shown in **Figure 11**, while the Top depth structure map for the ABF Upper reservoir is shown in **Figure 12**. The dashed yellow polygons were used to constrain the volumetric calculations. The red line in both maps indicates the location of the cross-section in TVDss shown in **Figure 13**, which goes through the wells, showing the ties to the well tops for the ABF Upper and ABF Lower reservoir zones.

Figure 11: ABF Lower - Top Depth Structure

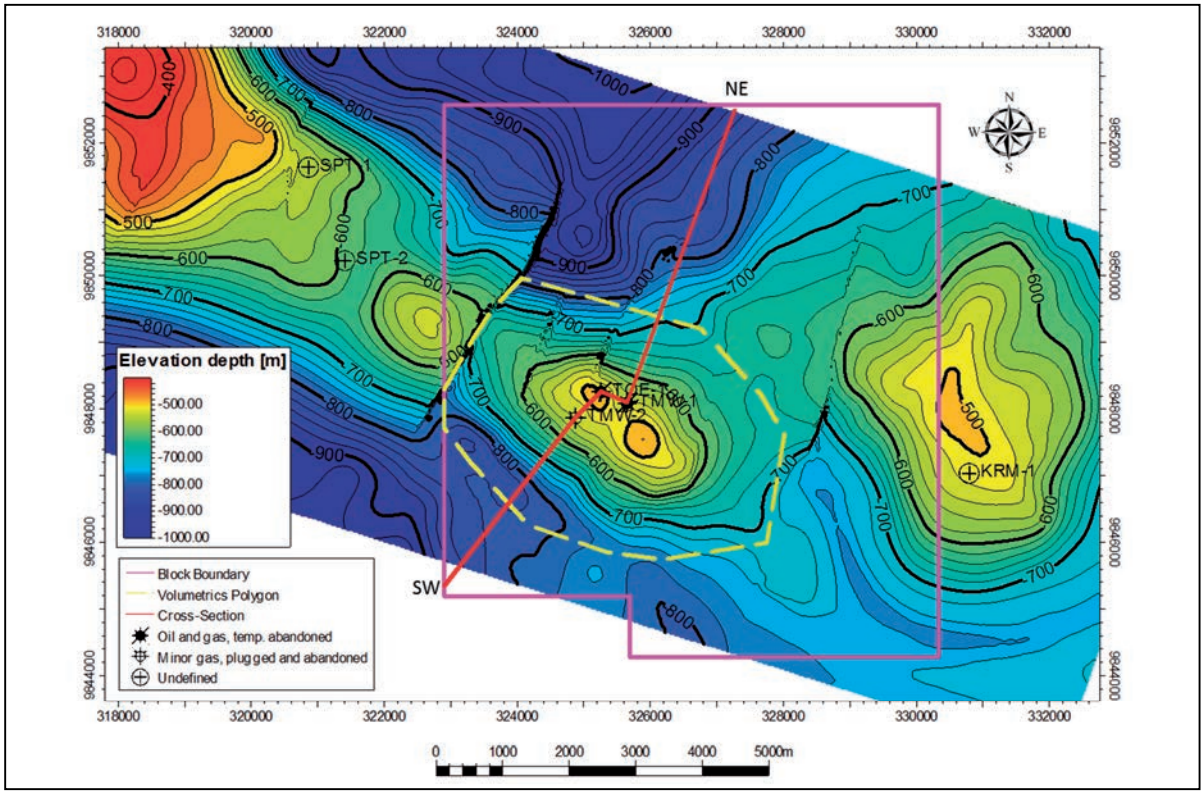


Figure 12: ABF Upper - Top Depth Structure

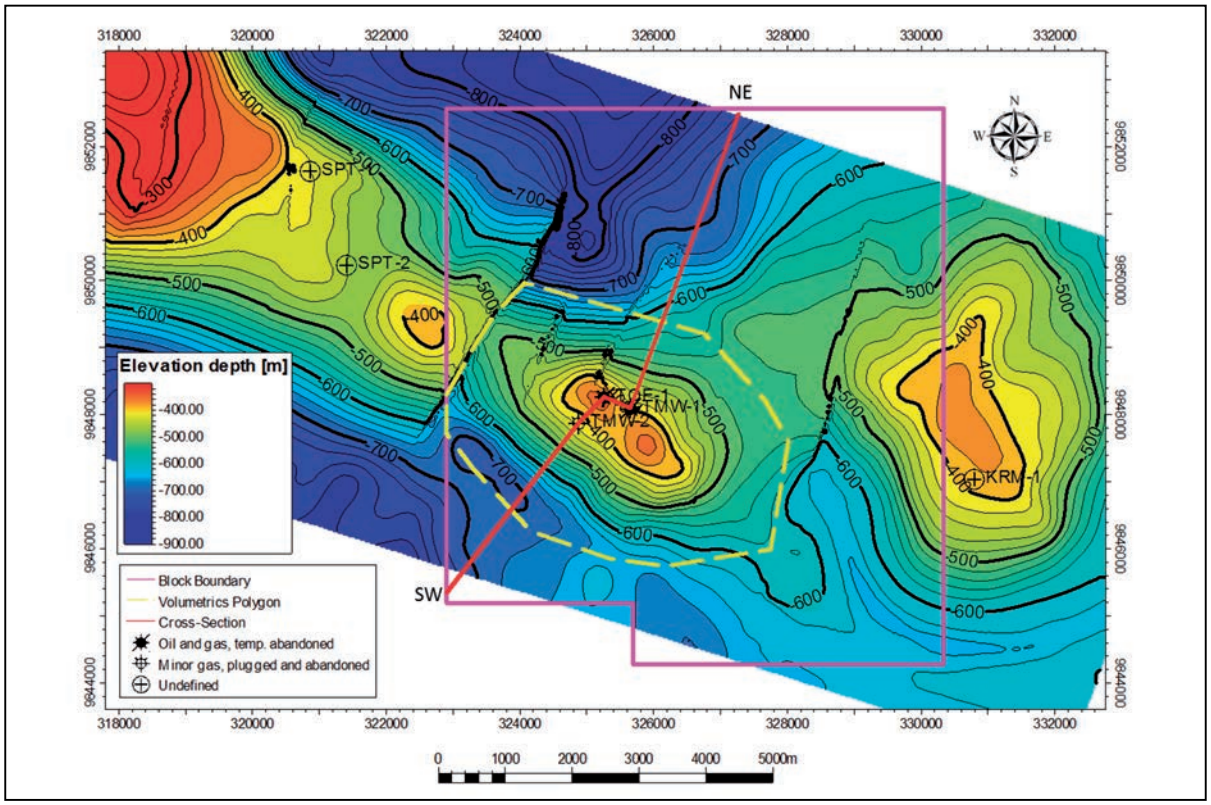
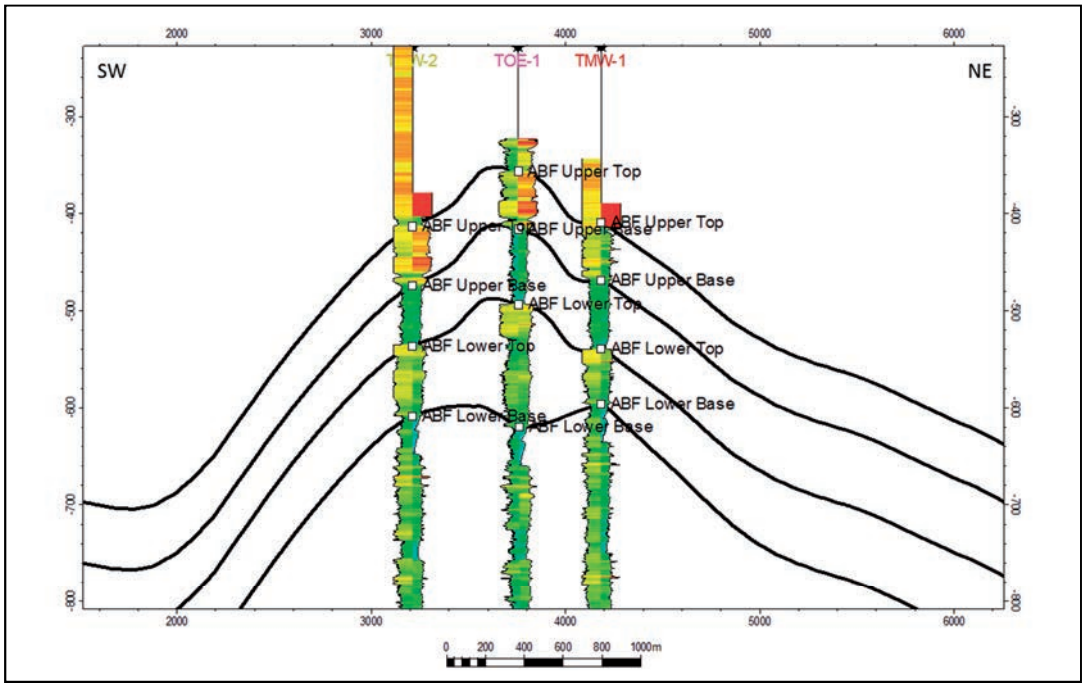


Figure 13: ABF Depth Structure Cross-section

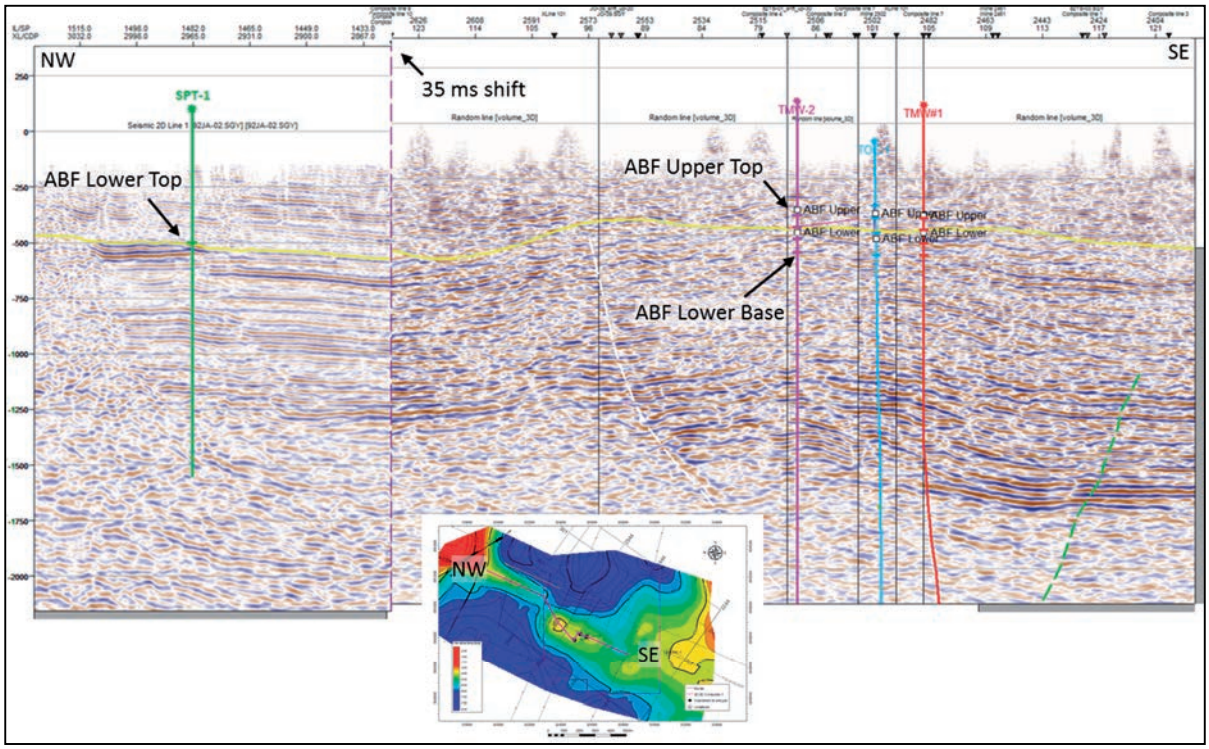


4.4 Simpang Tuan Structure

The SPT-1 well flowed gas from the ABF reservoir, while none of the TOE wells tested the reservoir. In an attempt to test if the SPT-1 well can be used as a strong analogue for the TOE ABF reservoir to be declared a discovery on the basis of seismic character similarities, GCA reviewed the seismic data connecting the two structures.

Figure 14 is a composite line created from the 2D seismic line 92JA-02 which runs through the SPT-1 location and an arbitrary line from the 3D which runs through the three well locations within the TOE TAC block. The location of the composite seismic line is shown on the inset map.

Figure 14: 2D/3D Composite Seismic Line



Source: PT Akar Petrel project

A thirty-five ms shift of the 2D line relative to the 3D data volume was required to provide the optimum correlation between the two seismic datasets. This suggests that the 2D data was processed with a different seismic datum and/or replacement velocity.

At the northwest end of the composite line, the location of the SPT-1 well has been plotted in green. The time to depth function was used to estimate the time to the ABF Lower reservoir top in the SPT-1 well as indicated on the plot. There is some uncertainty as to the exact location of the SPT-1 well as two different X/Y locations were found for the same well. There is also some uncertainty with regards to the vertical time to the top of the reservoir zone since the seismic datum and replacement velocity are unknown.

Despite the uncertainties, the seismic data shows the seismic characters in SPT-1 are different from those in TOE. There is a high amplitude event which corresponds to the tested reservoir zone at the SPT-1 well location which is not evident at the well locations within the TOE TAC block. Due to the dissimilarities in the seismic character, SPT-1 tested zones cannot be considered as a direct analogue for the ABF reservoir in TOE.

5 Gas In Place and Recoverable Volumes

5.1 Volumetric Estimates

The Gas Initially In Place (GIIP) and Expected Ultimate Recovery (EUR) estimates for the ABF Upper and ABF Lower reservoir zones within the main closed structure with the boundary of the TOE TAC are presented in **Table 5** and **Table 6**, respectively.

Table 5: ABF Upper Volumetric Estimates

TOE ABF Upper	Low Estimate	Best Estimate	High Estimate
Depth Cut-off (m TVDss)	475	500	520
Area (m^2)	3.81E+06	5.25E+06	6.60E+06
Gross Rock Volume (m^3)	1.61E+08	2.21E+08	2.83E+08
Net to Gross	0.52	0.64	0.76
Porosity	0.18	0.22	0.25
Hydrocarbon Saturation	0.50	0.60	0.70
Gas Expansion Factor	55	60	65
Deterministic GIIP (Bcf)	**14.6**	**39.2**	**88.4**
Gas Recovery Factor	0.47	0.57	0.62
Deterministic EUR (Bcf)	**6.9**	**22.3**	**54.8**

Table 6: ABF Lower Volumetric Estimates

TOE ABF Lower	Low Estimate	Best Estimate	High Estimate
Depth Cut-off (m TVDss)	620	640	650
Area (m^2)	4.64E+06	5.87E+06	6.58E+06
Gross Rock Volume (acre-ft)	2.34E+08	3.00E+08	3.37E+08
Net to Gross	0.15	0.34	0.53
Porosity	0.18	0.22	0.25
Hydrocarbon Saturation	0.50	0.60	0.70
Gas Expansion Factor	70	75	80
Deterministic GIIP (Bcf)	**7.7**	**35.1**	**90.5**
Gas Recovery Factor	0.51	0.61	0.66
Deterministic EUR (Bcf)	**3.9**	**21.4**	**59.7**

The range of volumes was estimated through deterministic methodology, whereby a single value is used for each parameter, resulting in a single value for the resource estimate in each case. Three deterministic cases were developed to represent the Low, Best and High estimates of the volumes.

For the ABF Upper reservoir zone, the Low Case gross rock volume (GRV) was estimated using a depth cut-off of 475 m TVDss which corresponds to the base of the ABF Upper in the TMW-2 well. The Best Case GRV used a cut-off of 500 m TVDss which is the four way dip closing contour. The High Case GRV used a cut-off of 520 m TVDss which is the maximum closing contour assuming the fault to the west of the structure is a sealing fault.

The Best Case net to gross (NTG) was taken as the average of the NTG values estimated by GCA for the three wells in the structure. The maximum and minimum values were calculated using the standard deviation of the three estimates and taking into account the sample size of three when estimating the range.

The Best Case porosity estimate was the average between the Andalas estimate of 18% and the GCA estimate of 25%. The Low Case was taken to be the Andalas estimate and the High Case was taken to be the GCA estimate.

The Low, Best and High Case hydrocarbon saturations were calculated by GCA to be 0.5, 0.6 and 0.7 respectively using the methodology described in the petrophysics section of this report.

The gas expansion factor (GEF) was estimated at 0.60 based on an average reservoir depth of 580 m TVD from surface assuming a hydrostatic gradient of 0.433 psi/ft and an onshore height of 80 meters.

The Best Case recovery factor (RF) was calculated as 0.57 using the estimated initial reservoir pressure and the abandonment pressure proposed by Andalas. The Low Case and High Case RF's were taken as -10% and +5% respectively.

The same methodology was applied for the ABF Lower reservoir zone using the applicable depth cut-offs and adjustments in estimated reservoir pressure to account for the deeper reservoir depth.

5.2 Geological Chance of Success

The reservoir zones have not been tested; there is risk associated with the presence of gas due to uncertainty over the salinity of the reservoir fluid and there is risk associated with whether the gas, if present, is moveable. As a result, these volumes are considered Prospective Resources. GCA assessed the risks and presented the GCoS associated with each of the prospective zones in **Table 7**. Even though the two zones are separate, the risk factors for both prospects are the same.

Table 7: Tuba Obi East ABF Geological Chance of Success

Prospect	Geological Chance of Success				
	Source Rock	Migration & Timing	Reservoir	Trap & Seal	GCoS
ABF Upper	100%	100%	100%	60%	**60%**
ABF Lower	100%	100%	100%	60%	**60%**

Geochemical analyses of samples from TOE-1 well indicate the presence of good quality and mature source rock. Hence, there is little or no risk associated with source rock presence, volumes, quality and maturity. Hydrocarbon presence in the structure has been proven in the deeper reservoir and in the same reservoir of the neighbouring structure, which indicates that there is also no risk in migration and timing of hydrocarbon charge. Petrophysical analysis of the ABF reservoir encountered in the TOE wells indicates good porosity. Simpang Tuan well logs also indicate good reservoir. Therefore, there is no significant risk in the presence, quality and continuity of the reservoir.

The main risk in the TOE ABF interval is in the presence of a valid Trap and associated reservoir Seal. Both the well and seismic data indicate the presence of top and base seals and the seismic data clearly indicates the presence of a four-way dip closure at reservoir level, hence there is reasonable certainty that an anticlinal trap is present. However, the seismic data over the structure is of relatively poor quality and there is also a lack of both a

coherent and continuous reflection on the mapped reservoir horizon, suggesting a complex faulted structure and a related uncertainty in the configuration of the trap. These factors serve to reduce the certainty in the presence of lateral seals and the trap integrity, which has been estimated at 60%.

As a prospect, with 60% GCoS, the ABF reservoir of the TOE has a high chance of success.

6 Contract Summary

The TOE TAC was signed on 15th May, 1997, and lasts for 20 years, expiring on 14th May, 2017. Under the TAC, the Contractor functions as Pertamina's partner and operates the Block. Production from the Block is shared between Pertamina and the Contractor, with the Contractor acting as the Operator and paying all OPEX and CAPEX associated with the development and production of any fields located within the Block. The firm commitment relating to this contract is US$3.075 MM for the first two year activities i.e. G&G studies and drilling 1 (one) well.

Based on the TAC terms, Contractor must develop the Block commercially within 2 (two) years with a possible 1 (one) year extension from the contract effective date. On 1st July, 2002, the contract was amended and required the Contractor to develop the block commercially by 31st December, 2003; otherwise, Pertamina has the right to terminate the contract, which Pertamina did not exercise.

The block was appraised and oil production commenced from the TAF reservoir in 2004, but was shut-in in 2005 due to rapid decline in production. No documentation was provided to GCA on the status of the remaining work/expenditure commitments as per Section III of the TAC document. However, GCA has been advised that a one well drilling plan has been included in the annual WP&B for the license for the past several years, and that this obligation has been carried over to the approved WP&B for the current year. The Operator intends to fulfil this obligation in 2016 by drilling a well targeting the ABF reservoir.

GCA also understands that the Operator, along with Andalas, intends to propose a renewal of the licence. As the TAC contract form no longer applies, this renewal will likely be in the form of a KSO.

The current TAC fiscal terms are summarised below:

- Cost recovery cap is 65% of the total production. Cost recovery can be claimed as outlined below:
  - OPEX and Intangible CAPEX can be recovered as an expense
  - Tangible CAPEX can be recovered using a depreciation schedule as follows:
    - Oil related CAPEX: 25% p.a. and written off in the 5th year
    - Gas related CAPEX:
      - For drilling: 25% p.a. and written off in the 4th year
      - For facility expenditures: 10% p.a. and written off in the 4th year
  - Any unrecovered cost can be carried forward to the following years
- Investment Credit of 15.78% for the new oil facility development related to the new secondary recovery and EOR projects.
- Contractor Pre-Tax Profit Share, after considering the investment credit (only applicable to oil production) and cost recovery is as follows:

  - 26.7857% for oil
  - 62.5% for gas
- Domestic Market Obligation (DMO) applied to the liquid production whereby 25% of the Crude Oil Contractor's Profit Share will be sold at 15% of the market. DMO is applicable only after the initial period of 60 months starting the month of the first delivery of crude oil produced from the field; however, Contractor will be relieved from the DMO if the total cost recoverable during any year exceeds the 65% of the total oil produced
- Tax: 44.0%
- Production bonus payments are as follows
  - US$0.025 MM for the cumulative production of 1 MMboe
  - US$0.025 MM for the cumulative production of 5 MMboe
  - US$0.050 MM for the cumulative production of 10 MMboe
- Pertamina has the right to demand 10% working interest (WI) once the feasible commercial production is submitted to Pertamina. Pertamina will reimburse the past cost related to the 10% WI either in cash or out of its portion of production. If the reimbursement is out of production, there is an uplift of 50% related to the past cost.
- Abandonment: The accrual of an Abandonment Fund is treated as part of the OPEX and is Cost Recoverable. The accrued funds are then used to pay for site restoration costs at field abandonment.

GCA would expect there to be a negotiation of terms associated with the renewal process and that the KSO would therefore have different fiscal terms to the current TAC. KSO license typically has a duration of 15 years. Other details of the fiscal terms are not yet known.

7 Development Concepts

Andalas proposes two alternative commercialisation concepts for any gas found in the TOE block: direct gas sales, or gas sales to an Independent Power Producer (IPP). Both concepts assume commercialisation of a portion of the available volumes at a plateau rate of 3 to 4 MMscfd over 14 years (15-20 Bscf), which is considered a reasonable assumption based on the proposed development plan (3 gas producers). The decline period, representing 40% of the notional 30 Bcf producible resource volume, is not considered in the company's financial analysis. The following discussion outlines the broad contractual framework of the block, followed by a brief description of the two development concepts.

7.1 TOE-2 Well

The objective of the planned well to be drilled in 2016, TOE-2, is to drill and flow test the ABF reservoir, targeting both the ABF Upper and ABF Lower zones. If successful, the well will be suspended, and later to be re-entered and produced after the Plan of Development (PoD) for the field is approved.

The well is planned to be drilled as a vertical well to a total depth of approximately 800 m TVD, using a 550 horse-power rig. The current drill cost estimate presented by Andalas is approximately US$1 MM for the drilling of the well and approximately US$300,000 for the testing. The expected spud date is in June, 2016.

GCA reviewed a summary of the well plan and associated cost information. On the basis of the information reviewed, the drilling plan and cost estimates are considered to be achievable and reasonable. Providing there are no un-expected operational issues, there is no reason to expect that the well cannot be drilled and tested in a timely manner and on or within budget.

7.2 Regulatory Framework

As discussed above, the block is held under a TAC, which will expire soon, and which if renewed will likely be held under a KSO contract form. Both the TAC and KSO are "carve out" contracts, awarded by Pertamina to independent operators for areas of Pertamina-held PSC's. Thus, the Operator of the TAC/KSO presents their development plans to Pertamina for approval, who in turn is responsible to seek formal approvals from government. This process can sometimes delay and complicate the approval processes.

7.3 Gas Sales

This conventional development option assumes three wells are drilled and a small gas processing plant installed to extract condensate, and condition the gas to pipeline specification by removing excess carbon dioxide and water. A 19 km x 6" pipeline would be required to an existing compressor station. Total capital expenditure of US$29.46 MM is assumed for the wells, processing plant, and pipeline.

Andalas assumes a 29-month development schedule from completion of the proof of concept well to first gas, which is optimistic in the Indonesian environment, where gas projects can take several years to agree the commercial terms. However, a prudent approach to pre-investment can mitigate the effect of such delays.

7.4 Gas to Power

This development option assumes three wells are drilled and a small gas processing plant installed to extract condensate, and condition the gas to a specification suitable for a gas engine power generation unit by simple dehydration. Gas would be supplied to a co-located (but commercially separate) 25 MW power plant. A 40 km power line to Jambi City is assumed to be provided by the electricity buyer, PLN (the government electricity company). Total capital expenditure of US$30.4 MM is assumed for the wells, processing plant, and generation plant.

Andalas assumes a 33-month development schedule from completion of the proof of concept well to first power, which is optimistic in the Indonesian environment. Although there are electricity shortages, and a stated intention to encourage IPP's, these developments have yet to be implemented. However, a prudent approach to pre-investment can mitigate the effect of such delays. GCA also notes the opportunity to reduce capital exposure through leasing the power generation equipment.

Basis of Opinion

This document reflects GCA's informed professional judgment based on accepted standards of professional investigation and, as applicable, the data and information provided by Andalas and PT Akar, the limited scope of engagement, and the time permitted to conduct the evaluation.

In line with those accepted standards, this document does not in any way constitute or make a guarantee or prediction of results, and no warranty is implied or expressed that actual outcome will conform to the outcomes presented herein. GCA has not independently verified any information provided by, or at the direction of, the Client, and has accepted the accuracy and completeness of this data. GCA has no reason to believe that any material facts have been withheld, but does not warrant that its inquiries have revealed all of the matters that a more extensive examination might otherwise disclose.

The opinions expressed herein are subject to and fully qualified by the generally accepted uncertainties associated with the interpretation of geoscience and engineering data and do not reflect the totality of circumstances, scenarios and information that could potentially affect decisions made by the report's recipients and/or actual results. The opinions and statements contained in this report are made in good faith and in the belief that such opinions and statements are representative of prevailing physical and economic circumstances.

In the preparation of this report, GCA has used definitions contained within the Petroleum Resources Management System (PRMS), which was approved by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers in March 2007 (see **Appendix I**).

There are numerous uncertainties inherent in estimating reserves and resources, and in projecting future production, development expenditures, operating expenses and cash flows. Oil and gas resources assessments must be recognised as a subjective process of estimating subsurface accumulations of oil and gas that cannot be measured in an exact way. Estimates of oil and gas resources prepared by other parties may differ, perhaps materially, from those contained within this report.

The accuracy of any resource estimate is a function of the quality of the available data and of engineering and geological interpretation. Results of drilling, testing and production that post-date the preparation of the estimates may justify revisions, some or all of which may be material. Accordingly, resource estimates are often different from the quantities of oil and gas that are ultimately recovered, and the timing and cost of those volumes that are recovered may vary from that assumed.

Natural gas volumes have been quoted in billions (10^9) of standard cubic feet (Bscf). No allocation has been made for fuel and process shrinkage losses. Standard conditions are defined as 14.7 psia and 60°F. Industry Standard terms and abbreviations are contained in the attached Glossary (**Appendix II**), some or all of which may have been used in this report.

GCA prepared an independent assessment of the resources based on data and interpretations provided by PT Akar and Andalas.

Definition of Prospective Resources

Prospective Resources are those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated “chance of discovery” and a “chance of development” (per PRMS). Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates, assuming their discovery and development, and may be sub-classified based on project maturity.

There is no certainty that any portion of the Prospective Resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. Prospective Resource volumes are presented as unrisked but are presented together with the associated 'Geological Chance of Success', an indicative estimate of the probability that drilling the Prospect would result in a discovery. This does not include any assessment of the risk that the discovery, if made, may not be developed. Prospective Resources are presented at a gross field level and a net working interest level.

GCA has not undertaken a site visit and inspection because a site visit has not been deemed necessary for the purpose of estimating Prospective Resources. As such, GCA is not in a position to comment on the operations or facilities in place, their appropriateness and condition, or whether they are in compliance with the regulations pertaining to such operations. Further, GCA is not in a position to comment on any aspect of health, safety, or environment of such operation.

This report has been prepared based on GCA’s understanding of the effects of petroleum legislation and other regulations that currently apply to these properties. However, GCA is not in a position to attest to property title or rights, conditions of these rights (including environmental and abandonment obligations), or any necessary licenses and consents (including planning permission, financial interest relationships, or encumbrances thereon for any part of the appraised properties).

Qualifications

In performing this study, GCA is not aware that any conflict of interest has existed. GCA served as independent evaluator in the analyses described and in the determination of the professional opinions expressed herein. GCA is an independent international energy advisory group of more than 50 years’ standing, whose expertise includes petroleum reservoir evaluation and economic analysis. As an independent consultancy, GCA is providing impartial technical, commercial, and strategic advice within the energy sector. GCA’s remuneration was not in any way contingent on the contents of this report.

In the preparation of this document, GCA has maintained, and continues to maintain, a strict independent consultant-client relationship with Andalas. The management and employees of GCA have been, and continue to be, independent of Andalas in the services they provide to the company including the provision of the opinion expressed in the assessment. Furthermore, the management and employees of GCA have no interest in any of the assets evaluated or related with the analysis performed, as part of this report.

Staff members who prepared this report hold appropriate professional and educational qualifications and have the necessary levels of experience and expertise to perform the work, and are, or were at the time, professional associates of GCA. They include Mr David Timko, Dr Azlan Majid, Mr Andrew Duncan and Ms Dewi Sri Redjeki, all of whom hold degrees in geoscience, petroleum engineering or related discipline and have 15 years or more experience.

The team was led by Ms. Nila Murti, who is a Senior Advisor (Geoscience), holds a B.Sc in Geology (Universitas Gadjah Mada, Indonesia, 1996), and an M.Sc in Petroleum Geoscience (Royal Holloway College, University of London, 2002), she is a member of the Indonesian Petroleum Association, the Indonesian Association of Geologists and the American Association of Petroleum Geologists, and has 19 years of upstream oil and gas experience.

The report was reviewed by Mr Stephen M Lane, Technical Director, and approved at a corporate level by Dr John Barker, Technical Director. Mr Lane holds a B.Sc (Hons) Geology from Manchester University (1975), he is a member of the Society of Petroleum Engineers and has over 40 years of industry experience. Dr. Barker holds B.A. (1978) and M.A. (1981) degrees in Mathematics from the University of Cambridge and a Ph.D. (1982) in Applied Mathematics from the California Institute of Technology, he is a member of the Society of Petroleum Engineers and of the Society of Petroleum Evaluation Engineers, and has more than 30 years industry experience.

Yours sincerely,

GAFFNEY, CLINE & ASSOCIATES (CONSULTANTS) PTE LTD

Project Manager
A.Nila Murti, *Senior Advisor - Geoscience*

Reviewed by
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Appendix I
SPE PRMS Definitions and Guidelines (Abridged)

Society of Petroleum Engineers, World Petroleum Council, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers

Petroleum Resources Management System

Definitions and Guidelines ([1])

March 2007

Preamble

Petroleum resources are the estimated quantities of hydrocarbons naturally occurring on or within the Earth's crust. Resource assessments estimate total quantities in known and yet-to-be-discovered accumulations; resources evaluations are focused on those quantities that can potentially be recovered and marketed by commercial projects. A petroleum resources management system provides a consistent approach to estimating petroleum quantities, evaluating development projects, and presenting results within a comprehensive classification framework.

International efforts to standardize the definition of petroleum resources and how they are estimated began in the 1930s. Early guidance focused on Proved Reserves. Building on work initiated by the Society of Petroleum Evaluation Engineers (SPEE), SPE published definitions for all Reserves categories in 1987. In the same year, the World Petroleum Council (WPC, then known as the World Petroleum Congress), working independently, published Reserves definitions that were strikingly similar. In 1997, the two organizations jointly released a single set of definitions for Reserves that could be used worldwide. In 2000, the American Association of Petroleum Geologists (AAPG), SPE and WPC jointly developed a classification system for all petroleum resources. This was followed by additional supporting documents: supplemental application evaluation guidelines (2001) and a glossary of terms utilized in Resources definitions (2005). SPE also published standards for estimating and auditing reserves information (revised 2007).

These definitions and the related classification system are now in common use internationally within the petroleum industry. They provide a measure of comparability and reduce the subjective nature of resources estimation. However, the technologies employed in petroleum exploration, development, production and processing continue to evolve and improve. The SPE Oil and Gas Reserves Committee works closely with other organizations to maintain the definitions and issues periodic revisions to keep current with evolving technologies and changing commercial opportunities.

The SPE PRMS document consolidates, builds on, and replaces guidance previously contained in the 1997 Petroleum Reserves Definitions, the 2000 Petroleum Resources Classification and Definitions publications, and the 2001 "Guidelines for the Evaluation of Petroleum Reserves and Resources"; the latter document remains a valuable source of more detailed background information.,

These definitions and guidelines are designed to provide a common reference for the international petroleum industry, including national reporting and regulatory disclosure agencies, and to support petroleum project and portfolio management requirements. They are intended to improve clarity in global communications regarding petroleum resources. It is expected that SPE PRMS will be supplemented with industry education programs and application guides addressing their implementation in a wide spectrum of technical and/or commercial settings.

It is understood that these definitions and guidelines allow flexibility for users and agencies to tailor application for their particular needs; however, any modifications to the guidance contained herein should be clearly identified. The definitions and guidelines contained in this document must not be construed as modifying the interpretation or application of any existing regulatory reporting requirements.

The full text of the SPE PRMS Definitions and Guidelines can be viewed at:
www.spe.org/specma/binary/files/6859916Petroleum_Resources_Management_System_2007.pdf

RESERVES

[1] These Definitions and Guidelines are extracted from the Society of Petroleum Engineers / World Petroleum Council / American Association of Petroleum Geologists / Society of Petroleum Evaluation Engineers (SPE/WPC/AAPG/SPEE) Petroleum Resources Management System document ("SPE PRMS"), approved in March 2007.

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.

Reserves must satisfy four criteria: they must be discovered, recoverable, commercial, and remaining based on the development project(s) applied. Reserves are further subdivided in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their development and production status. To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability. There must be a reasonable expectation that all required internal and external approvals will be forthcoming, and there is evidence of firm intention to proceed with development within a reasonable time frame. A reasonable time frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While 5 years is recommended as a benchmark, a longer time frame could be applied where, for example, development of economic projects are deferred at the option of the producer for, among other things, market-related reasons, or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented. To be included in the Reserves class, there must be a high confidence in the commercial producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.

On Production

The development project is currently producing and selling petroleum to market.

The key criterion is that the project is receiving income from sales, rather than the approved development project necessarily being complete. This is the point at which the project "chance of commerciality" can be said to be 100%. The project "decision gate" is the decision to initiate commercial production from the project.

Approved for Development

All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is under way.

At this point, it must be certain that the development project is going ahead. The project must not be subject to any contingencies such as outstanding regulatory approvals or sales contracts. Forecast capital expenditures should be included in the reporting entity's current or following year's approved budget. The project "decision gate" is the decision to start investing capital in the construction of production facilities and/or drilling development wells.

Justified for Development

Implementation of the development project is justified on the basis of reasonable forecast commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals/contracts will be obtained.

In order to move to this level of project maturity, and hence have reserves associated with it, the development project must be commercially viable at the time of reporting, based on the reporting entity's assumptions of future prices, costs, etc. ("forecast case") and the specific circumstances of the project. Evidence of a firm intention to proceed with development within a reasonable time frame will be sufficient to demonstrate commerciality. There should be a development plan in sufficient detail to support the assessment of commerciality and a reasonable expectation that any regulatory approvals or sales contracts required prior to project implementation will be forthcoming. Other than such approvals/contracts, there should be no known contingencies that could preclude the development from proceeding within a reasonable timeframe (see Reserves class). The project "decision gate" is the decision by the reporting entity and its partners, if any, that the project has reached a level of technical and commercial maturity sufficient to justify proceeding with development at that point in time.

Proved Reserves

Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations.

If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. The area of the reservoir considered as Proved includes:

(1) the area delineated by drilling and defined by fluid contacts, if any, and

(2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data.

In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the lowest known hydrocarbon (LKH) as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved reserves (see "2001 Supplemental Guidelines," Chapter 8). Reserves in undeveloped locations may be classified as Proved provided that the locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially productive. Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations. For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.

Probable Reserves

Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.

It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate. Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria. Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.

Possible Reserves

Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves

The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of commercial production from the reservoir by a defined project. Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.

Probable and Possible Reserves

(See above for separate criteria for Probable Reserves and Possible Reserves.)

The 2P and 3P estimates may be based on reasonable alternative technical and commercial interpretations within the reservoir and/or subject project that are clearly documented, including comparisons to results in successful similar projects. In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved)

reservoir. Probable or Possible Reserves may be assigned to areas that are structurally higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area. Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing, faults until this reservoir is penetrated and evaluated as commercially productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources. In conventional accumulations, where drilling has defined a highest known oil (HKO) elevation and there exists the potential for an associated gas cap, Proved oil Reserves should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.

Developed Reserves

Developed Reserves are expected quantities to be recovered from existing wells and facilities.

Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.

Developed Producing Reserves

Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate.

Improved recovery reserves are considered producing only after the improved recovery project is in operation.

Developed Non-Producing Reserves

Developed Non-Producing Reserves include shut-in and behind-pipe Reserves

Shut-in Reserves are expected to be recovered from:

(1) completion intervals which are open at the time of the estimate but which have not yet started producing,
(2) wells which were shut-in for market conditions or pipeline connections, or
(3) wells not capable of production for mechanical reasons.

Behind-pipe Reserves are expected to be recovered from zones in existing wells which will require additional completion work or future re-completion prior to start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

Undeveloped Reserves

Undeveloped Reserves are quantities expected to be recovered through future investments:

(1) from new wells on undrilled acreage in known accumulations,
(2) from deepening existing wells to a different (but known) reservoir,
(3) from infill wells that will increase recovery, or
(4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to
    (a) recomplete an existing well or
    (b) install production or transportation facilities for primary or improved recovery projects.

CONTINGENT RESOURCES

Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.

Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

Development Pending

A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.

The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g. drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time frame. Note that disappointing appraisal/evaluation results could lead to a re-classification of the project to "On Hold" or "Not Viable" status. The project "decision gate" is the decision to undertake further data acquisition and/or studies designed to move the project to a level of technical and commercial maturity at which a decision can be made to proceed with development and production.

Development Unclarified or on Hold

A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.

The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are on hold pending the removal of significant contingencies external to the project, or substantial further appraisal/evaluation activities are required to clarify the potential for eventual commercial development. Development may be subject to a significant time delay. Note that a change in circumstances, such that there is no longer a reasonable expectation that a critical contingency can be removed in the foreseeable future, for example, could lead to a reclassification of the project to "Not Viable" status. The project "decision gate" is the decision to either proceed with additional evaluation designed to clarify the potential for eventual commercial development or to temporarily suspend or delay further activities pending resolution of external contingencies.

Development Not Viable

A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time due to limited production potential.

The project is not seen to have potential for eventual commercial development at the time of reporting, but the theoretically recoverable quantities are recorded so that the potential opportunity will be recognized in the event of a major change in technology or commercial conditions. The project "decision gate" is the decision not to undertake any further data acquisition or studies on the project for the foreseeable future.

PROSPECTIVE RESOURCES

Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.

Potential accumulations are evaluated according to their chance of discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.

Prospect

A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.

Project activities are focused on assessing the chance of discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.

Lead

A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation in order to be classified as a prospect.

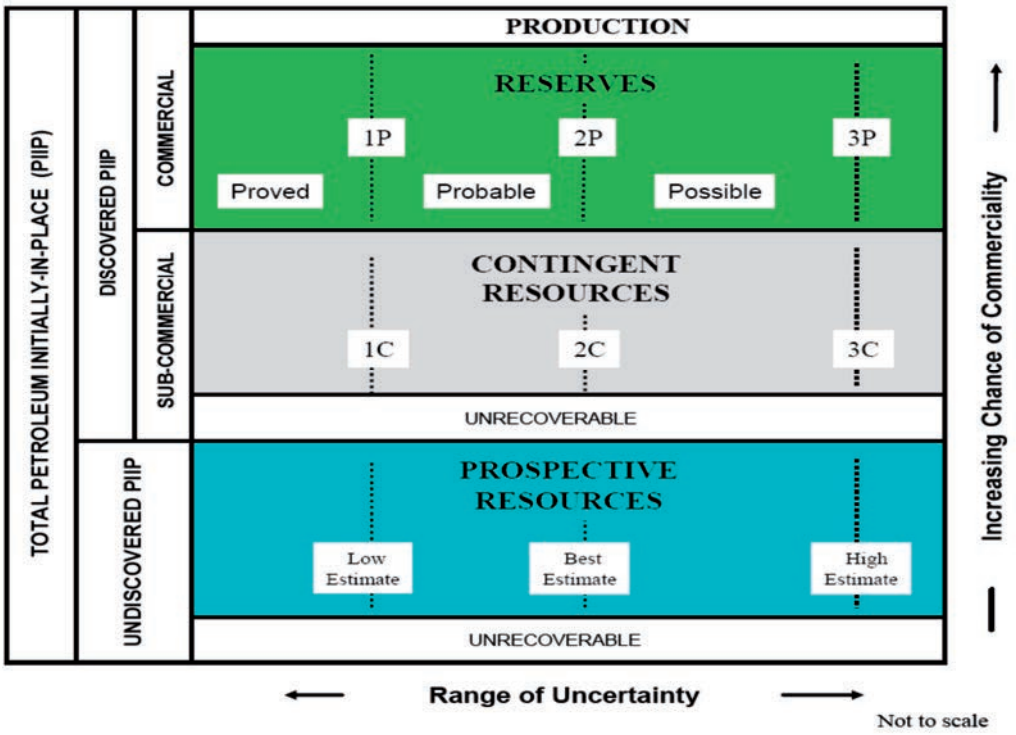
Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to confirm whether or not the lead can be matured into a prospect. Such evaluation includes the assessment of the chance of discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.

Play

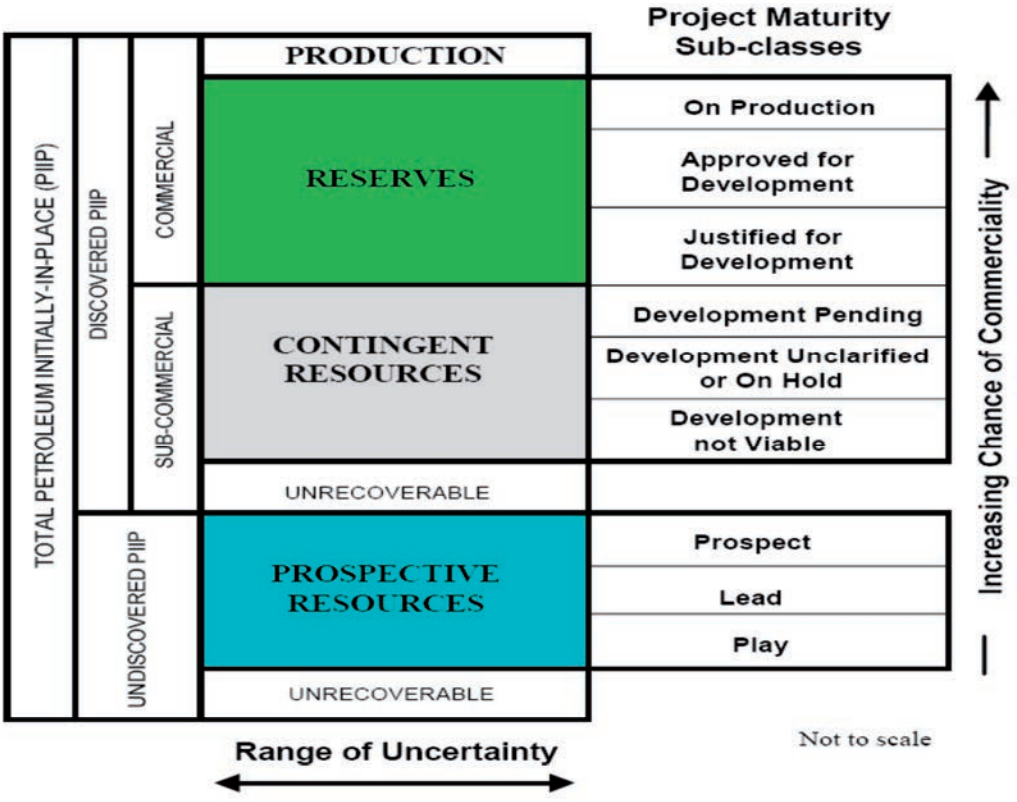
A project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation in order to define specific leads or prospects.

Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to define specific leads or prospects for more detailed analysis of their chance of discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.

RESOURCES CLASSIFICATION



PROJECT MATURITY



Appendix II
Glossary

GLOSSARY
List of Standard Oil Industry Terms and Abbreviations

ABEX	Abandonment Expenditure	EUR	Estimated Ultimate Recovery
ACQ	Annual Contract Quantity	FEED	Front End Engineering and Design
°API	Degrees API (American Petroleum Institute)	FPSO	Floating Production, Storage and Offloading
AAPG	American Association of Petroleum Geologists	FSO	Floating Storage and Offloading
AVO	Amplitude versus Offset	Ft	Foot/feet
A$	Australian Dollars	Fx	Foreign Exchange Rate
B	Billion (10^9)	G	gram
Bbl	Barrels	g/cc	grams per cubic centimetre
/Bbl	per barrel	Gal	gallon
BBbl	Billion Barrels	gal/d	gallons per day
BHA	Bottom Hole Assembly	G&A	General and Administrative costs
BHC	Bottom Hole Compensated	GBP	Pounds Sterling
Bscf or Bscf	Billion standard cubic feet	GDT	Gas Down to
Bscfd or Bscfd	Billion standard cubic feet per day	GIIP	Gas initially in place
Bm^3	Billion cubic metres	GJ	Gigajoules (one billion Joules)
Bcpd	Barrels of condensate per day	GOR	Gas Oil Ratio
BHP	Bottom Hole Pressure	GTL	Gas to Liquids
Blpd	Barrels of liquid per day	GWC	Gas water contact
Bpd	Barrels per day	HDT	Hydrocarbons Down to
Boe	Barrels of oil equivalent @ 6 mcf/Bbl	HSE	Health, Safety and Environment
boepd	Barrels of oil equivalent per day @ 6 mcf/Bbl	HSFO	High Sulphur Fuel Oil
BOP	Blow Out Preventer	HUT	Hydrocarbons up to
Bopd	Barrels oil per day	H_2S	Hydrogen Sulphide
Bwpd	Barrels of water per day	IOR	Improved Oil Recovery
BS&W	Bottom sediment and water	IPP	Independent Power Producer
BTU	British Thermal Units	IRR	Internal Rate of Return
Bwpd	Barrels water per day	J	Joule (Metric measurement of energy) I kilojoule = 0.9478 BTU)
CBM	Coal Bed Methane	k	Permeability
CO_2	Carbon Dioxide	KB	Kelly Bushing
CAPEX	Capital Expenditure	KJ	Kilojoules (one Thousand Joules)
CCGT	Combined Cycle Gas Turbine	kl	Kilolitres
cm	centimetres	km	Kilometres
CMM	Coal Mine Methane	km^2	Square kilometres
CNG	Compressed Natural Gas	kPa	Thousands of Pascals (measurement of pressure)
Cp	Centipoise (a measure of viscosity)	KSO	Kerja Sama Operasi (Operation Co-operation)
CSG	Coal Seam Gas	KW	Kilowatt
CT	Corporation Tax	KWh	Kilowatt hour
DCQ	Daily Contract Quantity	LKG	Lowest Known Gas
Deg C	Degrees Celsius	LKH	Lowest Known Hydrocarbons
Deg F	Degrees Fahrenheit	LKO	Lowest Known Oil
DHI	Direct Hydrocarbon Indicator	LNG	Liquefied Natural Gas
DST	Drill Stem Test	LoF	Life of Field
DWT	Dead-weight ton	LPG	Liquefied Petroleum Gas
E&A	Exploration & Appraisal	LTI	Lost Time Injury
E&P	Exploration and Production	LWD	Logging while drilling
EBIT	Earnings before Interest and Tax	m	Metres
EBITDA	Earnings before interest, tax, depreciation and amortisation	M	Thousand
EI	Entitlement Interest	m^3	Cubic metres
EIA	Environmental Impact Assessment	Mcf or Mscf	Thousand standard cubic feet
EMV	Expected Monetary Value	MCM	Management Committee Meeting
EOR	Enhanced Oil Recovery	MMcf or MMscf	Million standard cubic feet

m^3d	Cubic metres per day	Rf	Recovery factor
mD	Measure of Permeability in millidarcies	RFT	Repeat Formation Tester
MD	Measured Depth	RT	Rotary Table
MDT	Modular Dynamic Tester	R_w	Resistivity of water
Mean	Arithmetic average of a set of numbers	SCAL	Special core analysis
Median	Middle value in a set of values	cf or scf	Standard Cubic Feet
MFT	Multi Formation Tester	cfd or scfd	Standard Cubic Feet per day
mg/l	milligrams per litre	scf/ton	Standard cubic foot per ton
MJ	Megajoules (One Million Joules)	SL	Straight line (for depreciation)
Mm^3	Thousand Cubic metres	s_o	Oil Saturation
Mm^3d	Thousand Cubic metres per day	SPE	Society of Petroleum Engineers
MM	Million	SPEE	Society of Petroleum Evaluation Engineers
MMBbl	Millon of barrels	Ss	Subsea
MMBTU	Millions of British Thermal Units	Stb	Stock tank barrel
Mode	Value that exists most frequently in a set of values = most likely	STOIIP	Stock tank oil initially in place
Mscfd	Thousand standard cubic feet per day	s_w	Water Saturation
MMscfd	Million standard cubic feet per day	T	Tonnes
MW	Megawatt	TAC	Technical Assistance Contract
MWD	Measuring While Drilling	TD	Total Depth
MWh	Megawatt hour	Te	Tonnes equivalent
mya	Million years ago	THP	Tubing Head Pressure
NGL	Natural Gas Liquids	TJ	Terajoules (10^{12} Joules)
N_2	Nitrogen	Tscf or Tcf	Trillion standard cubic feet
NPV	Net Present Value	TCM	Technical Committee Meeting
OBM	Oil Based Mud	TOC	Total Organic Carbon
OCM	Operating Committee Meeting	TOP	Take or Pay
ODT	Oil down to	Tpd	Tonnes per day
OPEX	Operating Expenditure	TVD	True Vertical Depth
OWC	Oil Water Contact	TVDss	True Vertical Depth Subsea
p.a.	Per annum	USGS	United States Geological Survey
Pa	Pascals (metric measurement of pressure)	US$	United States Dollar
P&A	Plugged and Abandoned	VSP	Vertical Seismic Profiling
PD	Proved Developed	WC	Water Cut
PDP	Proved Developed Producing	WI	Working Interest
PDnP	Proved Developed Non-Producing	WPC	World Petroleum Council
PI	Productivity Index	WTI	West Texas Intermediate
PJ	Petajoules (10^{15} Joules)	wt%	Weight percent
PSDM	Post Stack Depth Migration	1H05	First half (6 months) of 2005 (example of date)
Psi	Pounds per square inch	2Q06	Second quarter (3 months) of 2006 (example of date)
Psia	Pounds per square inch absolute	2D	Two dimensional
Psig	Pounds per square inch gauge	3D	Three dimensional
PUD	Proved Undeveloped	4D	Four dimensional
PVT	Pressure volume temperature	1P	Proved Reserves
P10	10% Probability	2P	Proved plus Probable Reserves
P50	50% Probability	3P	Proved plus Probable plus Possible Reserves
P90	90% Probability	%	Percentage

PART IV – ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Directors and the Proposed Director, whose names appear on page 4 of this document, and the Company accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge of the Directors, the Proposed Director and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Gaffney, Cline & Associates, the Competent Person, accepts responsibility for this report set out in Part III of this document. To the best of the knowledge of Gaffney, Cline & Associates (which has taken all reasonable care to ensure that such is the case), the information contained in such report is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. THE COMPANY

The Company was incorporated as Clean Energy Brazil plc, a company limited by shares, on 19 September 2006 in the Isle of Man. On 29 November 2013, the name Clean Energy Brazil plc was changed to CEB Resources plc and the Company was re-registered as a company incorporated under the Act. On 3 December 2015, CEB Resources plc changed its name to Andalas Energy and Power plc.

Pursuant to the requirements of the AIM Rules, the Company discloses the following information:

- The registered office, head office and principal place of business of the Company is IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP. The telephone number of the Company is 01624 681 250.
- The Company's registered number is 010493V
- The Company is subject to the Act, the Takeover Code and the AIM Rules.
- The principal legislation under which the Company operates is the Act.
- The liability of the Company's members is limited.
- The ISIN number of the Ordinary Shares is IM00B1FPZP63. The Ordinary Shares have been created pursuant to the Act under the laws of Isle of Man.
- The Company's accounting reference date is 30 April in each year.

3. HISTORY OF THE GROUP

A summary of the key changes in the Group's business since its date of incorporation is set out as follows:

- *September 2006* – the Company was incorporated as Clean Energy Brazil plc in the Isle of Man;
- *December 2006* – the Company listed on AIM as an investment company with a mandate to invest in Brazilian sugar and ethanol assets, supported by a £100 million fundraising;
- *March 2007* – the Company made an initial US$130 million investment for a 49 per cent. indirect interest in a producing sugar/ethanol mill, several greenfield developments, a bulk sugar terminal and an ethanol trading company;
- *December 2007* – the Company completed a £20.8 million placing, with the proceeds applied to a further US$64 million investment (US$37 million in cash and US$27 million in Ordinary Shares) in several sugar cane and ethanol operations in Brazil;
- *April 2008* – the Company completed a reorganisation to internalize its investment management function through the acquisition of a related party company;
- *September 2009* – due to difficulties in financing its investments, the Company was forced to sell its 49 per cent. interest in the original sugar cane and ethanol operations for consideration of US$8.7 million, which at the time had liabilities attaching to it of US$185 million;
- *December 2009* – Global Investors Acquisition LLC acquired a 56 per cent. interest in the Company's issued share capital and effected several Board changes;

- *May 2010* – the Company sold its remaining agricultural assets for US$2.8 million, following which it had no remaining operational assets, and one primary investment in Brazil being a 33 per cent. interest in a portfolio of greenfield sugar cane assets;
- *June 2012* – the Company announced completion of the sale of its remaining greenfield portfolio in Brazil for US$16.5 million;
- *November 2012* – the Company declared and made payment of an interim dividend of 3.5 pence per Ordinary Share as a return of cash to Shareholders;
- *September 2013* – the Company declared and made payment of an interim dividend of 3.2 pence per Ordinary Share as a return of cash to Shareholders;
- *November 2013* – the Company held an annual general meeting to approve, among other matters, a placing of Ordinary Shares to raise approximately £217,000, the change of its name to CEB Resources plc, re-registration of the Company under the Act, and the adoption of a new investing policy focusing on the mining and energy sectors;
- *December 2013* – the Company declared and made payment of a final dividend of 1.4 pence per Ordinary Share as a final return of cash to Shareholders;
- *January 2014 to June 2015* – the Company made a number of small investments in the mining sector supported by several small fundraisings, the majority of which were ultimately disposed of for losses or modest gains;
- *June 2015* – the Company announced a placing of £1.5 million, concurrent with entering into an Assignment Agreement with Corsair under which the Company adopted an investment strategy to evaluate oil and gas investments in Indonesia, with Mr. David Whitby joining the Board as Chief Executive Officer;
- *September 2015* – the Company entered into an agreement to assess the technical and commercial opportunities for monetising gas in and around the Tuba Obi East oil and gas concession in the South Sumatra Basin;
- *October 2015* – trading in the Company's Ordinary Shares was suspended on AIM, following the announcement of a transaction, which would be deemed a reverse takeover under the AIM Rules, was in contemplation;
- *December 2015* – the Company changed its name to Andalas Energy and Power plc and appointed Mr. Paul Warwick to the Board as Non-Executive Director;
- *December 2015* – the Company entered into a non binding agreement to co-operate with BUMD PT Riau Petroleum, an oil and gas company established by the Provincial Government and four local Regencies in the Riau Province of Indonesia;
- *February 2016* – the Company appointed Mr. Daniel Jorgensen as Finance Director and removed two existing directors;
- *March 2016* – the Company signed the TOE Farm-in Agreement; and raised £500,000 (gross) through the issue of a zero coupon unsecured convertible Loan Note; and
- *April 2016* – the Company appointed Mr. Ross Warner as Executive Director and Mr. Graham Smith as Non-Executive Director.

4. CORPORATE STRUCTURE

Andalas is the parent entity of the Group. A summary of the Group's subsidiary companies and other entities it holds shares in is set out in the table below:

Name of company	*Proportion of voting shares*	*Nature of business*	*Country of incorporation*
Directly held by the Company:			
Corvette Energy Services Limited	100 per cent.	Services company	United Kingdom
Corvette Energy Services (Singapore) Pte. Ltd.	100 per cent.	Holding company	Singapore
Peelwood Pty Ltd.	20 per cent.	Mineral exploration	Australia

5. INVESTMENTS AND PRINCIPAL ESTABLISHMENTS

The Company currently has no principal investments (in progress or planned for the future on which the Directors and associated company have made firm commitments or otherwise) other than the subsidiary undertakings listed in paragraph 4 of this Part IV.

As at the date of this document, Andalas and its subsidiaries occupy an office in Jakarta, Indonesia on a lease. The address of the property is c/o PT Mitra Selaras Fortsindo, Mid Plaza 1 Lt 17, Jl Jend Suidrman Kav 10-11, Karet Tengsin – Tanah Abang, Jakarta Pusat 10220, Indonesia.

The Company has no other material tangible fixed assets, nor any major encumbrances thereon.

6. SUMMARY OF LICENCES

Subject to completion of the Farm-in, the Company will hold an interest in the Tuba Obi East TAC in respect of the Tuba Obi East Block, Sumatra, Indonesia.

7. SHARE CAPITAL

7.1 A summary of the Company's share capital as at the date of this document is set out in the table below:

	No.	*Undiluted % total [(1)]*	*Fully diluted % total [(2)]*
Existing Ordinary Shares	718,147,303	100.0%	77.7%
Options (vested)	65,344,865	0.0%	7.1%
Options (unvested)	103,034,596	0.0%	11.2%
Warrants	37,250,463	0.0%	4.0%
Total	**923,777,227[(3)]**	**100.0%**	**100.0%**

(1) Calculated as a percentage of total Existing Ordinary Shares in issue.
(2) Calculated as a percentage of the total Existing Ordinary Shares plus Options and Warrants, but not any Ordinary Shares to be issued pursuant to the Loan Notes.
(3) The Corsair Contingent Consideration Shares are not included in this number.

7.2 The Ordinary Shares are in registered form and are capable of being held in certificated and uncertificated form.

7.3 A summary of the Company's share capital immediately following Admission is set out in the table below:

	No.	*Undiluted % total [(1)]*	*Fully diluted % total [(2)]*
Ordinary Shares	2,448,138,801	100.0%	85.1%
Options (vested)	65,344,865	0.0%	2.3%
Options (unvested)	103,034,596	0.0%	3.6%
Warrants	79,250,463	0.0%	2.8%
Bonus Warrants	179,536,825	0.0%	6.2%
Fully diluted share capital	**2,875,305,552**	**100.0%**	**100.0%**

(1) Calculated as a percentage of total Enlarged Share Capital.
(2) Calculated as a percentage of total Enlarged Share Capital plus Options and Warrants.

7.4 A summary of the changes in the Company's share capital for the periods ending 30 April 2013, 2014 and 2015, the six month period ending 31 October 2015 and the period from 1 November 2015 to the date of this document, is set out in the table below:

	Ordinary shares of 1 pence each	*Ordinary Shares*	*Options*	*Warrants*	*Total securities*
As at 30 April 2013	**133,700,000**	**–**	**–**	**–**	**133,700,000**
Re-denomination of ordinary shares to Ordinary Shares	(133,700,000)	133,700,000	–	–	–
Placings of Ordinary Shares for cash	–	63,661,179	–	37,250,462	100,911,641
Shares issued to brokers for payment of fees	–	2,250,000	–	–	2,250,000
Subscription by YAGM under equity swap agreement	–	33,103,449	–	–	33,103,449
Shares issued for purchase of investment in Carbon Investment	–	20,000,000	–	–	20,000,000
Options issued to directors	–	–	6,000,000	–	6,000,000
As at 30 April 2014	**–**	**252,714,628**	**6,000,000**	**37,250,462**	**295,965,090**
Issue of shares to YAGM under equity swap agreement	–	29,182,675	–	–	29,182,675
Sale of investment in Carbon Investment and cancellation of Ordinary Shares	–	(20,000,000)	–	–	(20,000,000)
Options issued to directors and consultant	–	–	25,000,000	–	25,000,000
As at 30 April 2015	**–**	**261,897,303**	**31,000,000**	**37,250,462**	**330,147,765**
Shares issued to Corsair under the Assignment Agreement	–	31,250,000	–	–	31,250,000
Placings of Ordinary Shares for cash	–	425,000,000	–	–	425,000,000
Options granted to Corsair under the Assignment Agreement	–	–	34,344,865	–	34,344,865
As at 31 October 2015	**–**	**718,147,303**	**65,344,865**	**37,250,462**	**820,742,630**
Options granted to the nominees of Corsair under the Assignment Agreement[(1)]	–	–	103,034,596	–	103,034,596
As at the date of this document	**–**	**718,147,303**	**168,379,461**	**37,250,462**	**923,777,226**

(1) Remain unvested as at the date of this document.

7.5 Further details of the Company's existing Options and Warrants as at the date of this document is set out in the table below:

Grant Date	*Expiry Date*	*No. securities*	*Exercise Price (GBP)*
Warrants			
7 December 2013	7 December 2018	10,839,750	2.000
24 January 2014	24 January 2019	26,410,713	1.000
Total Warrants		**37,250,463**	
Options			
7 December 2014	7 December 2018	6,000,000	2.000
4 February 2015	4 February 2017	25,000,000	0.175
5 June 2015	5 June 2018	34,344,865	0.400
27 April 2016	Unvested	103,034,596	0.400
Total Options		**168,379,461**	

7.6 **Loan Notes**

On 31 March 2016 the Company raised £500,000 (gross) through the issue of the Loan Notes. The Loan Notes are unsecured and zero coupon, each with a nominal value of £1,000. The issue price of each Loan Note was £833.33. On Admission, the Loan Notes will convert into 300,000,000 New Ordinary Shares at the Issue Price. In the event that Shareholder approval of the Resolutions at the General Meeting is not obtained and the Proposals do not proceed, the Loan Notes will convert on the fifteenth business day immediately following the re-commencement of trading in the Company's Ordinary Shares on AIM at a price calculated as ninety per cent. (90 per cent.) of the volume weighted average price per Ordinary Share for the lowest successive three (3) day trading period out of the fifteen (15) trading days immediately following re-commencement of the Company's Ordinary Shares to trading on AIM. In the event that conversion has not occurred by 31 July 2016 then the Loan Notes will not convert and shall be repayable by the Company.

7.7 There are no shares not representing share capital and there are no shares in the Company held by or on behalf of the Company or by any of the subsidiary undertakings.

7.8 Save as disclosed in this document, there are no acquisition rights and/or obligations over the authorised but unissued shares of the Company and the Company has made no undertaking to increase maximum number of shares it is authorised to issue.

7.9 There is no class of shares in issue other than Ordinary Shares.

7.10 No Ordinary Shares are issued other than as fully paid.

7.11 The Ordinary Shares are registered and may be held in either certificated or uncertificated form.

8. WORKING CAPITAL

The Directors and Proposed Director are of the opinion (having made due and careful enquiry) that, after taking into account the net proceeds of the Placing, the working capital of the Group will be sufficient for its present requirements, that is, for at least the period of twelve months from the date of Admission.

9. FURTHER INFORMATION ON THE DIRECTORS AND THE PROPOSED DIRECTOR

9.1 **Director and Proposed Director interests**

As at the date of this document, the Directors and Proposed Director's interests in the Company's Ordinary Shares are as follows:

Name	*Number of Ordinary Shares*	*Ordinary Shares as % total Existing Ordinary Shares*	*Number of Options[(1)]*
Paul Warwick	–	0.0%	1,717,243
David Whitby	7,812,500	1.1%	6,225,207
Daniel Jorgensen	–	0.0%	1,717,243
Ross Warner	7,812,500	1.1%	6,225,007
Graham Smith	–	0.0%	–
Simon Gorringe	7,812,500	1.1%	6,225,007

(1) This figure does not include unvested Options as at the date of this document.

As at Admission, the Directors and Proposed Director's interests in Ordinary shares are expected to be as follows:

Name	*Number of Ordinary Shares*	*Ordinary Shares as % total Enlarged Share Capital*	*Number of Options*	*Number of Bonus Warrants*
Paul Warwick	13,366,982	0.5%	1,717,243	–
David Whitby	77,983,109	3.2%	6,225,007	1,953,125
Daniel Jorgensen	48,366,281	2.0%	1,717,243	–
Ross Warner	71,485,738	2.9%	6,225,007	1,953,125
Graham Smith	–	0.0%	–	–
Simon Gorringe	71,875,153	2.9%	6,225,007	1,953,125

In addition each of David Whitby, Simon Gorringe and Ross Warner are each entitled to receive the Corsair Contingent Consideration Shares, (being 23,437,500 Ordinary Shares in three equal tranches) on the occurrence of certain milestones and the Corsair Warrant Shares upon the issue of the Warrant Shares, in each case pursuant to the Assignment Agreement and Share Issue Deed, details of which are set out in paragraph 17.3 of this Part IV.

Save as disclosed above, the Directors and Proposed Director are not aware of any interests of persons connected with them.

The Directors are not required to hold any Ordinary Shares under the Articles.

Save as disclosed in this document, none of the Directors nor the Proposed Director has any interest, beneficial or non-beneficial in the share or loan capital of the Company.

Save as disclosed in this document, no Director or Proposed Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Group and no contract or arrangement exists in which any Director or Proposed Director is materially interested and which is significant in relation to the business of the Group.

Save as disclosed in this document, there are no outstanding loans granted by the Company to any Director or Proposed Director, nor are there any guarantees provided by the Company for their benefit.

9.2 **Directorships past and present**

Save as set out below, the Directors and the Proposed Director have not held any directorships of any company, other than those companies in the Group which are subsidiaries of the Company, or been a partner in a partnership at any time in the five years prior to the date of this document:

Name	*Current directorships/partnerships*	*Former directorships/partnerships*
Paul Warwick		Talisman Energy Norge AS Talisman Sinopec LNS Limited Talisman Alpha Limited Talisman Sinopec Beta Limited Talisman Finance (UK) Limited Talisman (Jambi Merang) Limited Rift Oil Limited Foreland Oil Limited Talisman Resources (North West Java) Limited Fortuna Resources (Sunda) Limited Talisman Resources (Bahamas) Limited Talisman UK (South East Sumatra) Limited Talisman SO AG

Name	*Current directorships/partnerships*	*Former directorships/partnerships*
Paul Warwick *(continued)*		Talisman Perpetual (Norway) Limited Talisman UK Investments Limited TEGSI (UK) Limited Amulet Maritime Limited Talisman Colombia Holdco Limited Talisman Santiago AG New Santiago Pipelines AG Santiago Pipelines AG Talisman Ocensa Pipelines Holdings Talisman Energy Services Inc. Transworld Petroleum (U.K.) Limited Rigel Petroleum (NI) Limited Rigel Petroleum UK Limited Talisman Sinopec North Sea Limited Talisman Sinopec Transportation (UT) Limited Talisman Sinopec Oil Trading Limited Talisman Sinopec Energy UK Limited Paladin Resources Limited Talisman Sinopec Trustees (UK) Limited
David Whitby		Corsair Petroleum (Singapore) Pte Ltd XState Resources Ltd Just Developments Northsea Holding BV Gas Strategies Pte Ltd Nido Petroleum Pty Ltd Nido Petroleum Philippines Pty Ltd Cool Energy Pty Ltd Nido Petroleum (China) Pty Ltd Nido Production (Galoc) Pty Ltd Nido Management Pty Ltd
Daniel Jorgensen		Northcote Energy Limited
Simon Gorringe	Field Development Specialists Ltd Corsair Petroleum Limited Corsair Petroleum (Holdings) Limited Corsair Petroleum (Singapore) PTE Ltd Corsair Petroleum (Southern North Sea) Ltd Corsair Petroleum (Central North Sea) Ltd CHplus Resources (Cambodia) Limited Corvette Energy (Singapore) PTE Ltd Gas Strategies Pte. Ltd	
Ross Warner	Northcote Energy Limited Zarmadan Resources Corporation Zarmadan Resources Limited Zarmadan Gold Singapore Pte Ltd	Anglo Pacific Ventures Pty Ltd Ascent Capital Pty Ltd Uranium Resources plc Deep Yellow (Tanzania) Limited Irvine Energy Limited URA (St Henri) Ltd Shellbright Ltd Western Metals Tanzania Ltd Moonlake Natural Resources Ltd WML Uranium Holding Limited Western Metals Uranium Limited Western Metals Exploration Limited Moonlake Natural Resources Ltd

Name	*Current directorships/partnerships*	*Former directorships/partnerships*
Graham Smith	Coldharbour Marine Holdings Ltd Coldharbour International Ltd East Balkan Properties Plc EPIC Reconstruction Property Co (IDM) Ltd EPIC Structured Finance Ltd FIM Capital Ltd FIM Directors Ltd FIM Nominees Ltd FIM Nominees One Ltd Glenwick plc JMS Estates (IOM) Ltd Treveria Asset Management Ltd Trinity Capital plc Trinity Capital Mauritius Limited	Clean Energy Asia Ltd. FIM Nominees Two Ltd TAU Capital plc TEP Trading 2 Ltd

9.3 **Director and Proposed Director service agreements**

The following service agreements have been entered into between the Company and its Directors and Proposed Director:

9.3.1 David Whitby (the "Executive") has entered into a service agreement dated 27 April 2016 with the Company under which he agreed to act as Chief Executive Officer from the date of the service agreement, until it is terminated by the Company giving not less than six months' written notice or by the Executive giving not less than four months' written notice. The service agreement provides for a salary of US$240,000 per annum and the reimbursement by the Company for expenses reasonably incurred in the proper performance by Mr Whitby of the Company's or Group's business. The Executive may also be entitled to receive a discretionary bonus, dependent upon performance criteria for the Company, the Group and the Executive as determined by the Board in its absolute discretion. In the event of a change of control of the Company if, in the period of four months' thereafter the Company gives notice to or terminates the Executive's employment (save in certain circumstances), or the Executive gives notice to terminate his employment, the Executive shall be entitled to receive a sum equal to one year's base salary on termination of employment, in addition to his other contractual entitlements. The Company may, during the period of 12 months following the director entering into his service agreement, elect to issue or transfer Ordinary Shares in the Company to the director in lieu of all or a portion of the director's fees. The number of Ordinary Shares to be issued or transferred shall be calculated on the basis of the closing mid-market price of an Ordinary Share on the date upon which the fees in lieu of which Ordinary Shares are to be issued or transferred would have been due.

9.3.2 Simon Gorringe (the "Executive") has entered into, conditional on Admission, a service agreement dated 27 April 2016 with the Company under which he agreed to act as Chief Operating Officer from the date of Admission, until it is terminated by the Company giving not less than six months' written notice or by the Executive giving not less than four months' written notice. The service agreement provides for a salary of US$180,000 per annum and the reimbursement by the Company for expenses reasonably incurred in the proper performance by Mr Gorringe of the Company's or Group's business. The Executive may also be entitled to receive a discretionary bonus, dependent upon performance criteria for the Company, the Group and the Executive as determined by the Board in its absolute discretion. In the event of a change of control of the Company if, in the period of four months' thereafter the Company gives notice to or terminates the Executive's employment (save in certain circumstances), or the Executive gives notice to terminate his employment, the Executive shall be entitled to receive a sum equal to one year's base salary on termination of employment, in addition to his other contractual entitlements. The Company may, during the period of 12 months following the director entering into his service agreement, elect to issue or transfer Ordinary Shares in the Company to the director in lieu of all or a portion of the director's fees. The number of Ordinary Shares to be issued or transferred shall be calculated on the basis of the closing mid-market price of an Ordinary Share on the date upon which the fees in lieu of which Ordinary Shares are to be issued or transferred would have been due.

9.3.3 Ross Warner (the "Executive") has entered into a service agreement dated 27 April 2016 with the Company under which he agreed to act as an Executive Director until it is terminated by the Company giving not less than six months' written notice or by the Executive giving not less than four months' written notice. The service agreement provides for a salary of US$180,000 per annum and the reimbursement by the Company for expenses reasonably incurred in the proper performance by Mr Warner of the Company's or Group's business. The Executive may also be entitled to receive a discretionary bonus, dependent upon performance criteria for the Company, the Group and the Executive as determined by the Board in its absolute discretion. In the event of a change of control of the Company if, in the period of four months' thereafter the Company gives notice to or terminates the Executive's employment (save in certain circumstances), or the Executive gives notice to terminate his employment, the Executive shall be entitled to receive a sum equal to one year's base salary on termination of employment, in addition to his other contractual entitlements. The Company may, during the period of 12 months following the director entering into his service agreement, elect to issue or transfer Ordinary Shares in the Company to the director in lieu of all or a portion of the director's fees. The number of Ordinary Shares to be issued or transferred shall be calculated on the basis of the closing mid-market price of an Ordinary Share on the date upon which the fees in lieu of which Ordinary Shares are to be issued or transferred would have been due.

9.3.4 Daniel Jorgensen (the "Executive") has entered into a service agreement dated 27 April 2016 with the Company under which he agreed to act as Chief Financial Officer from the date of the service agreement, until it is terminated by the Company giving not less than six months' written notice or by the Executive giving not less than four months' written notice. The service agreement provides for a salary of US$180,000 per annum and the reimbursement by the Company for expenses reasonably incurred in the proper performance by Mr Jorgensen of the Company's or Group's business. The Director may also be entitled to receive a discretionary bonus, dependent upon performance criteria for the Company, the Group and the Executive as determined by the Board in its absolute discretion. In the event of a change of control of the Company if, in the period of four months' thereafter the Company gives notice to or terminates the Executive's employment (save in certain circumstances), or the Executive gives notice to terminate his employment, the Executive shall be entitled to receive a sum equal to one year's base salary on termination of employment, in addition to his other contractual entitlements. The Company may, during the period of 12 months following the director entering into his service agreement, elect to issue or transfer Ordinary Shares in the Company to the director in lieu of all or a portion of the director's fees. The number of Ordinary Shares to be issued or transferred shall be calculated on the basis of the closing mid-market price of an Ordinary Share on the date upon which the fees in lieu of which Ordinary Shares are to be issued or transferred would have been due.

9.3.5 An agreement dated 27 April 2016 pursuant to which Paul Warwick has been appointed as non-executive Chairman of the Company, the appointment is terminable by either party on three months' written notice such notice to expire at any time, at an annual fee of US$60,000. The Company may, during the period of 12 months following the director entering into his service agreement, elect to issue or transfer Ordinary Shares in the Company to the director in lieu of all or a portion of the director's fees. The number of Ordinary Shares to be issued or transferred shall be calculated on the basis of the closing mid-market price of an Ordinary Share on the date upon which the fees in lieu of which Ordinary Shares are to be issued or transferred would have been due.

9.3.6 Graham Smith's services as a non-executive Director are provided through the letter of engagement entered into between the Company and FIM Capital Limited, the administrator to the Company. FIM Capital Limited is paid a gross annual fee of US$12,000 for the provision of Mr Smith's services. The letter of engagement can be terminated at 3 months' notice by the Company, FIM Capital Limited or Mr Smith.

9.4 **Directors and Proposed Director's confirmation**

Save as disclosed above, none of the Directors nor the Proposed Director has, during the five years prior to the date of this document:

(a) any unspent convictions in relation to indictable offences;

(b) been convicted in relation to a fraudulent offence;

(c) been associated with any bankruptcies or individual voluntary arrangements of such director;

(d) been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or of senior manager of any company;

(e) been associated with any receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors of any company where such director was a director at the time of or within the twelve months preceding such events;

(f) been associated with any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such director was a partner at the time of or within the twelve months preceding such events;

(g) been associated with receiverships of any asset of such director or of a partnership of which the director was a partner at the time of or within the twelve months preceding such events;

(h) been subject to any official public incrimination, criticism and/or sanction by statutory or regulatory authorities (including designated professional bodies); or

(i) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any company.

(j) Save as disclosed in this paragraph 9 of Part IV of this document, no Director or Proposed Director, or member of a Director's or Proposed Director's family, has a related financial product referenced to the Company's securities.

10. EMPLOYEES

The Group has no permanent employees other than the Directors but engages temporary employees on a consultancy basis as required. On average during the most recent financial year, the Company engaged 4 temporary employees on a consultancy basis.

11. MAJOR SHAREHOLDERS

As at the date of this document, and as expected at Admission, the Company is aware of the following parties who, directly or indirectly, were interested in three per cent. or more of the voting rights in respect of the issued ordinary share capital of the Company:

	As at the date of this document		*At Admission*	
	Number of Ordinary Shares	*Ordinary Shares as % total Existing Ordinary Shares*	*Number of Ordinary Shares*	*Ordinary Shares as % total Enlarged Share Capital*
Adrian Woodbine	33,000,000	4.6%	33,000,000	1.3%
Wayne Gibson	29,000,000	4.0%	29,000,000	1.2%

In accordance with the Articles, parties acquiring an interest in three per cent. or more of the voting rights in respect of the issued ordinary share capital of the Company are required to notify the Company in writing of such interest. Save for those parties disclosed above, the Directors and the Proposed Director are not aware of any other party who, directly or indirectly, was interested in three per cent. or more of the voting rights in respect of the issued ordinary share capital of the Company as at 22 April 2016 (being the latest practicable date prior to the publication of this document).

None of the Company's major holders of Ordinary Shares listed above have different voting rights from the holders of Ordinary Shares.

Other than the protections afforded to the Shareholders in the Articles, there are no controls in place to ensure that any shareholder having a controlling interest in the Company does not abuse that interest.

Neither the Directors nor the Company are aware of any arrangements in place which may result in a change of control of the Company.

12. CORPORATE GOVERNANCE

12.1 Board

The Company is incorporated in the Isle Of Man and is not subject to any corporate governance regime in its place of incorporation. However, the Company, taking into account its size and the complexity of its operations, seeks to comply with the relevant requirements of the Combined Code. As a result, at Admission the Board will comprise six members, two of whom are Non-Executive Directors which are deemed to be independent for the purposes of the Combined Code.

The Board of Directors holds scheduled Board meetings approximately six times per year plus such other ad hoc meetings as are deemed necessary to deal with urgent business matters. All the necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively. At Board meetings, there is a formal schedule of matters reserved for consideration by the Board and other matters are delegated to Board committees. The Board is responsible for leading and controlling the Company and in particular for formulating, reviewing and approving the Company's strategy, budget, major items of capital expenditure, acquisitions and senior personnel appointments. The Company has established subcommittees of the Board, comprising an Audit Committee and a Remuneration Committee.

12.2 Audit Committee

The Audit Committee meets at least three times each year. Its primary duties are: to review the Company's financial statements; to review the effectiveness of the Company's internal controls; to review the Company's risk management processes and the risks to which the Company is exposed; to oversee the relationship with the external auditor; and to review the Company's whistle-blowing processes. For the annual results the independent auditors are invited to discuss the conclusions arising from their audit and their assessment of the Company's internal controls. The Chairman of the Audit Committee is Paul Warwick and the other participating member of the committee, following Admission, will be Graham Smith.

12.3 Remuneration Committee

The Remuneration Committee meets at least twice a year and is responsible for considering and making recommendations to the Board in respect of remuneration for the Executive Directors. The committee also has oversight of the remuneration arrangements for the direct reports to the Executive Directors, the remuneration policy for which is set by the Executive Directors. The Chairman of the Remuneration Committee Paul Warwick and the other participating member of the committee, following Admission, will be Graham Smith.

12.4 Share dealing code

The Directors will comply with Rule 21 of the AIM Rules relating to dealings in the Ordinary Shares and the Company has adopted a code on dealing in securities to ensure compliance by its Directors and applicable employees.

13. TAXATION

The following comments do not constitute tax advice and are intended only as a guide to current UK law and HMRC's published practice (which are both subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the UK taxation treatment of Shareholders and are intended to apply only to Shareholders who are resident in the UK for UK tax purposes and who are and will be the direct absolute beneficial owners of their Ordinary Shares and who hold, and will hold, them as investments (and neither as securities to be realised in the course of a trade, nor through a New Individual Savings Account or a Self-Invested Personal Pension). They may not apply to certain Shareholders, such as dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from taxation and Shareholders who have (or are deemed to have) acquired their Ordinary Shares

by virtue of an office or employment (whether current, historic or prospective). Such persons may be subject to special rules. The position may be different for future transactions and may alter between the date of this document and Admission. Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser.

13.1 **Taxation of chargeable gains on disposal of Ordinary Shares**

Any future disposal of the Ordinary Shares should be treated as a disposal of those shares for UK tax purposes. This may, subject to the Shareholder's individual circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of capital gains tax.

The amount of capital gains tax, if any, payable by a Shareholder (on any disposal of Ordinary Shares) who is an individual will depend on his or her own personal tax position. No tax will be payable on any gain realised if the amount of the net chargeable gains realised by a Shareholder, when aggregated with other net gains realised by that Shareholder in the year of assessment (and after taking account of allowable losses), does not exceed the annual exemption (£11,100 for 2016/2017). Broadly, any gains in excess of this amount will be taxed at a rate of 10 per cent. (2016/2017) for a taxpayer paying tax at the basic rate and 20 per cent. (2016/2017) for a taxpayer paying tax at a rate above the basic rate of income tax. Where the gains of a basic rate taxpayer subject to capital gains tax exceed the unused part of his or her basic rate band, that excess is subject to tax at the 20 per cent. rate.

Individual Shareholders who are not resident in the UK will not be subject to UK capital gains tax in respect of gains arising on disposals of Ordinary Shares. However, a Shareholder who has previously been resident or ordinarily resident in the UK may in some cases be subject to UK tax on capital gains in respect of a disposal of Ordinary Shares in the event that they re-establish residence in the UK.

A corporate Shareholder resident in the UK is normally taxable on all of its chargeable gains, subject to any reliefs and exemptions for the purposes of UK corporation tax. Such UK corporate shareholders should be entitled to indexation allowance to reduce the amount of the chargeable gain when realised.

A Shareholder which is not a company not resident in the UK for tax purposes and such Shareholder does not carry on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a non-UK resident corporate Shareholder, a permanent establishment to which the Ordinary Shares are not attributable) will have no liability to UK tax on chargeable gains in respect of a disposal of Ordinary Shares, though may be subject to foreign tax on the capital gain under local law.

13.2 **Dividend income**

Dividends paid from 6 April 2016 onwards

The Finance (No.2) Bill for 2016 announced withdrawal of the dividend tax credit for individuals for dividends paid after 5 April 2016 and the introduction of a new tax-free £5,000 dividend allowance and change of the rates at which dividend income in excess of the tax-free allowance are taxed. The new rates are due to be 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers and 38.1 per cent. for additional rate taxpayers. The changes are not expected to change the principle that dividend income is treated as the top slice of a shareholders total income for UK income tax purposes. The Finance (No.2) Bill for 2016 has yet to receive Royal Assent but this is expected by the end of August 2016.

Corporate Shareholders within the charge to UK corporation tax

Shareholders within the charge to UK corporation tax will not be subject to tax on dividends from the Company so long as the dividends fall within an exempt class and certain conditions are met. In general, dividends paid to a UK corporate shareholder holding less than 10.0 per cent. of the issued share capital of the payer (or any class of that share capital in respect of which the dividend is paid) is an example of a dividend that falls within an exempt class. Shareholders will need to ensure that they satisfy the requirements of any exempt class before treating any dividend as exempt, and seek appropriate professional advice where necessary. If a company is small it will need to consider if any exemptions apply to the dividends.

13.3 **No payment of tax credit**

A Shareholder (whether an individual or a company) who is not liable to tax on dividends from the Company will not be entitled to claim payment of the tax credit in respect of those dividends.

13.4 **Non-residents**

The right of a Shareholder who is not resident (for tax purposes) in the UK to a tax credit in respect of a dividend and to claim payment from HMRC of any part of that tax credit will depend on the existence and terms of any double tax treaty between the UK and the country in which the Shareholder is resident for tax purposes. As explained in paragraph 3.6 above, no tax credit can arise for dividends paid on or after 6 April 2016. A Shareholder resident outside the UK (for tax purposes) may also be subject to foreign taxation on dividend income under local law. Shareholders who are not resident in the UK (for tax purposes) should consult their own tax adviser concerning their tax liabilities on dividends received from the Company.

13.5 **Stamp duty and SDRT**

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT or to persons connected with depositary arrangements or clearance services who may be liable at higher rates.

There should be no liability to stamp duty or SDRT arising on the issue of the New Ordinary Shares by the Company. The registration of and the issue of definitive share certificates in respect of the New Ordinary Shares to Shareholders in the name of a member of CREST should not give rise to any liability to stamp duty or SDRT.

Any unconditional agreement (whether written or verbal) to sell Ordinary Shares will normally give rise to a liability on the purchaser to SDRT, at the rate of 0.5 per cent. of the actual consideration paid. If an instrument of transfer (usually a stock transfer form) is subsequently produced it will generally be subject to stamp duty at the rate of 0.5 per cent. of the actual consideration paid (rounded up to the nearest £5.00 if necessary). However, an exemption from stamp duty is available where the amount or value of the consideration is £1,000.00 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate amount or value of the consideration exceeds £1,000.00. When stamp duty is duly paid on the instrument, or it is certified as exempt, the SDRT charge will be cancelled and any SDRT already paid will be refunded. Stamp duty and SDRT are generally the liability of the purchaser.

Where Ordinary Shares are held in uncertificated form within CREST, a transfer of shares through CREST will generally be subject to SDRT (rather than stamp duty) at the rate of 0.5 per cent. of the value of the consideration given. CREST is obliged to collect SDRT on relevant transactions settled within the system. Deposits of Ordinary Shares into CREST will generally not be subject to SDRT or stamp duty, unless the transfer into CREST is itself for consideration. Special rules apply in connection with depositary arrangements and clearance services.

The statements above are general in character and are intended only as a general guide to certain aspects of current law and HMRC practice. They apply to the beneficial owners of Ordinary Shares who are resident in the UK for tax purposes and who hold shares as investments and may not apply to certain classes of tax payers (such as dealers in securities). Prospective subscribers for or purchasers of Ordinary Shares, and, in particular, those who are subject to taxation in a jurisdiction other than in the UK, are strongly advised to consult their own professional advisers.

14. MEMORANDUM OF ASSOCIATION

The Act provides that the memorandum of association of a company may contain a statement specifying the purposes for which a company is established or the business, activities or transactions which the company is permitted to take or the restrictions (if any) upon such purposes, business, activities or transactions for which the company is established. Any such statement is without prejudice to the provision of the Act stating that a company has unlimited capacity to carry on or undertake any business or activity and to do or be subject to any act or to enter into any transaction. The memorandum of association of the Company does not set forth any purposes for which the Company was established or any other restrictions or limitations on the exercise of its rights, powers and privileges.

15. SUMMARY OF THE ARTICLES

The Articles were adopted by the Company by a resolution passed on 22 November 2013 and include, *inter alia*, provisions to the following effect. Persons seeking a detailed explanation of any provisions of the Act or the difference between it and the laws of England and Wales, or any other jurisdiction with which they may be more familiar, should seek specific legal advice.

15.1 Board of Directors

Number of directors

The number of directors (other than any alternate directors) shall be not less than two nor more than ten (unless otherwise determined by the Company by ordinary resolution). A majority of the directors must be resident outside the United Kingdom.

Power of Company to appoint directors

The Company may appoint a person who is willing to act to be a director by ordinary resolution, but the total number of directors shall not exceed ten.

Power of Board to appoint directors

The Board shall have the power at any time to appoint any person who is willing to act as a director but the total number of directors shall not exceed ten. Any director so appointed shall hold office only until the annual general meeting of the Company next following such appointment and shall then be eligible for re-election but shall not be taken into account in determining the number of directors who are to retire by rotation at that meeting. If not reappointed at such annual general meeting, he shall vacate office at the conclusion thereof.

Share qualification

A director shall not be required to hold any shares in the Company.

Retirement by rotation

At each annual general meeting one third of the directors who are subject to retirement by rotation (or, if their number is not a multiple of three, the number nearest to but not greater than one third) shall retire from office by rotation. The retiring directors shall be eligible for re-election.

Removal by ordinary resolution

In addition to any power of removal conferred by the Companies Acts, the Company may remove any director before the expiration of his period of office (without prejudice to any claim for damages which he may have), and may appoint another person who is willing to act to be a director in his place by ordinary resolution (or by written resolution consented to by members holding seventy five per cent. of the voting rights in relation thereto).

Directors' fees

The directors (other than alternate directors) shall be entitled to receive by way of fees for their services as directors such sum as the Board may from time to time determine provided that such sum shall not exceed in the aggregate £250,000 per annum (or such other sum as the Company in general meeting shall from time to time determine). Such sum shall be divided among the directors in such proportions and in such manner as the Board may determine. Any fees shall be distinct from any salary, remuneration or other amounts payable to a director.

If by arrangement with the Board any director shall perform or render any special duties or services outside his ordinary duties as a director and not in his capacity as a holder of employment or executive office (including, without limitation, acting as chairman of any audit committee of the Company), he may be paid such reasonable additional remuneration (whether by way of a lump sum or by way of salary, commission, participation in profits or otherwise) as the Board may from time to time determine.

Remuneration of executive directors

The salary or remuneration of any director appointed to hold any employment or executive office may be a fixed sum of money or may be governed by business done or profits made or otherwise determined by the Board. The said remuneration may be in addition to or in lieu of any fee payable to him for his services as director.

Powers of the Board

The management of the Company shall be in and from the Isle of Man or such other place outside the United Kingdom as the Board may determine. Subject to the provisions of the Act, the memorandum of association of the Company and the Articles and to any directions given by special resolution of the Company, the business of the Company shall be managed by the Board, which may exercise all the powers of the Company whether relating to management of the business or not.

Powers of executive directors

The Board may from time to time delegate or entrust to and confer on any director holding executive office and who is not resident in the United Kingdom such of its powers, authorities and discretions for such time, on such terms and subject to such conditions that it thinks fit and the Board may revoke, withdraw, alter or vary order of any such powers.

Exercise of voting power

The Board may exercise or cause to be exercised the voting power conferred by the shares in any other company held or owned by the Company, or any power of appointment to be exercised by the Company, in such manner or in all respects as it thinks fit.

Borrowing powers

Subject to the provisions of the Act and the Articles, the Board may exercise all the powers of the Company to borrow money, to give guarantees, to indemnify, to mortgage, hypothecate, pledge or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and to create and issue debentures and other securities. Borrowings by the Company owing to any persons outside the Group shall not at any time, without the previous sanction of an ordinary resolution of the Company exceed two times the aggregate of:

(a) the amount paid up on the issued share capital for the time being of the Company; and

(b) the total of capital and revenue reserves (including any share premium account and capital redemption reserve shown in the latest balance sheet of the Company).

Board meetings

Subject to the provisions of the Articles, the Board may meet, adjourn and otherwise regulate its proceedings as it thinks fit. No Board meeting shall be held in the United Kingdom.

Notice of Board meetings

One director may, and the company secretary at the request of a director shall, summon a Board meeting at any time on reasonable notice. Notice of a Board meeting shall be deemed to be properly given to a director if it is given to him personally or by word of mouth or sent in writing to him at his last known address or any other address given by him to the Company for that purpose.

Quorum

The quorum necessary for the transaction of business may be determined by the Board and until otherwise determined shall be two persons, each being a director or an alternate director, provided that, if the majority of the directors present are present in the United Kingdom, the directors present (irrespective of their number) shall not constitute a quorum.

Chairman of the Board

The Board may appoint one or more of its body who is not resident in the United Kingdom as chairman, joint chairman or deputy chairman of its meetings and may determine the period for which he is or they are to hold office and may at any time remove him or them from office. If no such chairman or deputy chairman is elected, or if at any meeting neither a chairman nor a deputy chairman is present within fifteen minutes of the time appointed for holding the same, the directors present shall choose one of their number who is not present in the United Kingdom to be chairman at such meeting.

Voting

The questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of that meeting shall not have a second or casting vote.

Director may have interests

Subject to section 104 of the Companies Act 2006, and provided that such interests are disclosed to the Board in accordance with the Articles, a director, notwithstanding his office:

(a) may enter into or otherwise be interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested;

(b) may hold any other office or place of profit under the Company (except that of auditor or of auditor of a subsidiary of the Company) in conjunction with the office of director or may act by himself or through his firm in a professional capacity for the Company;

(c) may be a director or other officer of, or employed by, or party to any transaction or arrangement with or otherwise interested in, any company promoted by or promoting the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and

(d) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any such office, employment, contract, arrangement, transaction or proposal;

and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.

Disclosure of interests to the Board

A director who, to his knowledge, is in any way (directly or indirectly) interested in any contract, arrangement, transaction or proposal with the Company shall declare the nature of his interests at the meeting of the Board at which the question of entering into the contract, arrangement, transaction or proposal is first considered, if he knows his interest then exists or, in any other case, at the first meeting of the Board after he knows that he is or has become so interested.

Interested director not to vote or count for quorum

Save as set out below, a director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any contract, arrangement, transaction or any other proposal whatsoever to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him within the meaning of section 252 of the Companies Act 2006 (an Act of Parliament of the United Kingdom)) is to his knowledge a material interest (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company), unless the resolution concerns any of the following matters :

(a) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiaries;

(b) the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any subsidiary for which he himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;

(c) where the Company or any of its subsidiaries is offering securities in which offer the director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwritings of which the director is to participate;

(d) any proposal concerning any other body corporate in which he (together with persons connected to him within the meaning of section 252 of the Companies Act 2006 (an Act of Parliament of the United Kingdom)) does not to his knowledge have an interest in one per cent. or more of the issued equity share capital of any class of such body corporate or of the voting rights available to members of such body corporate;

(e) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or

(f) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of directors or for the benefit of the persons including directors.

Directors interest in his own appointment

A director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested.

Chairman's ruling conclusive on director's interest

If any question arises at any meeting as to the materiality of a director's interest (other than the chairman's interest) or as to the entitlement of any director (other than the chairman) to vote or be counted in the quorum, and such question is not resolved by his voluntarily agreeing to abstain from voting or being counted in the quorum, such question shall be referred to the chairman of the meeting. The chairman's ruling in relation to the director concerned should be final and conclusive. In the event that the question arises concerning the chairman's interest and his ability to vote or be counted in the quorum, which is not resolved by his agreeing to abstain from voting or being counted in the quorum, such question shall be decided by the resolution of the directors or committee members present at the meeting.

Right to indemnity

Subject to the provisions of the Companies Acts, every director, alternate director, company secretary or other officer of the Company (other than an auditor) shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him in the discharge of his duties or exercise of his powers or otherwise in relation thereto. The indemnity shall include any liability incurred in defending any proceedings (whether civil or criminal) which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company, and in which judgment is given in his favour.

15.2 **Rights attaching to the Ordinary Shares**

(a) ***As to income***

Declaration of dividends

Subject to the Articles, the Company may by ordinary resolution declare that, out of profits available for distribution in accordance with Isle of Man law, dividends be paid to Shareholders in accordance with the respective rights and interests in the profits of the Company available for distribution, and may fix the time for payment of such dividends but no dividend shall exceed the amount recommended by the Board. Any dividend declared shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid *pro rata* according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may, if they think fit from time to time, declare and pay to the members such interim dividends (including any dividend payable at a fixed rate) as appear to the directors to be justified by the profits of the Company available for distribution in accordance with Isle of Man law. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividend as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. All dividends unclaimed for a period of 12 years after having become due for payment shall (if the board so resolves) be forfeited and shall revert to the Company.

(b) ***As to capital***

Subject to the rights attached to any shares which may be issued on special terms, if the Company is wound up, the surplus assets available after payment of all creditors shall be divided amongst the members in proportion to the capital paid up on the shares held by them respectively.

On a winding up the liquidator may, with the authority of a special resolution of the Company and any other sanction required by law: (i) divide among the members in specie the whole or any part of the assets of the Company and may for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. Any such division may be otherwise than in accordance with the existing rights of the members, but if any division is resolved otherwise than in accordance with such rights, the members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to section 222 of the Isle of Man Companies Act 1931 (as applied by Section 182 of the

Act); and the liquidator may (ii) vest the whole or any part of the assets in trustees on such trusts for the benefit of members as the liquidator, with the like authority, shall think fit but so that no member shall be compelled to accept any assets in respect of which there is any liability.

(c) ***As to voting***

Number of votes

Subject to the Articles and to any special rights or restrictions as to voting for the time being attached to any class of shares in the Company, on a show of hands every member present in person shall have one vote and on a poll every member present in person (or, being a corporation, by representative) or by proxy shall have one vote for every share held by him.

A member present by proxy shall not be deemed to be present in person.

(d) ***Variation of rights***

Sanction to variation

Subject to the provisions of the Act, if at any time the share capital of the Company is divided into shares in different classes, any of the rights for the time being attached to an share or class of shares in the Company may be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three quarters of the voting right or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class duly convened and held.

Class meetings

All the provisions in the Articles as to general meetings shall apply *mutatis mutandis* to every meeting of the holders of any class of shares. The quorum at every such meeting shall be not less than two persons holding or representing by proxy at least one third of the nominal amount paid up on the issued shares of that class. Every holder of shares in the class, present in person or by proxy, may demand a poll. Each such holder shall on a poll be entitled to one vote for every share of the class held by him. If at any adjourned meeting of such quorum as aforesaid is not present, not less than one person holding shares of the class who is present in person or by proxy shall be a quorum.

Deemed variation

Subject to the terms of issue, the rights or privileges attached to any class of shares shall be deemed to be varied or abrogated by the reduction of the capital paid up on such shares or by the allotment of further shares ranking in priority for the payment of a dividend or in respect of capital or howsoever or which confer on the holders voting rights more favourable than those conferred by such first mentioned shares but shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking *pari passu* in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by the purchase or redemption by the Company of its own shares in accordance with the provisions of the Act and the Articles.

(e) ***Pre-emption rights***

Unissued shares are at the disposal of the directors who may allot, grant options over, offer or otherwise deal with or dispose of them to such persons at such times and generally on such terms and conditions as they may determine, provided that the directors shall not exercise any power to allot any shares in the Company or any right to subscribe for or convert any security into shares in the Company unless they are authorised to do so by a resolution of the members of the Company in general meeting.

The Articles also contain pre-emption rights which, unless disapplied by special resolution, require shares proposed to be issued for cash, to be offered first to members who the directors determine can be offered shares without the Company incurring securities offering compliance costs which, in the option of the directors, would be burdensome. Any pre-emption offer shall be made in writing to the relevant members in proportion to that existing holdings of shares; such members have fourteen days to determine whether or not to accept the offer. The directors may dispose

of shares which are not taken up by members as they think fit provided that such disposal is not on more favourable terms. The pre-emption provisions contained in the Articles do not extend to shares issued for non-cash consideration.

(f) ***Transfer of Shares***

Form of transfer

Subject to the applicable restrictions in the Articles, each member may transfer all or any of his shares in the case of certificated shares by instrument of transfer in writing in any usual form or in any form approved by the Board, or in the case of uncertificated shares without a written instrument in accordance with the Uncertificated Securities Regulations 2006 of the Isle of Man. Such instruments shall be executed by and on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register in respect of it.

Right to refuse registration

The Board may, in its absolute discretion and without giving any reason, refuse to register any transfer of a certificated share (or renunciation of a renounceable letter of allotment) unless:

(a) it is in respect of a share which is fully paid up;

(b) it is in respect of a share upon which the Company has no lien;

(c) it is in respect of only one class of share;

(d) it is in favour of a single transferee or not more than four joint transferees;

(e) it is duly stamped (if so required); and

(f) it is delivered for registration to the registered office of the Company or such other place that the Board may from time to time determine, accompanied (except in the case of a transfer where a certificate has not been issued or in the case of a renunciation) by a certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor.

Provided that such discretion may not be exercised in such a way as to prevent dealings in such shares from taking place on an open and proper basis.

No transfer of any share shall be made:

(a) to a minor; or

(b) to a bankrupt; or

(c) to any person who is, or may be, suffering from mental disorder and either:

  (i) has been admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 (an Act of Parliament of the United Kingdom) or any similar statute relating to mental health (whether in the United Kingdom, the Isle of Man or elsewhere); or

  (ii) an order has been made by any court having jurisdiction (whether in the United Kingdom, the Isle of Man or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs;

and the directors shall refuse to register the purported transfer of a share to any such person.

The Board shall register a transfer of title to any uncertificated share or the renunciation or transfer of any renounceable right of allotment of a share which is a Participating Security held in uncertificated form in accordance with the Uncertificated Securities Regulations 2006 of the Isle of Man, except that the Board may refuse (subject to any relevant requirements applicable to the recognised investment exchange(s) to which the shares of the Company are admitted) to register any such transfer or renunciation which is in favour of more than four persons jointly or in any

other circumstance permitted by the Uncertificated Securities Regulations 2006 of the Isle of Man.

Notice of refusal

If the Board refuses to register a transfer of a share, it shall, as soon as possible after the date on which the transfer was lodged with the Company, send notice of refusal to the transferee and transferor.

Closing of register

The registration of transfers of shares or of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the Board may from time to time determine. Notice of closure of the register of members of the Company shall be given in accordance with the requirements of the Act.

15.3 **Annual and Extraordinary General Meetings**

Annual General Meetings

Subject to the provisions of the Act, annual general meetings should be held at such time and place as the Board may determine, however, at least one annual general meeting shall be held in each calendar year and not more than fifteen months shall pass from one annual general meeting to the next.

Extraordinary General Meetings

All general meetings, other than annual general meetings, shall be called extraordinary general meetings.

Convening Extraordinary General Meetings

The Board may convene an extraordinary general meeting whenever it thinks fit. At any meeting convened on such requisition (or any meeting requisitioned pursuant to section 67(2) of the Act) no business shall be transacted except that stated by the requisition proposed by the Board. If there are not within the Isle of Man sufficient members of the Board to convene a general meeting, any director or any member of the Company may call a general meeting.

Notice of General Meetings

An annual general meeting and an extraordinary general meeting convened for the passing of a special resolution shall be convened by not less than twenty-one clear days' notice in writing. All other extraordinary general meetings shall be convened by not less than fourteen clear days' notice in writing. Subject to the provisions of the Companies Acts, and notwithstanding that it is convened by shorter notice than that specified previously in this paragraph, a general meeting shall be deemed to have been duly convened if a member or members holding at least ninety per cent. of the voting rights in relation thereto have waived notice of the meeting and for this purpose the presence of a member at the meeting shall be deemed to constitute waiver on the part of such member.

Every notice convening a general meeting shall specify:

(a) whether the meeting is an annual general meeting or an extraordinary general meeting;

(b) the place, the day and the time of the meeting;

(c) in the case of special business, the general nature of that business;

(d) if the meeting is convened to consider a special or extraordinary resolution, the intention to propose the resolution of such; and

(e) with reasonable prominence, that a member entitled to attend and vote is entitled to appoint one or more proxies to attend, and, on a poll, vote instead of him and that a proxy need not also be a member.

Notice shall be given to the members who are entitled to receive notice from the Company to the directors and to the auditors.

Special business

All business that is transacted at the general meeting shall be deemed special, except the following transactions at an annual general meeting:

(a) the declaration of dividends;

(b) the receipt and consideration of the annual accounts and reports of the directors and the auditors and any other document required to be annexed in the annual accounts;

(c) the election or re-election of directors;

(d) the fixing of directors' fees; and

(e) the reappointment of the auditors retiring and the fixing of the remuneration of the auditors or the determination of the manner in which such remuneration is to be fixed.

Quorum at General Meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Two persons entitled to attend and vote on the business to be transacted, each being a member present in person or by a proxy for a member or a duly authorised representative of a corporation which is a member, shall be a quorum.

If quorum not present

If within fifteen minutes (or such longer interval not exceeding one hour as the chairman in his absolute discretion thinks fit) from the time appointed for the holding of a general meeting a quorum is not present, or if during a meeting such quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, the meeting shall stand adjourned for the same day in the next week at the same time and place, or to be later on the same day or to such other day and at such time and place as the chairman may determine being not less than fourteen nor more than twenty-eight days thereafter. If at such adjourned general meeting a quorum is not present within fifteen minutes from the time appointed for the holding of the meeting, one person entitled to vote on the business to be transacted shall be a quorum.

Chairman

The chairman of the Board shall preside as chairman at every general meeting of the Company. If there is no such chairman, or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding the meeting or shall be unwilling to act as chairman, a deputy chairman (if any) of the Board shall, if present and willing to act, preside as chairman at such meeting. If no chairman or deputy chairman shall be so present and willing to act, the directors present shall choose one of their number to act as a chairman of the meeting. If there be no director present and willing to act, the members present who are entitled to vote shall choose one of their number to be chairman of the meeting. Directors and other persons may attend and speak. A director (and any other person invited by the chairman to do so) shall, notwithstanding that he is not a member of the Company, be entitled to attend and speak at any general meeting and any separate meeting of the holders of any class of shares of the Company.

Power to adjourn

The chairman of the general meeting may, with the consent of the meeting at which a quorum is present, and shall if so directed by the meeting, adjourn any meeting from time to time (or indefinitely) and from place to place as he shall determine. The chairman may also, without the need for the consent of the meeting, interrupt or adjourn any meeting from time to time and from place to place or for an indefinite period if he is of the opinion that it has become necessary to do so in order to secure the proper and orderly conduct of the meeting or to give all persons entitled to do so a reasonable opportunity of attending, speaking and voting at the meeting or to ensure that the business of the meeting is properly disposed of.

Method of voting

At any general meeting a resolution put to a vote at the meeting shall be decided on a show of hands, unless (before or on the declaration of the result of the show of hands) a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded by:

(a) the chairman of the meeting; or

(b) at least two members present in person or by proxy and entitled to vote a meeting; or

(c) a member or members present in person or by proxy representing not less than one-tenth of the total voting rights of the members having a right to vote at the meeting; or

(d) a member or members present in person or by proxy holding shares conferring a right to vote at the meeting, being shares in which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Chairman's declaration conclusive on show of hands

Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman of the meeting as to the outcome of a resolution on a show of hands and an entry to that effect in the book containing the minutes and proceedings of the Company, shall be conclusive evidence of the outcome of such a vote.

Objection to error in voting

No objection shall be raised to the qualification of any voter or to the counting of, or failure to count, any vote, except at a meeting or adjourned meeting at which the vote objected to is given or tendered or at which the error occurs.

Procedure on a poll

Any poll duly demanded on the election of a chairman of a meeting or on any question of adjournment shall be taken forthwith. A poll duly demanded on any other matters shall be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place not being more than thirty days from the date of the meeting or adjourned meeting at which the poll was demanded, as the chairman shall direct. No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In other cases at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken. The demand for a poll (other than on the election of a chairman or any question of adjournment) shall not prevent the continuance of the meeting for the transaction of any business other than the question on which a poll has been demanded. On a poll votes may be given in person or by proxy.

Casting vote

In the case of an equality of vote, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes places or at which the poll was demanded shall be entitled to a second or casting vote in addition to any other vote he may have.

Voting by proxy

Any person (whether a member of the Company or not) may be appointed to act as a proxy. A deposit of an instrument of proxy shall not preclude a member from attending and voting in person at a meeting in respect of which the proxy is appointed or at any adjournment thereof.

Form of proxy

An instrument appointing a proxy shall:

(a) be in writing in any common form or in such other form as the Board may approve duly executed by the appointor;

(b) be deemed (subject to any contrary direction contained in the same) to confer authority to demand or join in demanding a poll and to vote on any resolution or amendment of the resolution put to the meeting for which it is given;

(c) unless the contrary is stated therein, be valid as well for any adjournment of the meeting and for the meeting to which it relates; and

(d) where it is stated to apply to more than one meeting be valid for all such meetings as well as for any adjournment of any such meeting.

Deposit of proxy

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a copy of such authority certified notarially or in some other way approved by the Board shall:

(a) be deposited at the Company's registered office or at such other place or places within the Isle of Man or elsewhere as is specified in the notice convening the meeting not less than forty-eight hours before the time of the holding of the meeting for which the person named in the instrument proposed to vote; or

(b) in a case of a poll taken more than forty-eight hours after it is demanded, be deposited after the poll has been demanded and not less than twenty-four hours before the time appointed for the taking of the poll; or

(c) in the case of an appointment contained in an Electronic Communication, where an address has been specified for the purpose of receiving Electronic Communications:

  (i) in the notice convening the meeting; or

  (ii) in any instrument of proxy sent out by the Company in relation to the meeting; or

  (iii) in any invitation contained in an Electronic Communication to appoint a proxy issued by the Company in relation to the meeting;

  be received at such address not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote; or

(d) where the poll is not taken forthwith but is taken more than forty-eight hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman of the meeting;

and an appointment of a proxy not deposited, delivered or received in a manner so permitted shall be invalid. No instrument appointing a proxy shall be valid after the expiry of twelve months from the date named in it as the date of its execution, except at an adjourned meeting or in a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve months from such date.

Notwithstanding any other provision in the Articles, the Board may treat any such uncertificated proxy instruction which purports to be or is expressed to be sent on behalf of a holder of a share as sufficient evidence of the authority of the person sending that instruction to send it on behalf of the holder.

Uncertificated proxy instruction means a properly authenticated dematerialised instruction and/or other instruction or notification, which is sent by means of the relevant system concerned and received by such participant in that system acting on behalf of the Company as the Board may prescribe, in such form and subject to such terms and conditions as from time to time be prescribed by the Board (subject always to the facilities and requirements of the relevant system concerned).

More than one proxy may be appointed

A member may appoint more than one proxy to attend on the same occasion.

Revocation of proxy

A revocation of proxy for whatever reason must have been received by the Company at the registered office of the Company, or at such other place as has been appointed for the deposit of instruments of proxy, at least forty-eight hours before the commencement of the meeting or the taking of the poll at which the instrument of proxy is to be used in order to be effective.

Corporate representative

A corporation which is a member may, by resolution of its directors, or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any separate meeting of the holders of any class of shares.

15.4 **Changes in share capital**

Increase, consolidation, cancellation and sub-division

The directors of the Company may, by resolution, change the par value of the share capital of the Company as they consider fit.

The Company in general meeting may from time to time by ordinary resolution:

(a) consolidate all or any of its shares;

(b) redenominate all or any of such shares as shares denominated in another currency on such basis as the Board sees fit; and

(c) sub-divide such shares, or any of them.

Reduction of Capital

Subject to provisions of the Act and to any rights for the time being attached to any shares, the Company may by special resolution reduce its share capital, in any manner provided that the directors are satisfied, on reasonable grounds, that the Company will, immediately after such reduction, satisfy the "solvency test". The "solvency test" is referred to in section 49 of the Act and is the test which the Company satisfies if it is able to pay its debts as they become due in the normal course of the Company's business and the value of its assets exceeds the value of its liabilities.

Purchase of own shares

Subject to the provisions of the Act and to any rights for the time being attached to any shares, the Company may purchase, redeem or otherwise acquire any of its own shares for any consideration provided that the Company continues to have at least one member at all times. The Company may only purchase or otherwise acquire shares if the directors are satisfied, on reasonable grounds, that the Company will, immediately after such reduction, satisfy the aforementioned "solvency test".

15.5 **Disclosure of shareholder ownership**

Individual and Group acquisitions

Every person who is or becomes aware that he is or has become interested in three per cent. or more of the issued shares of any relevant class of the Company, shall within thirty days after that date give to the Company notice in writing of that fact, specifying:

(a) the amount of shares of the relevant class in which he was to his knowledge interested at that date; and

(b) so far as known to him, the identity and address of each registered holder of those shares and the amount of those shares held by each such holder at that date.

Every person who ceases to be interested, or becomes aware that he has ceased to be interested, in three per cent. or more of the shares for the time being in issue of any relevant class, shall be under obligation to give to the Company notice in writing of the fact. Where a person is to his knowledge, interested in three per cent. or more of the shares for the time being in issue of any relevant class, and there occurs to his knowledge, or he becomes aware that there has occurred, a change in his percentage interest in the shares of that class for the time being in issue that person shall be under obligation to give to the Company notice in writing of the change.

The directors have a duty, under the Articles to keep a register of substantial interests. The Board may at any time serve an information notice upon a member requiring the member to disclose to the Board in writing within such period (being no less than ten days and not more than thirty days) as may be specified in the notice, information relating to any beneficial interest of any third party or any other interest of any kind whatsoever which a third party may have in relation to any or all shares registered in the member's name. If a member has been issued with an information notice and has failed to furnish any information required by such notice within the time period specified therein, then the Board may at any time following fourteen days from the expiry of the date on which the information required to be furnished pursuant to the relevant information notice is due to be received by the Board, serve on the relevant holder a notice (a 'disenfranchisement notice') whereupon the following sanctions shall apply:

(a) *Voting*

The member shall not with effect from the service of the disenfranchisement notice be entitled to be present or to vote (either in person or by representative or proxy) at any general meeting of the Company or at any separate meeting of the holders of any class of shares of the Company or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and

(b) *Dividends and transfers*

Where the member's shares represent at least 0.25 per cent. in nominal value of their class:

(i) any dividend or other money payable in respect of the member's shares shall be withheld by the Company, which shall not have any obligation to pay interest on it and the member shall not be entitled to elect pursuant to the Articles to receive shares instead of that dividend; and

(ii) subject in the case of uncertificated shares to the Uncertificated Securities Regulations 2006 of the Isle of Man, no transfer, other than an approved transfer, or any shares held by the member shall be registered unless the member is not himself in default as regards supplying the information required pursuant to the relevant information notice and the member provides to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer.

16. SUMMARY OF PROPOSED AMENDMENTS TO THE ARTICLES

The principal amendments proposed to the Articles are in respect of the following:

(a) clarifying the circumstances in which the Company can purchase or redeem its own Ordinary Shares;

(b) clarifying the provisions in respect of the transfer of certificated and uncertificated shares;

(c) providing a shareholder entitled to exercise over 10 per cent. of the voting rights in respect of the matter for which the meeting is requested with the ability to request the board to convene a general meeting;

(d) clarifying the provisions with regards to notification of interests in Ordinary Shares;

(e) removing the requirement that a majority of the Directors shall at all times be resident outside of the United Kingdom;

(f) removing the prohibition on board meetings taking place in the UK, decisions being made at board meetings held in the UK being invalid and board meetings being non-quorate if a majority of the directors present at the meeting are present in the UK, and the restriction on the appointment of a Chairman resident in the UK;

(g) removing the board's power to establish local group or divisional boards;

(h) clarifying the provisions with respect to directors' resolutions in writing;

(i) clarifying the provisions with regards to a director being prevented from counting in the quorum and voting in respect of contracts in which he has an interest; and

(j) increasing the maximum directors' fees that the board may determine from £250,000 to £500,000.

17. MATERIAL CONTRACTS

17.1 TOE Farm-in Agreement

The TOE Farm-in Agreement was entered into on 8 March 2016 between PT Akar Golindo as Farmor and the Company as Farmee. The TOE Farm-In Agreement records the terms and conditions on which the Farmee shall acquire a 30 per cent. participating interest in the Tuba Obi East TAC, entered into between Pertamina and the Farmor on 15 May 1997, and located in the South Sumatra basin approximately 40km north-west of Jambi city in Jambi province, Sumatra. It has been agreed that the Farmee shall not, however, acquire any interest or obligations in relation to any of the existing wells and facilities under the Tuba Obi East TAC (i.e. existing as at 8 March 2016).

The Farmor currently holds a 100 per cent. participating interest in the Tuba Obi East TAC (subject to the comments in paragraph 6.6 of Part I of this document in connection with the transfer of title under the Tuba Obi East TAC to PT Akar Golindo). The Farmor has agreed to sell, and the Farmee (or alternatively a special purpose vehicle incorporated by and wholly owned by the Farmee) has agreed to acquire, a 30 per cent. participating interest in the Tuba Obi East TAC such that, following completion of the transfer, the participating interests under the Tuba Obi East TAC shall be (1) PT Akar Golindo 70 per cent. and (2) the Company 30 per cent.

The transfer is conditional upon completion of the Farmee's due diligence process, the consent of the Farmee's Shareholders as required under the AIM Rules, and the waiver (or non-exercise or expiration) of any preferential rights held by any third parties in respect of the 30 per cent. participating interest being transferred under the TOE Farm-in Agreement. If these conditions have not been satisfied by 30 June 2016 (or an alternative date agreed by the parties in writing), then each party shall have the right to terminate the TOE Farm-in Agreement on written notice. Following satisfaction of the conditions above, the Farmor must use all reasonable endeavours to obtain the consent of the Government of the Republic of Indonesia (including Pertamina and SKKMigas) to the transfer as required under the Tuba Obi East TAC, together with the consent of any third parties as necessary, by 31 December 2016 (or an alternative date as agreed in writing). Following receipt of these consents, the Farmor and the Farmee shall execute a deed of assignment transferring the 30 per cent. participating interest to the Farmee together with a joint operating agreement in relation to the Tuba Obi East area.

In consideration of the transfer, the Farmee has agreed to undertake a proof of concept work programme to assess gas commerciality, at an estimated total value of US$1.075 million (which includes (i) the drilling of a development well to test gas potential of the Air Benakat Formation at an estimated cost of US$1,000,000, and (ii) a geological, geophysical and reservoir study to evaluate lateral extension of the Air Benakat Formation and the hydrocarbon potential of the Talang Akar Formation up to an estimated cost of US$75,000). The Farmee shall use its reasonable endeavours to complete these work obligations by 30 September 2016.

In addition to the above work obligations, the Farmee shall pay a further milestone bonus payment of US$500,000 to the Farmor following the occurrence of both: (i) the Farmee obtaining the consent of its Shareholders to the terms of the TOE Farm-in Agreement; and (ii) formal renewal of the Tuba Obi East TAC by Pertamina and/or the Government of the Republic of Indonesia. The Tuba Obi East TAC is due to expire on 23 April 2017. Upon expiry of the Tuba Obi East TAC, it is anticipated that a new and separate contract would be issued to the Farmor and Farmee covering the Tuba Obi East concession area. Under the TOE Farm-in Agreement, it is agreed that the Farmor and the Farmee will jointly pursue the grant or award of such new contract, to reflect the same division of participating interesting as set out above (70 per cent./30 per cent.). In the event that such new contract is only issued to the Farmor, the Farmor has agreed to assign a 30 per cent. participating interest under the new contract to the Farmee (or such indirect interest as reflects the economic benefit of a 30 per cent. participating interest under the new contract).

A party may assign its interest under the TOE Farm-in Agreement on receiving prior written consent of the other party, although an assignment to an affiliate is permitted on giving written notice. The Farmee is expressly entitled to assign an interest under the Tuba Obi East TAC to Northcote in accordance with the Participation Agreement between those parties, and the parties have agreed that any transfer of shares by any shareholder of the Farmee shall not comprise a direct or indirect assignment of the Tuba Obi East TAC or an interest in the Tuba Obi East TAC.

The TOE Farm-in Agreement is governed by the laws of the Republic of Indonesia and any disputes shall be resolved by arbitration in accordance with the arbitration rules of the Singapore International Arbitration Centre.

On 27 April 2016, the Company entered into a side letter with PT Akar Golindo which amended the TOE Farm-in Agreement to provide that the Company may elect (in its sole discretion) to settle its obligation to pay the milestone bonus payment by issuing such number of fully paid up Ordinary Shares as is equal to the pound sterling equivalent of US$1,000,000 divided by the Issue Price in lieu of cash.

17.2 **Tuba Obi East TAC**

The Tuba Obi East TAC was entered into on 15 May 1997 between Pertamina and WAPPL (as the "Contractor").

The Tuba Obi East TAC states that (1) Pertamina has an exclusive "Authority to Mine" for mineral oil and gas throughout the Tubi Obi East contract area (the "Contract Area"), and (2) the Contractor has the financial ability, technical competence and professional skills necessary to carry out the petroleum operations in relation to the Contract Area. The Tuba Obi East TAC therefore records the terms and conditions under which the Contractor shall be responsible to Pertamina for the execution of the petroleum operations, and for the provision of financial and technical assistance for such operations.

The term of the Tuba Obi East TAC is 20 years from the "Effective Date" (being 24 April 1997, being the date of approval of the Tuba Obi East TAC by the Government of Indonesia in accordance with the applicable law). The expiry date of the Tuba Obi East TAC is 23 April 2017.

Ongoing Contractor Obligations

At least 3 months prior to the beginning of each calendar year, the Contractor must submit to Pertamina for approval a work programme and budget of operating costs, setting out the proposed petroleum operations for that calendar year. The Contractor must also (1) advance all necessary funds and purchase/lease all equipment, supplies and materials with foreign exchange required under the work programme, (2) provide all technical aid, including foreign personnel, (3) provide such other funds for the performance of the work programme that requires payment in foreign exchange, including payment to foreign third parties providing services as a contractor, (4) be responsible for preparation and execution of the work programme, (5) after Contract expiration/termination/relinquishment of the Contract Area/abandonment of any field, remove all equipment and installations from the area in a manner acceptable to Pertamina (and perform all restoration activities), (6) include in the annual budget of operating costs, estimates of the anticipated abandonment and site restoration costs for each well in the work programme, and (7) include an abandonment and site restoration programme (together with a funding procedure) in the development plan for each commercial discovery.

Operating Costs and Recoverability

Under the Tuba Obi East TAC, the Contractor carries the risk of the operating costs required in relation to carrying out the petroleum operations (the "Operating Costs"), which shall be recoverable by the Contractor in accordance with the provisions of the Tuba Obi East TAC. The Contractor must recover all Operating Costs out of the sales proceeds (or other disposition) of the required quantity of crude oil equal in value to such Operating Costs to a maximum of 65 per cent per annum of crude oil produced and not used under the Tuba Obi East TAC for petroleum operations. If, in any calendar year, the Operating Costs exceed 65 per cent of the value of the crude oil produced (and not used in petroleum operations), then the unrecovered excess shall be recovered by the Contractor in succeeding years.

Division of Petroleum

Of the crude oil remaining after deducting Operating Costs, Pertamina is entitled to take and receive 73.2143 per cent. and the Contractor is entitled to take and received 26.7857 per cent. Pertamina has the option to take its share of petroleum in kind, upon giving the Contractor at least 90 days' notice. The Contractor has the right during the Tuba Obi East TAC to freely lift, dispose of and export its share of crude oil and retain abroad the proceeds obtained therefrom. However, after commercial production commences, the Contractor must also fulfil its obligation towards the supply of the domestic market in Indonesia. The Contractor must sell and deliver to Pertamina a certain portion of its share of crude oil calculated as follows: (a) multiply the total quantity of crude oil produced from the Tuba Obi East TAC contract area by a fraction the numerator of which is the total quantity of crude oil to be supplied and the denominator is the entire Indonesian production of crude oil of all petroleum companies, (b) compute 25 per cent. of the total quantity of crude oil produced from the contract area, (c) multiply the lower quantity computed either under (a) or (b) by the Contractor's entitlement (i.e. by 26.7857 per cent.). If, for any year, the Contractor's recoverable Operating Costs exceed the total sales proceeds derived from 65 per cent. of crude oil produced, then the Contractor shall be relieved from this obligation. For the first 60 months following first delivery of crude oil, the fee per barrel for crude oil supplied to the domestic market shall be equal to the price determined under the Tuba Obi East TAC

for crude oil from such field taken for the recovery of Operating Costs. Thereafter, the fee shall be 15 per cent. of the price at which such crude oil would otherwise be sold to third parties under the Tuba Obi East TAC.

Natural Gas

Any natural gas produced from the Contract Area to the extent not used in petroleum operations may be flared, if the processing and utilization of such gas is not economical. If Pertamina and the Contractor consider that it would be economical to process and use such natural gas, then the construction and installation of facilities shall be carried out pursuant to a work programme. It is agreed that all costs and revenues derived from such processing, utilisation and sale of natural gas will be treated on an equivalent basis as the disposition of crude oil under the Tuba Obi East TAC – except that Pertamina is entitled to take and receive 37.5 per cent. and the Contractor is entitled to take and receive 62.5 per cent..

Compensation, assistance and production bonus

The Contractor must provide to Pertamina: (1) within 30 days after Pertamina's request, equipment or services in an amount not exceeding US$10,000 for exploration and production activities in Indonesia's petroleum industry, (2) payment of US$25,000 within 30 days after commencement of commercial production from the Contract Area, (3) payment of US$25,000 within 30 days after cumulative petroleum production from the Contract Area has reached 1 million barrels of oil equivalent, (4) payment of US$25,000 within 30 days after cumulative petroleum production from the Contract Area has reached 5 million barrels of oil equivalent, and (5) payment of US$50,000,000 within 30 days after cumulative petroleum production from the Contract Area has reached 10 million barrels of oil equivalent. Such bonus payments are to be solely borne by the Contractor and not included in the Operating Costs.

Participation

Pertamina has the right to demand from Contractor that a 10 per cent undivided interests in the total rights and obligations of the Contractor under the Tuba Obi East TAC be offered to Pertamina. However this right shall lapse unless exercised by Pertamina not later than 3 months after the Contractor's notification to Pertamina of its decision to commence with development of first commercial production in the Contract Area.

Assignment

The Contractor has the right to sell, assign, transfer, convey or otherwise dispose of all or any part of its rights and interests under the Tuba Obi East TAC to an affiliate of the Contractor without the prior written consent of Pertamina (provided that Pertamina is notified in advance and that such affiliate does not hold more than one technical assistance contract or production sharing contract at any one time). The Contractor has the right to sell, assign, transfer, convey or otherwise dispose of all or any part of its rights and interests under the Tuba Obi East TAC to any other non-affiliated company with the prior written consent of Pertamina and the Government of Indonesia (not to be unreasonably withheld) provided again that such company does not hold more than one technical assistance contract or production sharing contract at any one time.

Termination

Either party is entitled to terminate the Tuba Obi East TAC by giving 90 days written notice where a major breach of the Tuba Obi East TAC has been committed by the other party, provided that conclusive evidence thereof is provided by arbitration.

If, in the opinion of the Contractor, circumstances do not warrant the continuation of petroleum operations under the Tuba Obi East TAC, the Contractor may relinquish its rights and be relieved of its obligations under the Tuba Obi East TAC (after written notice to Pertamina and consultation with Pertamina) – however it shall not be relieved of such rights and obligations which arose prior to the relinquishment.

Governing law and jurisdiction

The Tuba Obi East TAC is governed by the laws of the Republic of Indonesia and any disputes shall be resolved by arbitration in Jakarta in accordance with the Rules of the Badan Arbitrasi

Nasional Indonesia.

17.3 **The Corsair documents**

(a) Assignment Agreement

On 4 June 2015, the Company entered into the Assignment Agreement with Corsair. Under the terms of the Assignment Agreement, Corsair agreed to assign to the Company an interest in a contract it had with PT-Wangsa Energi Brakarsa ("Wangsa") dated on or about 17 April 2015 to consider and if applicable, apply for two oil and gas concessions in Indonesia in respect of the properties known as Kuala Simpang Barat and Kuala Simpang Timur (the "Wangsa Contract"). Pursuant to the Assignment Agreement Corsair agreed to transfer to the Company the benefit and burden of the rights and obligations of the party described as the "Investor" in the Wangsa Contract in respect of a 70 per cent. participation interest (the "Assignment"). The parties agreed to give effect to the transfer by novating the contract. In consideration of the Assignment Agreement, the Company agreed to issue to Corsair (or its nominees):

(i) 31,250,000 Ordinary Shares on closing of the Assignment Agreement;

(i) up to an additional 93,750,000 Ordinary Shares (the "Corsair Contingent Consideration Shares") in three equal tranches (of 31,250,000 Ordinary Shares) on the occurrence of each of the following three milestones: (A) the acquisition by the Company of one concession in Indonesia, (B) the acquisition by the Company of a second concession in Indonesia; and (C) gross production from projects in which the Company has an economic interest exceeding 400 bopd for a period of 30 days (the "Milestones");

(iii) 34,344,865 Corsair Options which vest on closing of the Assignment Agreement; and

(iv) up to an additional 103,034,596 Corsair Options which vest in three equal tranches of 34,344,865 upon the occurrence of each of the Milestones.

Additionally, the Assignment Agreement includes the following carried interest and revenue share terms (the "Carried Interest and Revenue Share"). The Assignment Agreement sets out a mechanism for the payment of distributions out of cash flows of 90 per cent. to the Company and 10 per cent. to Corsair. Under the Assignment Agreement, if either or both applications are made and successful, the Company agreed to fund 100 per cent. of the agreed due diligence, acquisition and development costs in return for 90 per cent. of all distributions to participating interests from the projects until the total distributions paid to it and Corsair are equal to the investment and the Company has received a 9 per cent. internal rate of return on the investment. Thereafter, the Company would be entitled to a 70 per cent. participating interest in the assets. Corsair is entitled to 10 per cent. of all distributions until full pay out when it would revert to a 5 per cent. participating interest. The parties agree that they shall endeavour to jointly acquire assets in Indonesia on terms "substantially similar" to the terms of the Assignment Agreement.

On 27 April 2016, the Company and Corsair entered into a Deed of Termination terminating the Assignment Agreement and the Share Issue Deed (as further described in paragraph 17.3(b)) was executed in order to replace the consideration of the Carried Interest and Revenue Share with such number of Ordinary Shares in the Company, which will, in aggregate, represent 5 per cent. of the Enlarged Share Capital. The Deed of Termination and Share Issue Deed are each conditional upon the passing of the Resolutions.

The Assignment Agreement is governed by English law.

(b) Share Issue Deed

On 27 April 2016, the Company entered into a Share Issue Dead with Simon Gorringe, Christopher Newport, Ross Warner and David Whitby (the "Corsair Shareholders"). The Share Issue Deed was entered into in substitution for the carried interest and revenue share contemplated under the Assignment Agreement summarised in paragraph 17.3(a) above.

Pursuant to the terms of the Share Issue Deed and, subject to the Resolutions being passed, the Company will issue the Corsair Shares to each of David Whitby, Simon Gorringe, Ross Warner and Christopher Newport (or their nominees). The Corsair Fixed Shares will be issued concurrently with the issue of the Placing Shares, and the Corsair Warrant Shares will be issued concurrently with the issue

of the Warrant Shares. Subject to a Corsair Shareholder notifying the Company prior to the passing of the Resolutions, the relevant Corsair Shares shall be issued to that Corsair Shareholder on such later Business Day as he may specify provided such date is no later than 15 July 2016.

The Share Issue Deed also confirms the Company's obligations to issue the Corsair Contingent Consideration Shares upon the occurrence of the relevant Milestones referred to in the summary of the Assignment Agreement described in paragraph 17.3(a) above.

The Share Issue Deed is governed by English law.

(c) Corsair Option Agreement

On 27 April 2016, the Company and each of David Whitby, Simon Goringe, Ross Warner and various others entered into option agreements in similar form under which the Company granted the following Corsair Options pursuant to the terms of the Assignment Agreement:

The options have an exercise price of 0.4p per Ordinary Share are exercisable for three years following the date on which they vest and vest in four equal tranches: the first tranche vest immediately and the other three tranches vest upon the following three milestones: (i) the acquisition by the Company of one concession in Indonesia, (ii) the acquisition by the Company of a second concession in Indonesia; and (iii) gross production from projects in which the Company has an economic interest exceeding 400 bopd for a period of 30 days.

The Corsair Options vest upon a change of control of the Company, being the acquisition by any person of 30 per cent. or more of the entire issued share capital of the Company from time to time. The Corsair Options are not transferable.

The Corsair Option Agreement includes usual provisions for an option agreement relating to matters such as adjustments in the event of certain variations to the share capital of the Company.

The Corsair Option Agreement is governed by English law.

17.4 **Northcote Participation Agreement**

On 30 April 2015 the Company entered into a Participation Agreement with Northcote. As consideration for Northcote providing services and relationships in connection with procuring financing for the Company to undertake one or more projects in Indonesia, Northcote shall be entitled to participate directly with the Company in any joint venture, partnership, concession, profit sharing contract, working interest in any well or other similar agreement, introduced by any party, relating to the exploration, development and production of hydrocarbons in Indonesia initiated prior to 30 April 2020.

Northcote shall be entitled to participate at a level equal to 12.5 per cent. of the interest of the Company (prior to Northcote's election to participate) either directly or through any partnership or joint venture agreement entered into by the Company.

The Company shall provide Northcote written notice of its intention to participate in a project. Northcote shall provide the Company with notice of its intention to participate in the project within twenty (20) business days of receiving such notice from the Company.

Northcote agrees from the date of the Participation Agreement until 30 April 2020 not to carry out business in Indonesia (except as is necessary and incidental to the management of the interests acquired pursuant to the Participation Agreement) and further agrees it shall refer to the Company any offer or expression of interests in any asset in Indonesia (should the Company, in its sole discretion, elect to acquire any such asset, Northcote shall be entitled to participate in accordance with the terms of the Participation Agreement).

The Participation Agreement is governed by English law. In respect of jurisdiction, the Participation Agreement states that the "proper venue shall be the United Kingdom".

Northcote has notified the Company of its election to participate in the Tuba Obi East concession.

17.5 **Exclusivity Agreement**

On 21 December 2015 the Company entered into an "Agreement to cooperate" with PT Riau Petroleum (the "Exclusivity Agreement"). The Exclusivity Agreement sets out the basis upon which the parties are to continue non-binding discussions with respect to the SIAK Production Sharing Contract, with the view to entering into a "Cooperation Agreement".

The Exclusivity Agreement is governed by the Laws of Indonesia. The forum for settling disputes is the Singapore International Arbitration Centre.

17.6 **The Placing Agreement**

On 27 April 2016, the Company, the Directors, the Proposed Director, Cantor Fitzgerald and Cornhill Capital entered into a Placing Agreement under which Cantor Fitzgerald and Cornhill Capital agreed (conditionally, *inter alia*, on Admission taking place by not later than 16 May 2016) as agents for the Company to use their respective reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price.

The Company will pay certain other costs and expenses (including any applicable VAT) of, or incidental to, the Placing.

The Company, the Directors (other than Graham Smith) and the Proposed Director have given certain warranties and undertakings to Cantor Fitzgerald and Cornhill Capital as to the accuracy of the information contained in this document and other matters relating to the Group and its business. The liability of the relevant Directors and the Proposed Director in respect of any breach of warranties and undertakings is limited as to time and amount. The liability of the Company in respect of any breach of warranties and undertakings is not limited as to time or amount. In addition, the Company has given an indemnity covering certain customary matters to Cantor Fitzgerald and Cornhill Capital. The liability under the indemnity is not limited as to time or amount. Cantor Fitzgerald and Cornhill Capital are entitled to terminate the Placing Agreement in certain specified circumstances prior to Admission.

The Placing Agreement also contains a lock-in undertaking pursuant to which each of the Directors and the Proposed Director have undertaken to the Company and Cantor Fitzgerald not to dispose of any Ordinary Shares held by them at the date of this document and as at Admission for a period of one year from the date of Admission, and a further undertaking that for a period of a further six months, that they will only dispose of Ordinary Shares through Cantor Fitzgerald in order to maintain an orderly market in the Ordinary Shares.

17.7 **The nominated adviser and broker agreement**

On 3 February 2016, the Company, the Directors and Cantor Fitzgerald entered into an agreement pursuant to which Cantor Fitzgerald agreed to act as nominated adviser and broker to the Company. Under the terms of the agreement, Cantor Fitzgerald shall provide, *inter alia*, such independent advice and guidance to the directors of the Company and the Company as they may require from time to time as to the nature of their responsibilities and obligations to ensure compliance by the Company on a continuing basis with the AIM Rules. The Company has agreed to pay Cantor Fitzgerald a retainer fee as well as payment of any disbursements and expenses reasonably incurred by it in the course of carrying out its duties as nominated adviser and broker. The agreement is terminable on three months' notice given by either Cantor Fitzgerald or the Company. The agreement also contains provisions for early termination in certain circumstances and an indemnity given by the Company to Cantor Fitzgerald in relation to the provision by Cantor Fitzgerald of its services under the agreement.

17.8 **Cornhill Capital placing arrangements**

(a) Engagement Letter dated 20 April 2015

On 20 April 2015, the Company and Cornhill Capital entered into an engagement letter (as amended) under which Cornhill Capital agreed, as agent for the Company to use its reasonable endeavours to place ordinary shares of the Company at 0.2p per share for gross proceeds of £100,000 with investors and for a further placing within six months of the first placing for a minimum amount of £1 million at a target price of 0.4p.

Under the engagement letter, the Company agreed to pay Cornhill Capital an annual retainer of £75,000 (excluding VAT), a commission at a rate of 6.0 per cent. of the gross aggregate value of the placing

and, in lieu of any options or warrants, a fee of £240,000 payable upon the re-admission of the Company which may be settled in shares issued at the placing price used at the time of re-admission.

As at the date of this document, the Company has met all of its obligations under the engagement letter apart from the payment of the conditional fee of £240,000 due to Cornhill Capital, which will be payable from the proceeds of the Placing following Admission.

(b) Engagement Letter dated 13 May 2015

On 13 May 2015, the Company and Cornhill Capital entered into an engagement letter under which Cornhill Capital agreed, as agent for the Company to use its reasonable endeavours to place ordinary shares of the Company for gross proceeds to be targeted of a minimum of £1.0 million with investors.

Under the engagement letter, the Company agreed to pay Cornhill Capital an annual retainer of £75,000 (excluding VAT), a commission at a rate of 8.0 per cent. of the gross aggregate value of the placing and a corporate finance fee of £192,000 in relation to its performance as placing agent.

As at the date of this document, the Company has met all of its obligations under the engagement letter apart from the corporate finance fee of £192,000 outstanding and due to Cornhill Capital, which will be payable from the proceeds of the Placing following Admission.

(c) Placing agreement relating to the Convertible Loan Notes

On 29 March 2016, the Company and Cornhill Capital entered into a placing agreement under which Cornhill Capital agreed (conditionally, *inter alia*, on completion occurring on or before 31 March 2016) as agent for the Company to use its reasonable endeavours to procure placees to subscribe for the Loan Notes pursuant to the placing.

Under the placing agreement and subject to its becoming unconditional, the Company agreed to pay Cornhill Capital, a commission equal to 10 per cent. of the gross proceeds of the placing in cash, a documentation fee of £5,000 (excluding VAT) in relation to the placing. The Company also agreed to grant to JIM Nominees Limited as registered holder on behalf of Cornhill Capital, one Warrant for every 5 Ordinary Shares issued pursuant to conversion of the Loan Notes entitling it to subscribe for one Ordinary Share at a share price equal to the price at which the Loan Notes are converted.

The Company will pay certain other costs and expenses (including any applicable VAT) of, or incidental to, the placing and the issue of the Loan Notes including all legal, accounting and other professional fees and expenses.

Certain warranties and undertakings to Cornhill Capital as to the accuracy of the information contained in the placing documents and other matters relating to the Group and its business are given in favour of Cornhill Capital by some the Company. The liability of the Company in respect of any breach of warranties and undertakings is limited as to time and amount. In addition, the Company has given an indemnity covering certain customary matters to Cornhill Capital. The liability under the indemnity is not limited as to time or amount.

As at the date of this document, the Company has met all of its obligations under the engagement letter apart from the issue of warrants upon the conversion of the Loan Notes, which will occur at Admission.

18. SUMMARY OF THE TERMS OF THE BONUS WARRANTS

The Bonus Warrants will be constituted by, and will be issued subject to and with the benefit of, the Bonus Warrant Instrument.

Holders of Bonus Warrants (the "Warrantholders") will be bound by all the terms and conditions set out in the Bonus Warrant Instrument. The Bonus Warrants will be subject to eligibility requirements on issue. Such requirements are resultant from pre-existing securities law restrictions applicable to certain jurisdictions such as the United States of America. The Bonus Warrant Issue will not be extended to, and the Bonus Warrants will not be issued to and may not subsequently be exercisable by, Qualifying Shareholders in a Prohibited Territory. Notwithstanding the above, the Company will reserve the right to permit any Qualifying Shareholder

to take up Bonus Warrants under the Bonus Warrant Issue if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the applicable restrictive legislation or regulations. The principal terms of the Bonus Warrant Instrument are set out below.

18.1 **Subscription rights**

A Warrantholder shall have rights to subscribe ("Subscription Rights") at the Issue Price at any time from the date of Admission until the Bonus Warrant Exercise Date, being 5.00 p.m. on 31 May 2016 (the "Subscription Period") for one Ordinary Share (subject to adjustment as referred to below) for every Bonus Warrant held.

Each Qualifying Shareholder (being a Shareholder with a registered address outside the Prohibited Territories) shall be granted one Bonus Warrant for every four Ordinary Shares held by him as at the Record Date, being 5.00 p.m. on 11 May 2016.

In order to exercise a Bonus Warrant in certificated form, the Warrantholder must deliver or cause to be delivered the relevant Bonus Warrant certificate to the Company's registrar with the subscription form appended to the Bonus Warrant certificate duly completed and signed, together with a remittance in cleared funds for the total Exercise Amount (as defined below) in respect of each Bonus Warrant being exercised prior to the Bonus Warrant Exercise Date.

The "Exercise Amount" is the sum payable by the Warrantholder on the exercise of one Warrant, being 0.2 pence. Accordingly, Bonus Warrants will only be exercisable in multiples of five. No exercise of Bonus Warrants shall result in the issue of a fraction of a share. Entitlements to receive Ordinary Shares shall be rounded down to the nearest whole number of Ordinary Shares.

18.2 **Allotment and issue of Ordinary Shares**

The Company shall, upon exercise of all or any of the Bonus Warrants in accordance with the provisions of the Bonus Warrant Instrument, allot and issue the number of Ordinary Shares required to give effect to the terms of the Warrant Instrument on or around 3 June 2016.

18.3 **Undertakings**

(a) Rights of holders of Ordinary Shares

All Ordinary Shares issued on exercise of Bonus Warrants shall:

(a) be fully paid and free from any rights of pre-emption;

(b) participate in full in all dividends paid, made or declared on Ordinary Shares in respect of profits of the financial year during which such Ordinary Shares are subscribed, but not in respect of preceding years; and

(c) otherwise rank *pari passu* in all respects with the fully paid Ordinary Shares in issue on the date of exercise.

(b) No reduction of capital

The Company undertakes not to effect any reduction or redemption or purchase of share capital or any reduction of any uncalled liability thereon or any reduction of capital redemption reserve, or of share premium account.

(c) No variation of rights attached to Ordinary Shares

The Company undertakes that there will be no modification or variation of the rights attached to any class of shares nor any consolidation or sub division of any of its shares save as and to the extent provided in the Articles and the Warrant Instrument.

(d) Purchase by the Company of Ordinary Shares

If at any time an offer or invitation is made by the Company to all holders of Ordinary Shares for the purchase by the Company of any of its Ordinary Shares, the Company shall simultaneously give notice thereof to the Warrantholders and each such holder shall be entitled, at any time whilst such offer or invitation is open for acceptance, to exercise their Subscription Rights on the terms on which the same could have been exercised (subject to any adjustment of subscription rights pursuant to the terms of the Bonus Warrant Instrument) as if they had exercised their rights immediately prior to the record date

of such offer or invitation and any Ordinary Shares arising on exercise of the Subscription Rights shall be included in the offer or invitation as if they had been in issue on the said record date.

(e) Conduct of takeover offer

If at any time an offer is made to all holders of Ordinary Shares (or all such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company and the Company becomes aware that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such persons or companies as aforesaid, the Company shall give notice to the Warrantholders of such vesting within 14 days of its becoming so aware, and each such holder shall be entitled, at any time within the period of 30 days (or, if sooner, within the Subscription Period) immediately following the date of such notice, to exercise their Subscription Rights on the terms on which the same could have been exercised if they had been exercisable and had been exercised on the date on which the Company shall become aware as aforesaid (subject to any adjustment of subscription rights pursuant to the terms of the Bonus Warrant Instrument) failing which, if such offer is or becomes unconditional in all respects, all Subscription Rights shall lapse. Publication of a scheme of arrangement under the provisions of the Act providing for the acquisition by any person of the whole or any part of the issued ordinary share capital of the Company shall be deemed to be the making of an offer for the purposes of the Warrant Instrument and reference herein to such an offer shall be read and construed accordingly.

(f) Winding up

If an order is made or an effective resolution is passed for winding up the Company (except for the purpose of reconstruction or amalgamation on terms sanctioned by a special resolution), each Warrantholder shall (if, in such winding up and on the basis that all Bonus Warrants then unexercised had been exercised in full and the subscription moneys therefore had been received in full by the Company, there would be a surplus available for distribution amongst the holders of the Ordinary Shares which, on such basis, would exceed in respect of each Ordinary Share a sum equal to the Exercise Amount) be treated as if immediately before the date of such order or resolution their Subscription Rights had been exercisable and had been exercised in full, on the terms on which the same could have been exercised immediately before the date of such order or resolution (as the case may be) (subject to any adjustment of Subscription Rights pursuant to the terms of the Bonus Warrant Instrument), and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of the Ordinary Shares such sum as they would have received had they exercised their Subscription Rights in full and become the holder of the Ordinary Shares to which they would have become entitled by virtue of such subscription after deducting a sum per Ordinary Share equal to the Exercise Amount. Nothing contained in this clause shall have the effect of requiring the Warrantholder to make any actual payment to the Company. Subject to the foregoing all Subscription Rights shall lapse on liquidation, winding up or dissolution of the Company.

(g) Adjustment of Subscription Rights

After an allotment of fully paid Ordinary Shares by way of capitalisation of the Company's profits or reserves to holders of Ordinary Shares on the register of members on a date (or by reference to a record date) on or before the end of the Subscription Period (other than a capitalisation issue in respect of a cash dividend where the value of the Ordinary Shares issued in lieu of the cash dividend is equal to the amount of the dividend foregone) or upon a sub-division or consolidation of the Ordinary Shares on or before the end of the Subscription Period, the number of Ordinary Shares to be subscribed on any subsequent exercise of the Subscription Rights will be increased or, as the case may be, reduced in due proportion and the Exercise Amount will be adjusted accordingly, with effect from the record date for such capitalisation, sub-division or consolidation. On any such capitalisation, sub-division or consolidation the auditors shall be requested by the Directors to determine the appropriate adjustments and, within 28 days thereafter, notice will be sent to each holder of a Bonus Warrant (in the case of joint holders, to the first named only, which shall be sufficient despatch for all) together with a new Bonus Warrant certificate in respect of any additional Ordinary Shares which that holder is entitled to subscribe in consequence of such adjustments, fractional entitlements being ignored.

If, on a date (or by reference to a record date) on or before the end of the Subscription Period, the Company makes an offer or invitation (whether by rights issue or otherwise but not being an offer by the Company for the purchase of its own shares to which the provisions of the Bonus Warrant

Instrument applies) or, an offer made in connection with the scrip dividend arrangements to the holders of the Ordinary Shares, or any offer or invitation (not being an offer to which the provisions of applies) is made to such holders otherwise than by the Company, then unless the same offer or invitation is made to the Warrantholders as if their Subscription Rights had been exercised on the day immediately preceding the date or, as the case may be, the record date, of such offer or invitation, the Exercise Amount shall be adjusted in such manner as the Auditors shall determine to be appropriate so as to maintain the same relative Subscription Rights. Any such adjustment shall become effective as at the date or, as the case may be, the record date for the offer or invitation. The Company shall give notice to the Warrantholders within 28 days of any adjustment made pursuant to this paragraph (b).

If on a date (or by reference to a record date) on or before the end of the Subscription Period the Company pays a special dividend following a disposal of all or a substantial proportion of its business or assets, the number of Ordinary Shares to be subscribed on any subsequent exercise of the Subscription Rights will be adjusted pro rata to the reduction in the net asset value of the Company following the payment of such dividend. On any payment of such dividend the auditors shall be requested by the Directors to certify the appropriate adjustments and, within 28 days thereafter, notice thereof will be sent to the Warrantholders.

18.4 **Transfer**

The Bonus Warrants are not transferable.

18.5 **Modification of rights**

Any modification to the Bonus Warrant Instrument may be effected only by deed poll, executed by the Company and expressed to be supplemental to the Warrant Instrument, and, save in the case of a modification which is of a formal, minor or technical nature or made solely to correct a manifest error, only if it shall first have been approved by an extraordinary resolution of the Warrantholders.

18.6 **Purchase**

The Company may at any time purchase Bonus Warrants:

(a) by tender at any price; or

(b) by private treaty at any price.

All Bonus Warrants purchased shall be cancelled forthwith and may not be reissued or sold.

18.7 **General**

(a) Bonus Warrants not to be quoted on a public exchange

No application has been, or is intended to be, made to any listing authority, stock exchange or other market for the Bonus Warrants to be listed or otherwise traded.

(b) Exercise of Bonus Warrants will not constitute an offer of transferable securities to the public

Since the total value of the maximum amount of Ordinary Shares at the Exercise Amount on exercise of the Bonus Warrants will be less than €5,000,000 (or an equivalent amount), the issue of the Bonus Warrants will not constitute an offer of transferable securities to the public within the meaning of Section 85 and 103B of FSMA and therefore a prospectus is not required. If, for any reason, applications are received for Ordinary Shares at the Exercise Amount which equal or exceed €5,000.000 (or an equivalent amount), the applications will be scaled back accordingly as the Directors see fit.

(c) Bonus Warrants to be in certificated or uncertificated form

The Bonus Warrants may be issued in certificated or uncertificated form.

19. RELATED PARTY TRANSACTIONS

Save for the amendments to the arrangements with Corsair, described in paragraph 17 of Part I of this document and as set out in paragraph 17 of this Part IV, the Company has not entered into any related party transactions (being those set out in the standards adopted according to Regulation (EC) No.

1606/2002) in the last three financial years preceding the date of this document and up to the date of this document.

20. LEGAL AND ARBITRATION PROCEEDINGS

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the 12 months preceding the date of this document, a significant effect on the Company and/or the Group and/or its financial position or profitability.

21. GENERAL

21.1 Save as disclosed in this Part IV of this document, no government, regulatory authority or similar body, company or person (excluding the Company's professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within the twelve months preceding the date of this document or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following: (i) fees totalling £10,000 or more; (ii) securities in the Company with a value of £10,000 or more calculated by reference to the Issue Price; or (iii) any other benefit with a value of £10,000 or more as at Admission.

21.2 The total expenses in relation to Admission are estimated to amount to approximately £500,000.

21.3 Save as set out in this document, the Company is not dependent on patents or licences or industrial, commercial or financial contracts or new manufacturing processes which are material to its business or profitability.

21.4 Save as set out in this document, the Directors are not aware of any environmental issues that could affect the Company's utilisation of its tangible fixed assets.

21.5 Save as disclosed in this document, the Company has no principal investments for each of the financial years ended 30 April 2013, 2014 and 2015, there are no principal investments in progress and there are no principal future investments on which the Board has made a firm commitment.

21.6 Save as set out in this document, the Company is not aware of any significant recent trends in production, sales and inventory, and costs and selling prices since the end of its previous financial year and is similarly not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects in its current financial year.

21.7 Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

22. MANDATORY TAKEOVER ARRANGEMENTS

The Company is subject to the provisions of the Takeover Code. Under Rule 9 of the Takeover Code, when a person acquires shares which, when taken together with shares already held by him or persons acting in concert with him (as defined in the Takeover Code), carry 30 per cent. or more of the voting rights of a Code Company, or any person, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of a Code Company, and such person or any person acting in concert with him, acquires additional shares which increases his percentage of the voting rights in the company, then, in either case, that person together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him or any person acting in concert with him for shares in that company within the preceding twelve months, for all of the remaining equity share capital of the company.

The Ordinary Shares will be subject to the compulsory acquisition procedures set out in section 160 of the Act, which provides that where there is a scheme or contract (within the meaning of section 160 of the Act) involving the transfer of shares in the Company to another company (the "transferee") and the transferee

receives valid acceptances in respect of, or acquires, more than nine tenths in value of the shares to which the scheme or contract relates, that transferee is entitled to compulsorily acquire the shares which have not been acquired or contracted to be acquired.

Section 161 of the Act provides that a shareholder dissenting from a merger, consolidation or arrangement (within the meaning of section 161 of the Act) shall be entitled to payment of fair value of their shares. Under this procedure the dissenting shareholder is required to give written notice of their objection to the relevant proposed action before the vote authorising such proposed action is taken. If a merger, consolidation or arrangement is approved, there follows a set procedure of notice, confirmation and offers relating to the purchase of the dissenting shareholders shares by the Company (as set out in section 161 of the Act). Fair value for such shares, if not agreed between the Company and the dissenting shareholder in accordance with the procedure set out in section 161 of the Act, is determined by appraisers appointed in accordance with section 161(8) of the Act.

There has been no scheme or contract (within the meaning of section 160 of the Act), or offer pursuant to Rule 9 of the Takeover Code, for any Ordinary Shares during the Company's current financial year.

23. CONSENTS

Cantor Fitzgerald has given and not withdrawn its consent to the inclusion of its name and references to it in this document in the form and context in which they appear.

Gaffney, Cline & Associates has given and not withdrawn its consent to the inclusion of its name and references to it in this document in the form and context in which they appear.

Cornhill Capital has given and not withdrawn its consent to the inclusion of its name and references to it in this document in the form and context in which they appear.

24. AUDITORS

The auditors of the Company for the period from 2007 to 3 April 2016 were KPMG Audit LLC whose registered address is at Heritage Court, 41 Athol Street, Douglas, Isle of Man IM99 1HN. On 3 April 2016 BDO were appointed as the Company's auditors and their registered address is at 55 Baker Street, London W1U 7EU.

25. NO SIGNIFICANT CHANGE STATEMENT

Save as set out in this document, there has been no significant change in the trading or financial position of the Group since 31 October 2015, the date to which the last unaudited accounts of the Group were prepared.

ANDALAS ENERGY AND POWER PLC

(Incorporated and registered in the Isle of Man under the Isle of Man Companies Act 2006 with company number 010493V)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the members of the Company will be held at the offices of Watson Farley & Williams LLP, 15 Appold Street, London EC2A 2HB on 13 May 2016 at 10.00 a.m. to consider and, if thought fit, pass the following resolutions.

Ordinary Resolutions

1. THAT, subject to and conditional upon the passing of Resolutions 2 and 3, for the purposes of Rule 14 of the AIM Rules for Companies, the proposed farm-in transaction on the terms and conditions contained in the TOE Farm-in Agreement dated 8 March 2016 between the Company and PT Akar Golindo as further described in the admission document of the Company dated 27 April 2016 of which this notice forms part (the "Admission Document") be and is hereby approved and ratified and the Directors of the Company (or any duly constituted committee thereof) be and are hereby authorised to take all steps necessary to effect that transaction with such modifications, variations, amendments or revisions and to do, or procure to be done, such other things in connection with that transaction as they consider appropriate.

2. THAT, subject to and conditional upon the passing of Resolution 1, the Directors be generally and unconditionally authorised in accordance with article 5.2 of the Articles (as defined in the Admission Document) to exercise all of the powers of the Company to allot:

   (a) the New Ordinary Shares (as defined in the Admission Document);

   (b) ordinary shares of no par value in the capital of the Company ("Ordinary Shares") in connection with the exercise or conversion of the existing Options and Warrants (each as defined in the Admission Document);

   (c) the Bonus Warrants, the Warrant Shares and the Corsair Warrant Shares (each as defined in the Admission Document);

   (d) the Corsair Contingent Consideration Shares (as defined in the Admission Document); and

   (e) Ordinary Shares (or to grant rights to subscribe for or to convert any security into such Ordinary Shares) (in addition to the authorities conferred in sub-paragraph (a), (b), (c) and (d) above) up to an aggregate maximum number of 1,500,000,000 Ordinary Shares (representing approximately 61 per cent. of the Company's Enlarged Share Capital (as defined in the Admission Document);

   such authority to expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company or, if earlier, the date 15 months after the date of passing this Resolution, provided that this authority shall allow the Company, before such expiry, to make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted after this authority expires and the Directors may allot Ordinary Shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Special Resolutions

3. THAT, subject to and conditional upon the passing of Resolution 1 and 2 and the provisions of article 5.5 of the Articles requiring shares proposed to be issued for cash first to be offered to the members in proportions as near as may be to the number of the existing shares held by them respectively be and are hereby disapplied in relation to:

   (a) the allotment of Ordinary Shares pursuant to a rights issue and otherwise pursuant to a rights issue, open offer, scrip dividend scheme or other pre-emptive offer or scheme which is in each case in favour of holders of Ordinary Shares and any other persons who are entitled to participate in such issue, offer or scheme where the equity securities offered to each such holder and other person are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held or deemed to be held by them for the purposes of their inclusion in such issue, offer or scheme on the record date applicable thereto, but subject to such exclusions or other

arrangements as the Directors may deem fit or expedient to deal with fractional entitlements, legal or practical problems under the laws of any overseas territory, the requirements of any regulatory body or stock exchange in any territory, shares being represented by depositary receipts, directions from any holders of shares or other persons to deal in some other manner with their respective entitlements or any other matter whatever which the Directors consider to require such exclusions or other arrangements with the ability for the Directors to allot equity securities not taken up to any person as they may think fit; and

(b) the allotment of the New Ordinary Shares;

(c) the allotment of Ordinary Shares in connection with the exercise or conversion of the existing Options and Warrants;

(d) the Bonus Warrants, the Warrant Shares and the Corsair Warrant Shares (each as defined in the Admission Document):

(e) the allotment of the Corsair Contingent Consideration Shares; and

(f) the allotment of Ordinary Shares for cash (otherwise than pursuant to sub-paragraph (a), (b), (c), (d) and (e) above up to an aggregate maximum number of 1,500,000,000 Ordinary Shares (representing approximately 61 per cent. of the Company's Enlarged Share Capital (as defined in the Admission Document);

such disapplication to expire on the same date as the expiration of any authority given in Resolution 2, provided that this disapplication shall allow the Company, before such expiry, to make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted after this disapplication expires and the Directors may allot such Ordinary Shares in pursuance of such an offer or agreement and in pursuance of any agreement existing prior to the passing of this Resolution as if the disapplication conferred hereby had not expired.

4. THAT the Company adopts the Amended Articles (as defined in the Admission Document) in the form initialled by the Chairman of the meeting in substitution for and to the exclusion of the Articles (as defined in the Admission Document).

By Order of the Board

P Scales
Company Secretary

Registered Office:
IOMA House,
Hope Street,
Douglas,
Isle of Man IM1 1AP

Date: 27 April 2016

Notes:

1. A member entitled to attend and vote may appoint a proxy or proxies who need not be a member of the Company to attend and vote instead of him or her.

2. A Form of Proxy is enclosed which, to be valid, must be completed and delivered, sent by post or sent by email to gdevlin@fim.co.im or by facsimile to + 44 (0)1624 681392 together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy or copy in some other manner approved by the directors of such authority) to FIM Capital Limited, IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP so as to arrive not later than 10.00 a.m. on 11 May 2016 or, in the event that the meeting is adjourned, not later than 48 hours before the time appointed for the meeting or any adjournment thereof.

3. The completion and return of a form of proxy will not, however, preclude shareholders from attending and voting in person at the meeting or at any adjournment therefore, should they wish to do so.

4. If two or more persons are jointly entitled to a share conferring the right to vote, any one of them may vote at the meeting either in person or by proxy, but if more than one joint holder is present at the meeting either in person or by proxy, the one whose name stands first in the register of members in respect of the joint holding shall alone be entitled to vote in respect thereof. In any event, the names of all joint holders should be stated on the form of proxy.

5. A vote given by a proxy or authorised representative of a company is valid notwithstanding termination of his authority unless notice of the termination is received at the Company's registrars address as set out in paragraph 2 above (or at such other place at which the instrument of proxy was duly received) at least forty-eight hours before the time fixed for holding the meeting or adjourned meeting at which the vote is given.

6. The Company, pursuant to Regulation 22 of the Uncertificated Securities Regulations 2006 (Isle of Man), specifies that only those members registered in the register of members as at 10.00 a.m. on 11 May 2016 (or in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjournment meeting) shall be entitled to attend or vote at the meeting in respect of the ordinary shares registered in their name at that time. Changes to entries on the register of members after 10.00 a.m. on 11 May 2016 (or, in the event that the meeting is adjourned, on the register of members less than 48 hours before the time of any adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.

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