

## **Pilona**

### Overview

Through our wholly owned subsidiary EVB, we own an 84.0% operating Working Interest (acquired over the period between December 2006 and August 2007) in the Pilona TAC, with Sun Global, a privately-owned company held by an unrelated third party, holding the remaining 16.0%. Pilona is a mature producing onshore oil property consisting of three fields (Tanjung Lontar, Sengkuang and Araham-Banjarsari) located within the Southern Palembang sub-basin of the South Sumatra basin. See “—*Geological Description*”. The contract area is approximately 33 km<sup>2</sup> and is approximately 120 km west of Palembang. All three fields at the Pilona property are mature and were discovered before World War II. The Pilona TAC was awarded in 1996 and commercial production began in 2000.

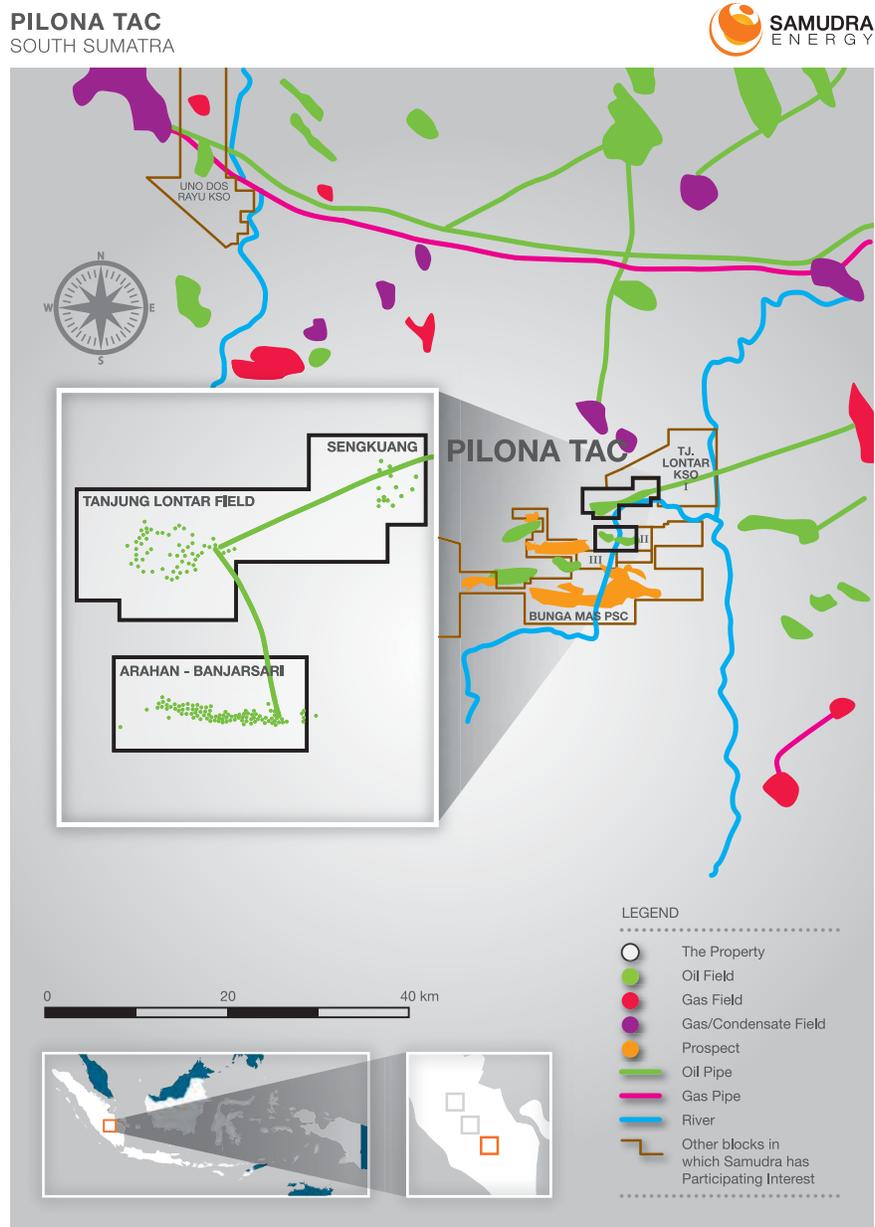
The following table summarizes certain key features of the Pilona TAC:

<b>Contract Type</b>	TAC
<b>Participants</b>	Pilona Petro Tanjung Lontar Ltd (“ <b>PPTL</b> ”) (100.0%) PPTL is owned indirectly by EVB (84.0%) and Sun Global (16.0%)
<b>Operator</b>	PPTL
<b>Location</b>	Southern Palembang sub-basin of the South Sumatra Basin
<b>Contract Area</b>	33 km <sup>2</sup>
<b>Contract Term</b>	20-year TAC to expire in October 2016
<b>Discovered Fields</b>	Arahan-Banjarsari, Sengkuang, Tanjung Lontar
<b>Working Interest share of 2P Reserves</b>	283 mbo liquids, 1,201 mmcf gas (Total—490 mboe)
<b>Working Interest share of 2C Marginal Resources</b>	178 mbo liquids, 953 mmcf gas (Total—343 mboe)
<b>Working Interest share of 2C Undetermined Resources</b>	2,165 mmcf gas (Total—373 mboe)
<b>Working Interest share of Mean Estimate Prospective Resources</b>	0.0 mboe <sup>(1)</sup>
<b>Working Interest share of Production</b>	326 bopd (three months ended March 31, 2014)

**Note:**

(1) As set forth in the DeGolyer & MacNaughton Canada Limited Report, the BM-2 prospect is attributed with 14,266 mboe of mean estimate prospective resources and which is shared by Pilona, Bunga Mas and Tanjung Lontar. See “—Our Contract Areas—South Sumatra Basin—Tanjung Lontar—Reserves and Resources Volumes”.

The following map shows the location of our Piona asset:



Piona produces high quality light sweet crude at an average gravity of up to 47°API from the Pliocene age Muara Enim sandstone formation. For the three months ended March 31, 2014, our average daily Working Interest share of oil production reached 326 bopd.

The Piona TAC expires in October 2016 and, given the exploration potential from the deeper and untapped Air Benakat, Talang Akar and Batu Raja formations and potential synergies and infrastructure sharing with our other assets in the proximity (Tanjung Lontar KSO and Bunga Mas PSC), we are considering whether to seek to extend our interest in these fields through the establishment of a KSO with Pertamina. Based on existing 2D and 3D seismic data for the contract area, we believe there may be upside potential in the unexplored deeper Air Benakat, Talang Akar and Batu Raja formations within the contract area. These formations can be tested and proven provided a contract extension is received.

As stated in the DeGolyer & MacNaughton Canada Limited Report, the Pilona field has remaining Working Interest 2P reserves of 490 mboe and Working Interest 2C marginal contingent resources of 343 mboe and Working Interest 2C undetermined contingent resources of 373 mboe.

Our success at Pilona to reduce natural production decline has been based on the implementation of EOR techniques at the mature Pilona fields. See “—Our EOR Expertise”. Furthermore, we have been approved by SKK Migas to commercialize the associated gas, which is currently being used as fuel for on-site power generation and being flared. The buyer of this associated gas is a company controlled by the regional government of the South Sumatra Province. Pertamina is finalizing the GSA with the purchaser and targets first gas sales by the end of 2014.

#### Exploration and Development History

The key feature of our operatorship of the Pilona TAC has been the success of a pilot EOR program initiated and carried out by us. For example, production at the Araham-Banjarsi field increased from 110 bopd to 218 bopd within five months of commencement of our EOR program. See “—Our EOR Expertise—Pilona—Our Surfactant Injection Pilot Program”.

#### Reserves and Resources Volumes

Our Working Interest share of reserves and resources at the Pilona TAC as of March 31, 2014 is set out below:

	<u>Working Interest</u>	
	<u>Oil</u>	<u>Gas</u>
	<i>(mbo)</i>	<i>(mmcf)</i>
<b>Reserves<sup>(1)</sup></b>		
1P .....	244	916
2P .....	283	1,201
3P .....	310	1,460
<b>Contingent Resources<sup>(1)</sup></b>		
1C marginal .....	71	339
2C marginal .....	178	953
3C marginal .....	308	1,809
1C undetermined .....	-	632
2C undetermined .....	-	2,165
3C undetermined .....	-	6,017
<b>Prospective resources<sup>(2)</sup></b>		
Low estimate .....	0	0
Best estimate .....	0	0
High estimate .....	0	0
<b>Prospective resources mean estimate<sup>(2)</sup></b> .....	0	0
<b>P<sub>g</sub> Adjusted mean estimate<sup>(2)</sup></b> .....	0	0

**Notes:**

(1) Attributable to the Muara Enim formation.

(2) As set forth in the DeGolyer & MacNaughton Canada Limited Report, the BM-2 prospect is attributed with 14,266 mboe of mean estimate prospective resources and which is shared by Pilona, Bunga Mas and Tanjung Lontar. See “—Our Contract Areas—South Sumatra Basin—Bunga Mas—Reserves and Resources Volumes”.

We are also investigating 2C gas resources in the Tanjung Lontar and Sengkuang fields to confirm original gas in place (“OGIP”) and to explore options for commercialization. One of the prospective resources is shared by Pilona with Bunga Mas and Tanjung Lontar, which we are seeking to exploit in the medium term.

We have discovered a new producing layer in Sengkuang field and have initiated an evaluation of the deeper Air Benakat formation over the producing fields. This formation is a known oil producer in other fields including Meruap and upon further evaluation could have the potential to increase prospective resources.

### Production

Of the 150 wells that have been drilled on the Piona contract area, more than 40 are currently producing and the remainder are either temporarily shut in, being used as a water source or are no longer capable of production. The wells at each of the fields at Piona are connected to a gathering station at Sengkuang, from where the oil is transported approximately 48 km via pipeline to the Pertamina custody transfer point. At Sengkuang, we own three 1,000 bbls capacity storage tanks and two 40 hp oil transfer pumps, each with a capacity of 2,000 bopd. At the custody transfer point, we use three 1,000 bbls capacity storage tanks and two 125 hp oil transfer pumps. Our average daily Working Interest share of oil production reached 326 bopd by March 31, 2014.

### Sales and Marketing

All production in the Piona contract area is sold directly to Pertamina at the ICP pursuant to the Piona TAC. See “—*Fiscal Terms—Oil Sales Revenue*”.

### Future Development Plan

Our main strategy at Piona is to continue with a program of drilling, workovers and EOR programs. We are also considering seeking an extension of the Piona TAC, which expires in 2016.

We are investigating the contingent resources (gas) identified by DeGolyer & MacNaughton Canada Limited in the Tanjung Lontar and Sengkuang fields in order to confirm OGIP to allow us to explore options for commercialization. In addition, we have begun using the associated gas, which was being flared, as fuel for onsite power generation at the Sengkuang and Tanjung Lontar fields. We have been approved by SKK Migas to commercialize the associated gas, with the buyer to be a regional company controlled by the regional government of Lahat in the South Sumatra province.

### Ownership and Operating Agreements

Pertamina and PPTL entered into the Piona TAC on October 7, 1996 for a 20-year term. It is a standard TAC in all material respects. Regarding the general terms of TACs see “*Indonesian Regulations—Legal Regime for the Oil and Gas Industry*”.

See “—*Fiscal Terms*” for the specific fiscal terms of the Piona TAC.

PPTL owns a 100% Working Interest in the Piona TAC. We have enjoyed a cooperative working relationship with Sun Global, the 16% indirect owner of the Piona TAC, since we became involved in the asset in 2006.

## ***Uno Dos Rayu***

### Overview

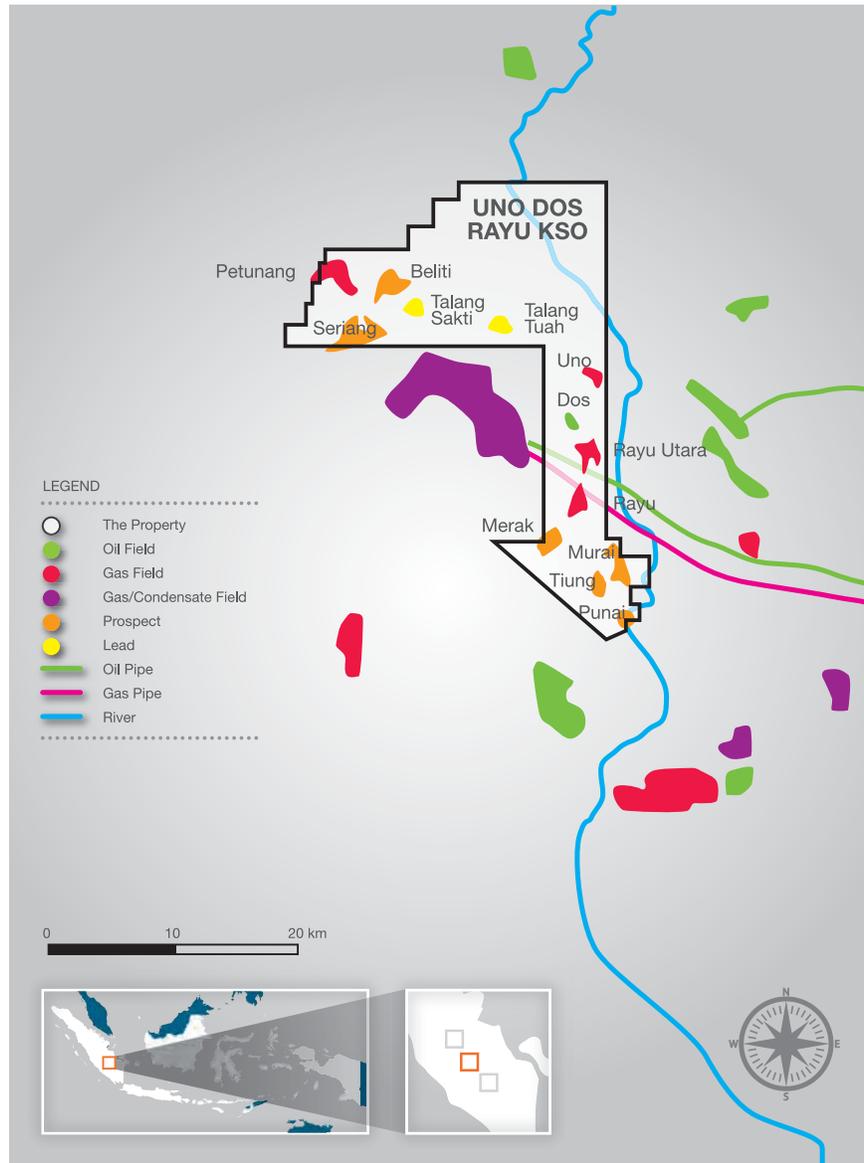
We own a 50.0% joint-operated indirect Working Interest in the Uno Dos Rayu KSO through a 50.0% shareholding interest in IHEL, the 100.0% Working Interest owner in the Uno Dos Rayu KSO. Our partner and the joint-operator of the Uno Dos Rayu KSO, Indrillco, a private Indonesian company, holds the remaining 50.0% shareholding interest in IHEL. Uno Dos Rayu is an onshore producing and appraisal asset located within the South Sumatra basin, between the Meruap and Piona properties and is surrounded by mature fields. For more details, see “—*Geological Description*”. The contract area is approximately 342 km<sup>2</sup> and includes the Uno, Dos, Rayu, Seriang and Rayu Utara gas and Petunang oil discoveries.

The following table summarizes certain key features of the Uno Dos Rayu KSO:

<b>Contract Type</b>	KSO
<b>Participants</b>	IHEL (100.0%) IHEL is owned by our Company (50.0%) and Indrillco (50.0%)
<b>Operator</b>	Joint Operatorship with Indrillco
<b>Location</b>	South Sumatra Basin
<b>Contract Area</b>	342 km <sup>2</sup>
<b>Contract Term</b>	20-year KSO to expire in December 2027
<b>Discovered Fields</b>	Uno, Dos, Rayu, Seriang, Rayu Utara, Petunang
<b>Working Interest share of 2P Reserves</b>	292 mbo liquids, 542 mmcf gas (Total—385 mboe)
<b>Working Interest share of 2C Marginal Resources</b>	451 mbo liquids, 30,623 mmcf gas (Total—5,731 mboe)
<b>Working Interest share of 2C Undetermined Resources</b>	0.0 mbo liquids, 0.0 mmcf gas (Total—0.0 mboe)
<b>Working Interest share of Mean Estimate Prospective Resources</b>	3,517 mboe
<b>First Production</b>	October 2013 (Petunang)

The following map shows the location of our Uno Dos Rayu asset.

**UNO DOS RAYU KSO**  
SOUTH SUMATRA



Uno Dos Rayu KSO covers an onshore producing and appraisal area located within the South Sumatra Basin, between the Meruap and Piona assets and is surrounded by established and producing oil and gas fields. It is located next to Pertamina’s oil and gas producing Musi field and near the Pagardewa and Merbau fields. As stated in the DeGolyer & MacNaughton Canada Limited Report, the Uno Dos Rayu asset has Working Interest 2P reserves of 385 mboe and Working Interest 2C resources of 5,731 mboe (5,731 mboe 2C marginal resources and 0.0 mboe 2C undetermined resources).

In October 2013, we commenced first oil production from the Petunang field, a 2012 discovery, and first revenue is expected during 2014, having received approval from Pertamina on our submitted POP proposal in August 2013. Due to our strong relationship and track record with Pertamina, we were able to obtain the POP approval on an expedited basis, demonstrating our ability to expeditiously convert discoveries into production.

A POD for the Rayu Utara gas field was submitted for approval in December 2012. Following discussions with SKK Migas, this POD was re-submitted in February, 2014, and following

approval being granted in July 2014, we believe first gas production will occur by 2015. We intend to submit a POFD for the Uno, Dos and Rayu gas fields to be developed as satellites with the Rayu Utara field in 2014 and we believe this POFD will be approved shortly after submission. A commercialization team has been established to evaluate the potential market for the gas produced from the Uno, Dos, Rayu and Rayu Utara fields and to develop appropriate facilities. Currently, we expect to sell the gas produced from these fields at the wellhead.

#### Exploration and Development History

Within 13 months of the acquisition of our interest in December 2007, we discovered the Rayu Utara gas field in the Batu Raja and Gumai formations in the central part of the contract area. IHEL drilled two exploration wells in the Rayu Utara gas field in order to confirm the presence of hydrocarbons and we believe that no further appraisal will be required. We intend to put the Rayu Utara gas field into production while continuing to produce the Petunang oil discovery.

The exploration period under the Uno Dos Rayu KSO will expire in December 2015. Of the 12 exploration well commitments under the KSO, eight wells have been drilled and the remaining four wells are expected to be drilled in 2014 and 2015.

#### Reserves and Resources Volumes

Uno Dos Rayu is an oil producing and gas development asset with production having already commenced on the Petunang field. However, it also remains an asset with significant exploration and appraisal potential. DeGolyer & MacNaughton Canada Limited has ascribed 292 mbo of oil and 542 mmcf of associated gas of Working Interest 2P reserves, based on drilling results of the Petunang well.

The initial test rate at one of the wells (RUT-1) was 6.6 mmcf/d of gas and 36 boepd of condensate over 12 hours, through a 24/64 inch choke from the Batu Raja formation as well as 3.4 mmcf/d of gas and 40 boepd of condensate over 25 hours, through a 24/64 inch choke from the Gumai formation. The initial test rate at the other well (RUT-2) was 4.7 mmcf/d of gas and 33 boepd of condensate over 72 hours, through a 24/64 inch choke from the Batu Raja formation. The results of the gas analysis showed 87.0% methane, 3.0% carbon dioxide and no hydrogen sulfide. Two zones were completed and tested separately to improve the quality of the analysis and to assess the productivity of each zone.

The Uno, Dos and Rayu fields are existing discoveries made by Pertamina prior to the KSO award. DeGolyer & MacNaughton has ascribed 30,623 mmcf gas and 451 mboe of condensate of Working Interest 2C contingent resources to the Rayu Utara, Uno, Dos and Rayu fields (all 2C marginal resources). A POD for the Rayu Utara field was approved by SKK Migas in July 2014. Following POD approval, we believe the Rayu Utara resources are eligible to be classified as reserves, increasing our 2P reserves accordingly. See *“Appendix C—DeGolyer & MacNaughton Canada Limited Report”* at pages 95 to 96 of the DeGolyer & MacNaughton Canada Limited Report for DeGolyer & MacNaughton Canada Limited’s summary of factors that can cause the reclassification of resources to reserves.

Our Working Interest share of resources at the Uno Dos Rayu KSO as of March 31, 2014 is set out below:

	Working Interest	
	Oil	Gas
	(mbo)	(mmcf)
<b>Reserves<sup>(1)</sup></b>		
1P .....	107	231
2P .....	292	542
3P .....	505	897
<b>Contingent Resources<sup>(1)</sup></b>		
1C marginal .....	418	28,371
2C marginal .....	451	30,623
3C <sup>(2)</sup> marginal .....	486	33,536
1C undetermined .....	-	-
2C undetermined .....	-	-
3C <sup>(2)</sup> undetermined .....	-	-
<b>Unrisked prospective resources<sup>(2)</sup></b>		
Low estimate .....	-	7,139
Best estimate .....	-	18,112
High estimate .....	-	37,142
<b>Prospective resource mean estimate<sup>(2)</sup></b> .....	-	20,396
<b>P<sub>g</sub> Adjusted Mean estimate<sup>(2)</sup></b> .....	-	4,404

**Notes:**

- (1) Attributable to the Petunang field.
- (2) Attributable to all fields.

Production

POP approval for the Petunang field was received in August 2013, and production was brought onstream in October 2013. DeGolyer & MacNaughton Canada Limited has forecasted the Petunang field to produce up to approximately 244 bopd and 453 mcf/d gas (our Working Interest) by 2016. See “Appendix C—DeGolyer & MacNaughton Canada Limited Report” at table 10C of the DeGolyer & MacNaughton Canada Limited Report. This is based on IHEL’s intention to drill an additional four wells on the Petunang field to expand production ability, subject to obtaining POD approval for such expansion and rig availability for the development drilling.

Currently, it is intended that IHEL will sell the gas produced from the Rayu Utara field at the wellhead, requiring limited construction by IHEL of gas transportation facilities. A gathering station owned by Pertamina is in place on a neighboring contract area approximately 8 km from the Rayu Utara field, and accordingly a pipeline would be required to enable any purchaser to collect the gas. Oil is stored in storage tanks at the Petunang field and then transported by truck to Pertamina’s receiving facility on the Musi field adjacent to the Uno Dos Rayu contract area.

Appraisal and Development Plan

We believe that the Uno (gas), Dos (oil) and Rayu (gas) fields can be exploited commercially in conjunction with, and by tying into, the Rayu Utara production facilities. A POFD is being prepared for these three fields, to be submitted following approval of the Rayu Utara POD.

We believe that there is additional upside potential for oil and gas in the asset from exploration activities. We plan to conduct 65 km<sup>2</sup> of 3D seismic survey in 2014 in order to understand the extent of the Petunang structure and to identify potential satellites, as well as further appraisal of the Seriang prospect in the northern part of the contract area. We plan to further appraise the Petunang field, subject to the results of the seismic survey, and to test other prospects in the Uno Dos Rayu contract area. DeGolyer & MacNaughton Canada

Limited has identified eight prospects in the contract area and has estimated approximately 20,396 mmcf of Working Interest mean estimate prospective gas resources.

### Sales and Marketing

Marketing contracts for the Rayu Utara gas field are expected to be finalized following IHEL's receipt of POD approval in July 2014. We expect the GSA to contain terms reflecting the prevailing market condition, including a determined gas price with an embedded escalation feature.

Oil production, including from Petunang, will be sold directly to Pertamina at the prevailing ICP. See "*—Fiscal Terms—Oil Sales Revenue*".

### Operating and Ownership Agreements

The Uno Dos Rayu KSO was signed on December 19, 2007 for a 20-year term. It is a standard KSO in all material respects. Regarding the general terms of KSOs, see "*Indonesian Regulations—Legal Regime for the Oil and Gas Industry*".

See "*—Fiscal Terms*" for the specific fiscal terms of the Uno Dos Rayu KSO.

We have enjoyed a cooperative working relationship with our partner Indrillco with respect to our interests in the Uno Dos Rayu KSO since 2007 and we believe that such good relations will be maintained in future. On February 27, 2014, we entered into a shareholders agreement with Indrillco to formalize our relationship as shareholders in IHEL, which sets forth our joint operating relationship with operational decisions requiring joint agreement and each party is subject to cash calls by IHEL.

## ***Bunga Mas***

### Overview

We own a 49.0% interest in the Bunga Mas PSC, 24.0% directly through our wholly owned subsidiary Dorato Fiore Pacifico Limited ("**DFP**") and 25.0% indirect controlling interests in PT Bunga Mas Energi through our wholly owned subsidiary AVIL. Bunga Mas is an exploration asset located within the Southern Palembang sub-basin of the South Sumatra basin. For more details, see "*—Geological Description*". The asset is adjacent to a number of producing assets, including Pilona. The post-relinquishment contract area is approximately 448 km<sup>2</sup>. The Bunga Mas PSC was granted in October 2005.

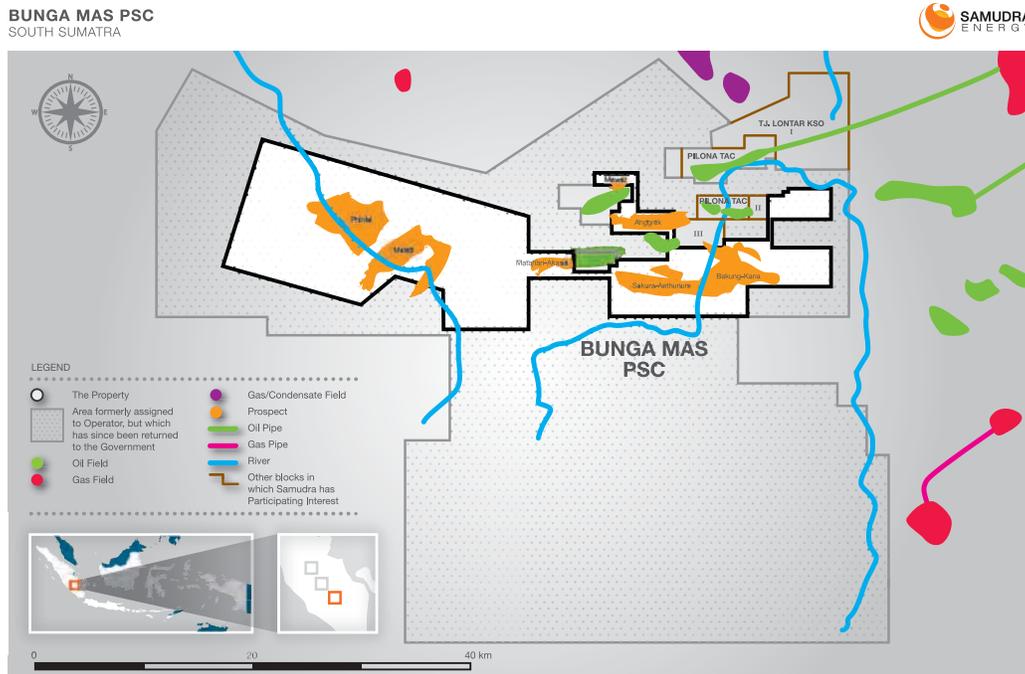
The following table summarizes certain key features of the Bunga Mas PSC:

<b>Contract Type</b>	PSC
<b>Participants</b>	BMIC: 51.0% Our Company: 49.0% (economic interest)
<b>Operator</b>	BMIC
<b>Location</b>	Southern Palembang sub-basin of the South Sumatra basin
<b>Contract Area</b>	448 km <sup>2</sup>
<b>Contract Term</b>	30-year PSC to expire in October 2035
<b>Working Interest share of Mean Estimate Prospective Resources<sup>(1)</sup></b>	34,648 mboe

**Note:**

(1) As set forth in the DeGolyer & MacNaughton Canada Limited Report, the BM-2 prospect is attributed with 14,266 mboe of mean estimate prospective resources and which is shared by Pilona, Bunga Mas and Tanjung Lontar. See "*—Our Contract Areas—South Sumatra Basin—Tanjung Lontar—Reserves and Resources Volumes*".

The map below shows the location of the Bunga Mas asset.



The Bunga Mas PSC covers an exploration area located within the Southern Palembang sub-basin of the South Sumatra basin. Fourteen prospects and leads have been identified within producing Air Benakat, Batu Raja and Talang Akar formations, four of which have prospective resources. We also believe that deeper Batu Raja and Talang Akar formations are under-explored and could potentially open up new opportunities if successfully tested. DeGolyer & MacNaughton Canada Limited estimates that these four prospects have approximately 16,539 mbo oil and 105,037 mmcf gas Working Interest mean estimate prospective resources (a total of 34,648 mboe).

We hold an aggregate 49.0% participating interest in the Bunga Mas PSC through the acquisition of indirect controlling interests in PT Bunga Mas Energi (“**BME**”) and direct controlling interests in DFP. Through DFP we initially acquired a 24.0% interest in September 2007. Through acquiring control of BME by purchasing US\$4.5 million mandatorily convertible bonds (the “**MCBs**”) issued by BME’s parent PBS (such amount based on the valuation of BME’s interest in the Bunga Mas PSC), we then acquired a further 12.5% interest in July 2008 and another 12.5% interest in December 2010. We are in the process of converting the MCBs, subject to necessary governmental approval and upon completion of the conversion, we will hold a direct controlling interest in BME through AVIL.

Bunga Mas PSC has fulfilled all contract area relinquishments required under the PSC by relinquishing 35.0% of the contract area in 2009 and a further 44.8% in early 2013. No parts of the asset in which resources have been attributed were relinquished. The Bunga Mas PSC will expire in 2035.

### Exploration and Drilling History

The asset is adjacent to our producing asset, Pilonia, and also surrounds the older producing Ramok and Senabing fields. The producing Musi (gas) and Jene (oil) fields are located to the northwest of the Bunga Mas PSC and a number of other oil producing fields are located to the north of the asset. BMIC completed drilling of four exploration wells in 2010, one well in 2011, and one well in 2012. It has tested gas in the Bunga Melati-1 well which was drilled in 2012 and has determined gas and oil indications in all other drilled wells planned to be tested by the end of 2014. During the second quarter of 2014, we conducted testing on three previously

drilled wells and discovered oil and gas volumes; the Bunga Matahari-1 well flowed gas from the Muara Enim formation and the Bunga Mawar-1 well flowed oil from the Air Benakat formation. We are conducting further studies on the discoveries and plan to submit a POD in 2015.

We are active in the operatorship of the Bunga Mas PSC in cooperation with our partner BMIC who is the operator of record for the concession. We have seconded members of our technical and operational team to assist BMIC with operations, with our team members holding the general and finance manager positions of the PSC. The extensive technical knowledge and experience we have gained by operating the Pilona asset for the past seven years provides additional insights into understanding and exploiting the asset's exploration potential. We have also carried out a substantial amount of proprietary seismic interpretation and petrophysical evaluation in and around the asset.

### Reserves and Resources Volumes

Bunga Mas PSC is an exploration and appraisal asset where there has been no production to date. DeGolyer & MacNaughton Canada Limited has attributed prospective resources to four prospects at Bunga Mas. One of these prospects, BM-2, is a large prospect shared by Pilona, Bunga Mas and Tanjung Lontar.

Our Working Interest share of resources at the Bunga Mas PSC as of March 31, 2014 is set out below:

	Working Interest	
	Oil	Gas
	(mbo)	(mmcf)
<b>Unrisked prospective resources<sup>(1)</sup></b>		
Low estimate .....	4,956	36,026
Best estimate .....	13,430	92,684
High estimate .....	32,899	193,930
<b>Prospective resources mean estimate .....</b>	<b>16,539</b>	<b>105,037</b>
<b>P<sub>g</sub> Adjusted mean estimate .....</b>	<b>2,646</b>	<b>11,644</b>

**Note:**

(1) Attributable to the Air Benakat and Talang Akar formations in the BM-1, BM-2, BM-3 and Sepatu prospects. As set forth in the DeGolyer & MacNaughton Canada Limited Report, the BM-2 prospect is attributed with 14,266 mboe of mean estimate prospective resources and is shared by Pilona, Bunga Mas and Tanjung Lontar. The entire resource potential of BM-2 was evaluated and allocated by DeGolyer & MacNaughton Canada Limited based on the geological extent of the structure which extends into the Bunga Mas and Pilona assets. Since we have interests in all three assets, assessment of the resource potential of this structure is based on a weighted average of our interest in all three assets and our aggregate proportionate share of resources for this structure has been assigned to Bunga Mas.

### Exploration and Development Potential

Fourteen prospects and leads have been identified at the Bunga Mas asset within the Muara Enim, Air Benakat, Batu Raja and Talang Akar formations. After the deep Melati well tested gas in Talang Akar formation, hydrocarbon indication in the Baturaja formation and discoveries of oil and gas volumes being made in the Air Benakat and Muara Enim formations in 2014, BMIC is reviewing its exploration strategy. Further testing and evaluations are required in the future to fully understand the extent of hydrocarbon presence in the Melati well. BMIC plans to proceed with drilling closer to the Pilona TAC and Tanjung Lontar KSO fields targeting the same productions zones at Pilona TAC (Muara Enim Formation). We believe this strategy will be of low to medium risk, given the proximity to Pilona TAC's producing wells. BMIC plans to drill four exploration wells between 2014 and 2015 to fulfill the exploration commitment under the PSC.

There is currently no infrastructure in place for the asset. However, given that Bunga Mas is located in a highly-developed oil and gas producing region, we expect there to be a number of infrastructure options available to it, including use of the Pilona TAC facilities.

## Ownership and Operating Agreements

BME, which currently owns a 25.0% participating interest in the asset, entered into a PSC (“**Bunga Mas PSC**”) with BP Migas on October 7, 2005. Regarding the general terms of PSCs, see “*Indonesian Regulations—Legal Regime for the Oil and Gas Industry*”.

See “*—Fiscal Terms*” for the specific fiscal terms of the Bunga Mas PSC.

BMIC and BME are party to a joint operating agreement (the “**Bunga Mas JOA**”) dated October 9, 2006, which was novated to add DFP as a party on November 20, 2007.

### ***Tanjung Lontar***

#### Overview

Through our subsidiary SETLL, we hold an 84.0% operated interest in the Tanjung Lontar KSO, with Sun Global holding the remaining 16.0%. After we conducted a joint study over the contract area, SETLL obtained a 100.0% interest in the Tanjung Lontar asset upon entering into a KSO with Pertamina on February 17, 2011, which will expire in 2031. Tanjung Lontar is an onshore exploration asset, comprised of three sub-blocks, located within the Southern Palembang sub-basin of the South Sumatra basin, adjacent to Pilona and Bunga Mas. For more details, see “*—Geological Description*”. The contract area is approximately 93 km<sup>2</sup>.

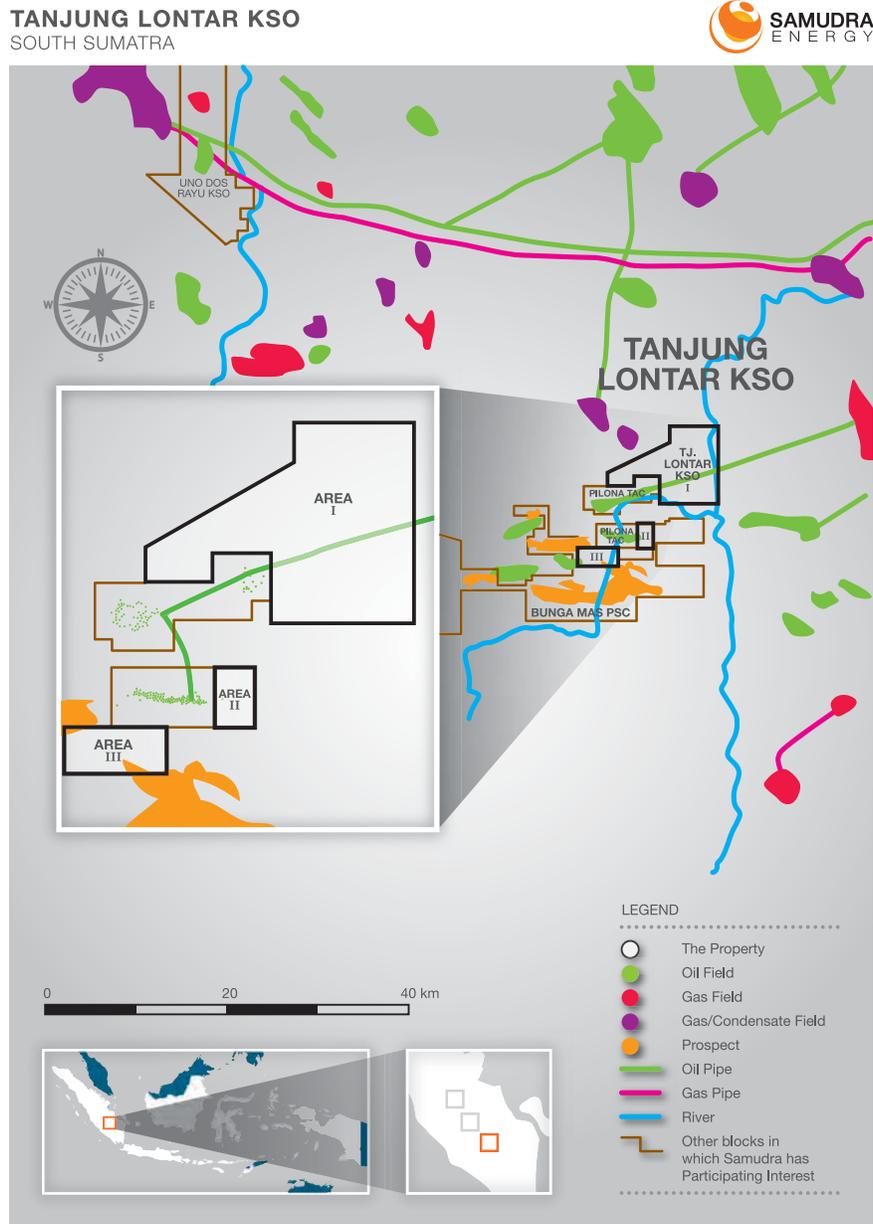
The following table summarizes certain key features of the Tanjung Lontar KSO:

<b>Contract Type</b>	KSO
<b>Participants</b>	SETLL (100%) SETLL is owned by our Group through our wholly-owned subsidiary, Samudra Energy Pilona Limited (84.0%) and Sun Global (16.0%)
<b>Operator</b>	SETLL
<b>Location</b>	Southern Palembang sub-basin of the South Sumatra basin
<b>Contract Area</b>	93 km <sup>2</sup>
<b>Contract Term</b>	20-year KSO to expire in February 2031
<b>Working Interest share of Mean Estimate Prospective Resources</b>	0.0 mboe <sup>(1)</sup>

**Note:**

(1) As set forth in the DeGolyer & MacNaughton Canada Limited Report, the BM-2 prospect is attributed with 14,266 mboe of mean estimate prospective resources and which is shared by Pilona, Bunga Mas and Tanjung Lontar. See “*—Our Contract Areas—South Sumatra Basin—Tanjung Lontar—Reserves and Resources Volumes*”.

The map below shows the location of the three sub-blocks (Areas I, II and III) that make up our Tanjung Lontar asset:



We believe that the close proximity of the Tanjung Lontar KSO to the Pilona field will allow us to share the existing resources and infrastructure at Pilona, so that we can economically exploit the Tanjung Lontar KSO.

#### Exploration and Drilling History

The Tanjung Lontar KSO contains 12 abandoned wells, which produced oil prior to World War II, and two wells that were drilled by a previous operator of the Pilona asset. We are investigating a number of leads and are processing and interpreting 118 km of 2D seismic data acquired in 2012 in order to define a suitable location for proposed exploration wells. The 2D seismic data covers mainly Areas I and portion of Areas II and III. In order to reduce costs and take advantage of our in-house experience, resources are being shared with the Pilona operations team. The Pilona team carried out and completed the joint study at Tanjung Lontar before the KSO was awarded and are also familiar with the prospectivity of the area from their experience at Pilona.

## Reserves and Resources Volumes

As set forth in the DeGolyer & MacNaughton Canada Limited Report, the BM-2 prospect is attributed with 14,266 mboe of mean estimate prospective resources and which is shared by Piona, Bunga Mas and Tanjung Lontar. The entire resource potential of BM-2 was evaluated and allocated by DeGolyer & MacNaughton Canada Limited based on the geological extent of the structure which extends into the Bunga Mas and Piona assets. Since we have interests in all three assets, assessment of the resource potential of this structure is based on a weighted average of our interest in all three assets and our aggregate proportionate share of resources for this structure has been assigned to Bunga Mas.

## Ongoing Activities

As required under the Tanjung Lontar KSO, we plan to drill one exploration well in 2014 and another in 2015.

## Development Potential

As the asset is in the exploration phase, there has been no production to date at the Tanjung Lontar KSO.

No reserves have been specifically attributed to the Tanjung Lontar KSO by DeGolyer & MacNaughton Canada Limited. However, we consider the exploration risk at the Tanjung Lontar KSO to be low. Several large structures that have already been identified in the Araham-Banjarsari field at Piona, of which Areas II and III at the Tanjung Lontar KSO are effectively an extension, have also been identified at the Tanjung Lontar KSO through the analysis of seismic data. One of these structures, the Muara Enim formation, is the producing formation at Piona.

Given the asset's proximity to Piona, we believe that there may be significant operational synergies between Tanjung Lontar and Piona. We anticipate that Tanjung Lontar will be able to tie in to the Piona pipeline and share Piona's surface facilities.

## Ownership and Operating Agreements

Our subsidiary SETLL entered into a KSO ("**Tanjung Lontar KSO**") with Pertamina on February 17, 2011, which will expire in 2031. Regarding the general terms of KSOs, see "*Indonesian Regulations—Legal Regime for the Oil and Gas Industry*".

See "*—Fiscal Terms*" for the specific fiscal terms of the Tanjung Lontar KSO.

As SETLL owns a 100.0% Working Interest in the Tanjung Lontar KSO, there is no joint operating agreement for the Tanjung Lontar KSO. We have enjoyed a good working relationship with Sun Global, the 16.0% indirect owner of the Tanjung Lontar KSO, during the lifetime of the Tanjung Lontar KSO.

## **Tarakan Basin**

~~We have two exploration contract areas located in the Tarakan Basin, South Bengara II and Offshore Mangkalihat.~~

## **~~South Bengara II~~**

~~We originally acquired a 100.0% Working Interest in the South Bengara II PSC in March 2010. We reduced our Working Interest to 95.0% in July 2010 and further reduced our Working Interest to 40.85% in May 2013. Following completion of the East Kalimantan Transaction on July 3, 2014, we own a 97.85% Working Interest in the South Bengara II PSC, comprising a 40.85% indirect Working Interest through our 95.0% owned subsidiary Samudra Energy South Bengara Limited, and a 57% direct Working Interest through our wholly owned~~