THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Brightoil Petroleum (Holdings) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

光滙石油
BRIGHTOIL

BRIGHTOIL PETROLEUM (HOLDINGS) LIMITED
光滙石油(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 933)

(1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE ENTERING INTO OF A STOCK PURCHASE AGREEMENT AND (2) NOTICE OF SPECIAL GENERAL MEETING

Financial adviser to the Company

BOC INTERNATIONAL

Capitalised terms used on this cover shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 8 to 28 of this circular.

A notice convening the SGM of Brightoil Petroleum (Holdings) Limited to be held at 33/F, 118 Connaught Road West, Sheung Wan, Hong Kong on Wednesday, 16 July 2014 at 11:00 a.m. or any adjournment thereof is set out on pages SGM-1 to SGM-2 of this circular. A proxy form for use in the SGM is enclosed. Whether or not you propose to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof, should you so wish.

30 June 2014

* *For identification purpose only*

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"%"	per cent.;
"04/36 Interest"	the Target Company's undivided legal and beneficial interest in and under the 04/36 PC together with a corresponding interest in the 04/36 JOA and in any other related agreements;
"04/36 JOA"	the operating agreement for the 04/36 PC originally by and between the Target Company and Murphy, dated February 6 1995 and effective as of 1 October 1994, as such agreement has been assigned, novated and amended from time to time;
"04/36 JMC"	the joint management committee established under the terms of the 04/36 PC;
"04/36 PC"	the petroleum contract for contract area 04/36 by and between the Target Company, CCL and SPC;
"05/36 Interest"	means the Target Company's undivided legal and beneficial interest in and under the 05/36 PC together with a corresponding interest in the 05/36 JOA and in any other related agreements;
"05/36 JOA"	the operating agreement for the 05/36 PC originally by and between the Target Company, Huffco, and Setsco Resources, Inc. dated June 26 1997 and effective as of 1 December 1995, as such agreement has been assigned, novated and amended from time to time;
"05/36 PC"	the petroleum contract for contract area 05/36 by and between the Target Company, CCL, SPC and Newfield;
"43/11 Interest"	the Target Company's undivided legal and beneficial interest in and under the 43/11 PC together with a corresponding interest in the 43/11 JOA and in any other related agreements;
"43/11 JOA"	the operating agreement for the 43/11 PC originally by and between the Target Company, CCL and BP Exploration (Alpha) Limited dated 28 September 2011 and effective as of 30 January 2012, as such agreement has been assigned, novated and amended from time to time;
"43/11 PC"	the petroleum contract originally by and between the Target Company and CNOOC dated 4 February 2005, as such petroleum contract has been assigned, novated and amended from time to time;

"Accountant's Report"	the accountants' report of the Target Company issued by Deloitte Touche Tohmatsu, set out in Appendix II of this circular;
"Acquisition"	the sale and purchase of the Sale Shares contemplated under the Stock Purchase Agreement;
"AML"	the Anti-Monopoly Law of the PRC;
"API"	American Petroleum Institute;
"Base Purchase Price"	US$1,075,000,000 (equivalent to approximately HK$8,348,880,000);
"Board"	the board of Directors;
"BP"	BP Exploration (Alpha) Limited;
"Brightoil Shipping"	Brightoil Shipping Group Ltd., a direct wholly-owned subsidiary of the Company;
"Business Days"	any day other than a Saturday, a Sunday or a United States federal, Hong Kong or PRC banking holiday;
"Buyer"	Win Business Energy (Caofeidian) Limited, a company formed under the laws of the British Virgin Islands;
"CFD"	Caofeidian (曹妃甸), a term commonly used as name for oil fields in the Bohai Bay;
"CCL"	CNOOC China Limited;
"Closing"	Consummation of the sale and purchase of the Sale Shares in accordance with the provisions of the Stock Purchase Agreement;
"Closing Date"	the date on which Closing occurs;
"CNOOC"	China National Offshore Oil Corporation;
"Company"	Brightoil Petroleum (Holdings) Limited, a company incorporated in Bermuda and the issued Shares of which are listed on the main board of the Stock Exchange;
"Competent Person's Report"	the Competent Person's Report set out in Appendix V to this circular, issued by Sproule International Limited, in accordance with the requirements under the Listing Rules;

"connected person(s)"	has the meaning ascribed to it in Rule 1.01 of the Listing Rules and as expanded by Rule 14A.11 of the Listing Rules;
"Contract Area 04/36"	Contract Area 04/36 means the oil fields Caofeidian 11-1 & Caofeidian 11-2, Caofeidian 11-3 & Caofeidian 11-5 located in the contract area 04/36, but excluding the oil fields Caofeidian 11-6, 12-1 and 12-1S which straddle or lie in close proximity to the boundary between contract area 04/36 and contract area 05/36, details of which are set out in this circular;
"Deposit"	US$107,500,000 (HK$834,888,000), being 10% of the Base Purchase Price, payable by the Buyer to the Seller within five Business Days of the Execution Date;
"Director(s)"	the director(s) of the Company;
"Dr. Sit"	Dr. Sit Kwong Lam, an executive director and the chairman of the Company;
"Effective Date"	1 July 2013;
"Enlarged Group"	the Group as enlarged by the Target Company upon Closing;
"Excluded Asset"	the 43/11 Interest, the 43/11 JOA and the 43/11 PC;
"Execution Date"	10 February 2014;
"Existing ODP"	the ODPs that have been approved by NDRC;
"Final Purchase Price"	the final purchase price payable by the Buyer to the Seller on Closing;
"GBP"	the lawful currency of Great Britain;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Huffco"	Huffco China, LDC;

"Interim Contributions"	the aggregate amount (expressed in US dollars) equal to any payments made by way of equity injection or share capital contribution into the Target Company by Seller (or any of its affiliates) between (and including) the Effective Date and the Closing Date;
"Interim Distributions"	the aggregate amount (expressed in US dollars) equal to (i) any cash dividends paid out of the Target Company to Seller (or any of its affiliates) between (and including) the Effective Date and the Closing Date in respect of all cash or cash equivalents, provided that at least US$50,000,000 (equivalent to approximately HK$3,883,200,000) in aggregate shall remain in the bank accounts of the Target Company, plus (ii) the amount of any inter-company debt repaid or settled in accordance with the Stock Purchase Agreement;
"Latest Practicable Date"	27 June 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
"LIBOR"	in relation to any period in respect of which an interest rate is to be determined, the London interbank offered rates per annum published by the British Bankers' Association for deposits in the relevant currency for the period of three months quoted by Reuters on its LIBOR01 page at 11.00 a.m. London time on the relevant date or if such rate is not available in respect of the relevant period for any reason, such comparable rate as the Parties may agree;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"MOFCOM"	the Ministry of Commerce of the PRC;
"Murphy"	Murphy Pacific Rim, Ltd;
"Newfield"	Newfield China, LDC;
"New ODP"	the new ODP for Contract Area 04/36 and the Unit Area, which is being negotiated at the Latest Practicable Date;
"NDRC"	the National Development and Reform Commission;
"ODP"	overall development plan;
"Outside Date"	8 August 2014;

"Parties"	the parties to the Stock Purchase Agreement and Party means any one of them;
"PRC"	the People's Republic of China, which for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
"Sale Shares"	10,000 issued common share(s) of GBP1.00 each in the share capital of the Target Company representing its entire issued share capital;
"Seller"	Anadarko China Holdings 2 Company, a corporation formed under the laws of the Cayman Islands, an indirect wholly-owned subsidiary of Seller's Guarantor;
"Seller's Guarantor"	Anadarko Petroleum Corporation, a corporation formed under the laws of Delaware;
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
"SGM"	the special general meeting of the Company to be held at 33/F, 118 Connaught Road West, Sheung Wan, Hong Kong on Wednesday, 16 July 2014 at 11:00 a.m. or any adjournment thereof to consider and, if thought fit, approve, among others, the Stock Purchase Agreement and the transactions contemplated thereunder;
"Shares"	Share(s) of HK$0.10 each in the share capital of the Company;
"Shareholders"	holder(s) of Share(s);
"Shenzhen Brightoil"	深圳光滙石油集團股份有限公司(Shenzhen Brightoil Group Co., Ltd.*), a company established in the PRC with limited liability, which is ultimately and beneficially controlled by Dr. Sit;
"Shenzhen Brightoil Group"	Shenzhen Brightoil and its subsidiaries;
"SPC"	SPC E&P (China) Pte. Ltd., a subsidiary of PetroChina Company Limited;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Stock Purchase Agreement"	the stock purchase agreement dated 11 February 2014 entered into among the Parties, (as amended pursuant to an amendment agreement dated 16 February 2014 and a further amendment agreement dated 27 June 2014) entered into among the Parties;

"Target Company" or "KMCPL"	Kerr-McGee China Petroleum Ltd., a company incorporated under the laws of the Commonwealth of the Bahamas;
"Unit Area" or "Unit"	the unitized area referred to as "Caofeidian 11-6/Caofeidian 12-1/ Caofeidian 12-1S" situated in offshore contract areas 04/36 and 05/36 in Bohai Bay, PRC, details of which are set out in this circular;
"Unit Contractors"	SPC, Target Company and Newfield
"Unit JMC"	the joint management committee established under the terms of the Unitization Agreement;
"Unitization Agreement"	the unitization agreement for the Unit Area by and between CCL, the Target Company, SPC and Newfield;
"US GAAP"	the U.S. Generally Accepted Accounting Principles;
"US$"	United States dollars, the lawful currency of United States of America;
"Valuation Report"	the valuation report set out in Appendix VI to this circular, issued by Sproule International Limited, in accordance with the requirements under the Listing Rules;
"VAT"	value added tax; and
"Vessels"	any vessels owned, controlled, chartered, managed or operated by the Group.

Translation of amounts in US$ into HK$ has been made at the rate of US$1 = HK$7.7664, unless otherwise indicated in this circular for illustration purpose only. No representation is made that any amount in US$ has been, could have been or may be converted at such rate or at all.

This glossary of technical terms contains explanation of certain terms used in this circular as they relate to the Target Company and as they are used in this circular in connection with the Target Company and its business. These terms and their given meanings may not correspond to standard industry definitions.

"FPSO"	floating production storage and offloading unit;
"km"	kilometre;
"m^3"	cubic metre;
"mmbo"	million barrels of oil;
"SPM"	single point mooring; and
"boe/d"	barrels of oil equivalent per day.

BRIGHTOIL PETROLEUM (HOLDINGS) LIMITED
光滙石油(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 933)

Executive Directors:
Dr. Sit Kwong Lam *(Chairman)*
Mr. Tang Bo
Mr. Tan Yih Lin
Mr. Justin Sawdon Stewart Murphy

Non-executive Director:
Mr. Dai Zhujiang

Independent non-executive Directors:
Mr. Kwong Chan Lam
Mr. Lau Hon Chuen
Professor Chang Hsin Kang

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business in Hong Kong:
33/F, 118 Connaught Road West
Sheung Wan
Hong Kong

30 June 2014

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE ENTERING INTO OF A STOCK PURCHASE AGREEMENT AND (2) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company published on 18 February 2014 in relation to the signing of the Stock Purchase Agreement, pursuant to which the Seller has conditionally agreed to sell, and the Buyer has conditionally agreed to purchase the Sale Shares, which represent 100% of the issued share capital of the Target Company, at the Final Purchase Price which is payable on Closing.

* *For identification purpose only*

Reference is also made to the voluntary clarification announcement of the Company published on 19 February 2014 in relation to a TV report that aired on Now TV on 18 February 2014 concerning the consideration payable by the Company for the Acquisition, and the announcement of the Company published on 27 June 2014 in relation to the signing of a further amendment agreement by the Parties pursuant to which, among others, the Outside Date is extended from 10 July 2014 to 8 August 2014.

The purpose of this circular is to give you, among other things, (i) further information on the Stock Purchase Agreement and the transactions contemplated thereunder; (ii) the financial information of the Target Company; (iii) the pro forma financial information of the Enlarged Group; (iv) the Competent Person's Report; (v) the Valuation Report; (vi) other information as required under the Listing Rules; and (vii) the notice convening the SGM.

In order to enable Shareholders to have more information to assess the fairness and reasonableness of the consideration (details of which are set out in the section headed "Basis of Consideration" in the Letter from the Board), the estimate of reserves, cash flow and valuation of the Target Company's assets (excluding the Excluded Asset) as of 1 July 2013 (comprising the Competent Person's Report update letter dated 23 June 2014 and fair market value update analysis letter dated 23 June 2014 issued by Sproule International Limited) has also been included in Appendix VII to this circular.

1. THE STOCK PURCHASE AGREEMENT

1.1 Date

11 February 2014

1.2 Parties

(A) The Buyer;

(B) the Company (as the Buyer's guarantor);

(C) the Seller; and

(D) the Seller's Guarantor.

The Buyer is an indirect wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller, the Seller's Guarantor and the ultimate beneficial owner of the Seller and the Seller's Guarantor are third parties independent of the Company and its connected persons.

1.3 Assets to be acquired

Subject to the satisfaction of the conditions precedents set forth in the Stock Purchase Agreement and upon the terms thereof, the Seller shall sell and the Buyer shall purchase the Sale Shares free from any encumbrances. The Sale Shares represent 100% of the issued share capital of the Target Company.

Pursuant to, and subject to the terms and conditions of the Stock Purchase Agreement, if Closing occurs, the economical risks and benefits of the Target Company as from the Effective Date (excluding, however, in respect of the Excluded Asset) will be for the account of the Buyer.

A summary of the principal businesses and the assets of the Target Company is set out in the section headed "6. Information on the Target Company" of this circular.

1.4 Consideration

The Final Purchase Price shall be the Base Purchase Price (US$1,075,000,000, equivalent to approximately HK$8,348,880,000):

(a) *plus* US$43,520.49 (equivalent to approximately HK$337,997.53, representing the Target Company's working capital as of 30 June 2013);

(b) *plus* any Interim Contributions;

(c) *minus* any Interim Distributions;

(d) *minus* any non permitted leakage (which, subject to, and pursuant to the terms of the Stock Purchase Agreement, generally captures expenses outside the ordinary course of business) following the Effective Date to Closing;

(e) *minus* any costs or expenses paid out by the Target Company following the Effective Date which relate to the 43/11 Interest which is an excluded asset for the purposes of the Stock Purchase Agreement ("Excluded Expenses"),

(f) *plus* interest as from 8 August 2014, which shall be calculated as follows:

(C x X x Y) divided by 365

where:

C is an amount equal to the sum of the Base Purchase Price plus any Interim Contribution less any Interim Distributions less any non permitted leakage less any Excluded Expenses less the amount of the Deposit;

X is the number of whole days that have elapsed from (and including) the later of (A) 8 August 2014, and (B) the day on which SPC (and Newfield, with respect to the 05/36 Interest) have waived their preferential purchase rights in respect of the 04/36 Interest and the 05/36 Interest (or expiry of the time period in which such rights may be exercised) until (but excluding) the date of Closing; and

Y is the agreed interest rate of LIBOR plus 2% expressed as whole numbers and divided by 100.

At Closing, the Buyer shall pay the Final Purchase Price in cash (less the amount of the Deposit, as described below) to the Seller.

1.5 Basis of Consideration

The consideration was determined after arm's length negotiations between the Parties and with reference to numerous factors, including the current production rate of the Contract Area 04/36 and the Unit Area (comprising oil fields primarily located in contract area 05/36), the (unaudited) financial statements of the Target Company as of 30 June 2013, reserves estimates for Contract Area 04/36 and the Unit Area provided by the Seller and plans for the future development of Contract Area 04/36 and the Unit Area that are being discussed among the parties to the 04/36 PC and the Unitization Agreement.

The Base Purchase Price represents a discount of approximately 6.9% to the valuation (based on fair market value) of the proved plus probable reserves attributable to the Target Company's interests in Contract Area 04/36 and the Unit Area of US$1,150,000.00 as at 1 January 2014, as set out in the Valuation Report in Appendix VI to this circular.

As the Seller, pursuant to, and subject to, the Stock Purchase Agreement, is and will remain responsible, for any costs incurred by the Target Company in relation to the 43/11 Interest and as the Target Company will relinquish or withdraw from its interest in the Excluded Asset, no consideration has been attributed to it.

1.6 Conditions Precedent

Mutual Conditions Precedents

The obligations of both the Seller and the Buyer to proceed to Closing are conditioned upon the satisfaction of, among others, the following conditions precedent:

(a) in respect of the 04/36 Interest, the waiver of the preferential purchase rights of SPC (or expiry of the time period in which such rights may be exercised) that arise in accordance with the 04/36 JOA as a result of the Parties entering into the Stock Purchase Agreement or the consummation of the Acquisition;

(b) in respect of the 05/36 Interest, the waiver of the preferential purchase rights of SPC and Newfield (or expiry of the time period in which such rights may be exercised) that arise in accordance with the 05/36 JOA as a result of the Parties entering into the Stock Purchase Agreement or the consummation of the Acquisition; and

(c) any required approval or deemed approval of MOFCOM having been obtained pursuant to the AML.

As at the Latest Practicable Date, conditions (a), (b) and (c) set out above have been fulfilled.

Conditions Precedent of the Buyer

The obligation of the Buyer to proceed to Closing is conditioned upon the satisfaction of, among other things, the following conditions precedent:

(a) all of the covenants, terms and conditions of the Stock Purchase Agreement to be complied with or performed by the Seller on or before the Closing Date shall have been complied with and performed in all material respects with respect to Closing for the Target Company;

(b) the Buyer shall have entered into binding agreements no later than 8 August 2014 in respect of a loan facility of up to the amount of the Base Purchase Price in relation to the financing of the Base Purchase Price; and

(c) the approval of the terms of the Stock Purchase Agreement and the transactions contemplated thereunder by the Shareholders (or by the independent or disinterested Shareholders where required by the Listing Rules).

As at the Latest Practicable Date, of the conditions set out immediately above, conditions (b) and (c) have not been fulfilled yet. Condition (a) will only be fulfilled on the Closing Date.

Conditions Precedent of the Seller

The obligation of the Seller to proceed to Closing is conditioned upon the satisfaction of, among other things, the following conditions precedent:

(a) all of the covenants, terms and conditions of the Stock Purchase Agreement to be complied with or performed by the Buyer on or before the Closing Date shall have been complied with and performed; and

(b) there shall not have been breaches by the Seller of certain fundamental seller's warranties that have a material adverse effect as defined in, and subject to the terms of, the Stock Purchase Agreement.

Conditions (a) and (b) set out immediately above will only be fulfilled on the Closing Date.

Waiver of Conditions Precedent

In respect of Closing:

(a) the mutual conditions precedent (as set forth above) may only be waived, in whole or in part, by the mutual agreement of both the Buyer and the Seller;

(b) the conditions precedent of the Buyer (as set forth above) may only be waived, in whole or in part, by the Buyer; and

(c) the conditions precedent of the Seller (as set forth above) may only be waived, in whole or in part, by the Seller.

As, pursuant to the Listing Rules, the Stock Purchase Agreement and the transactions contemplated thereunder are subject to the approval by the Shareholders by way of poll at the SGM, the Buyer will not waive the condition precedent of the Buyer relating to the Shareholders' approval as set forth above.

1.7 Closing

The consummation of the Acquisition shall take place on the 5th Business Day after the last of the conditions precedent set forth above has been satisfied or waived (except for those conditions precedent which are to be satisfied simultaneously with Closing, which must only be satisfied as at Closing) or at such date as the Parties may mutually agree.

1.8 Termination

The Stock Purchase Agreement may be terminated in the following circumstances.

(a) The Stock Purchase Agreement may be terminated by the mutual agreement of the Buyer and the Seller at any time.

(b) The Seller or the Buyer may terminate the Stock Purchase Agreement if either:

(i) SPC or Newfield exercise their respective preferential purchase rights under the 04/36 JOA or the 05/36 JOA, respectively, such that the mutual conditions precedent in respect of either or both preferential purchase rights (as set forth above) cannot be satisfied; or

(ii) Closing has not occurred on or before the Outside Date, provided, however, that a Party shall not be entitled to terminate the Stock Purchase Agreement if such Party (or any of its affiliates) has negligently or willfully failed or refused to

perform or observe in any material respect its covenants and agreements hereunder and such failure or refusal has resulted in Closing not occurring by or on the Outside Date.

(c) The Stock Purchase Agreement may be terminated by the Buyer if the Seller has breached or failed to perform in any material respect any warranty, covenant or other agreement of Seller contained in the Stock Purchase Agreement, which (i) would give rise to the failure of a condition precedent of Buyer being satisfied, (ii) is incapable of being cured prior to the Outside Date, and (iii) has not been waived by Buyer pursuant to the provisions hereof.

(d) The Stock Purchase Agreement may be terminated by the Seller if the Buyer has breached or failed to perform in any material respect any warranty, covenant or other agreement of Buyer contained in the Stock Purchase Agreement, which (i) would give rise to the failure of a condition precedent of Seller being satisfied, (ii) is incapable of being cured prior to the Outside Date, and (iii) has not been waived by Seller pursuant to the provisions hereof.

(e) The Buyer may terminate the Stock Purchase Agreement if prior to the Outside Date, the Buyer notifies the Seller that it will be unable to satisfy the condition precedent in respect of the financing of the Base Purchase Price.

1.9 Deposit

Within five Business Days of the Execution Date, the Buyer shall pay to the Seller a deposit of US$107,500,000 (equivalent to approximately HK$834,888,000, being 10% of the Base Purchase Price). If the Acquisition proceeds to Closing, the Deposit shall be retained by the Seller and taken into account in the calculation of the payment to be made by the Buyer to the Seller at Closing. If the Acquisition does not proceed to Closing, the Deposit shall be returned to the Buyer, or retained by the Seller, in accordance with the terms of the Stock Purchase Agreement. In particular, the circumstances in which the Deposit may be retained by the Seller include where the Acquisition does not proceed to Closing on account of a failure:

(a) of the Parties to obtain the required approval or deemed approval of MOFCOM pursuant to the AML in respect of the Acquisition; or

(b) of the Buyer to:

(i) enter into binding agreements prior to 8 August 2014 in respect of a loan facility of up to the amount of the Base Purchase Price in relation to the financing of the Base Purchase Price; or

(ii) obtain the approval of the terms of the Stock Purchase Agreement and the transaction contemplated thereunder by the Shareholders (or by the independent or disinterested Shareholders where required by the Listing Rules),

(in each case, such that the associated condition precedent has not been satisfied).

The terms of the Deposit, including in relation to the possible retention of the Deposit if the conditions precedent referred to above are not satisfied, have been agreed after arm's length negotiations among the Parties to the Stock Purchase Agreement. The Board is of the view that the terms of the Deposit are on normal commercial terms and fair and reasonable, taking into account the market practice and the relatively long time period that is available until the respective conditions precedents have to be satisfied in order for Closing to occur.

The Deposit was paid to the Seller on 18 February 2014.

1.10 Buyer's Guarantee

The Company, as the Buyer's guarantor, subject to the terms of the Stock Purchase Agreement, unconditionally and irrevocably guarantees to the Seller the full and complete payment and performance by the Buyer of all the covenants, agreements and obligations made or undertaken by or imposed upon the Buyer.

1.11 Seller's Guarantee

The Seller's Guarantor, subject to the terms of the Stock Purchase Agreement, unconditionally and irrevocably guarantees to the Buyer the full and complete payment and performance by the Seller of all the covenants, agreements and obligations made or undertaken by or imposed upon the Seller.

2. INFORMATION ON THE COMPANY

The Group is principally engaged in exploration, exploitation and production of oil and gas fields, international trading and bunkering, marine transportation as well as oil storage and terminal facilities businesses.

3. INFORMATION ON THE BUYER

Win Business Energy (Caofeidian) Limited (formerly known as Win Business Energy (Africa) Limited) is a company formed under the laws of the British Virgin Islands and an indirect subsidiary of the Company. Its principal business is investment holding.

4. INFORMATION ON THE SELLER

Anadarko China Holdings 2 Company is a corporation formed under the laws of the Cayman Islands and a wholly-owned subsidiary of the Seller's Guarantor. Its principal business is investment holding.

5. INFORMATION ON THE SELLER'S GUARANTOR

Anadarko Petroleum Corporation, a corporation formed under the laws of Delaware. Its common stock is traded on the New York Stock Exchange. Its principal business is oil and gas production, midstream infrastructure, and marketing of it's own and third party's products.

6. INFORMATION ON THE TARGET COMPANY

The information below relating to the Target Company is based on information provided by the Seller and CNOOC.

Background of the Target Company

The Target Company, Kerr-McGee China Petroleum Ltd. is a corporation formed under the laws of the Commonwealth of the Bahamas. It was registered in 1991. The Target Company is principally engaged in gas and oil exploration, development and production.

Major Assets

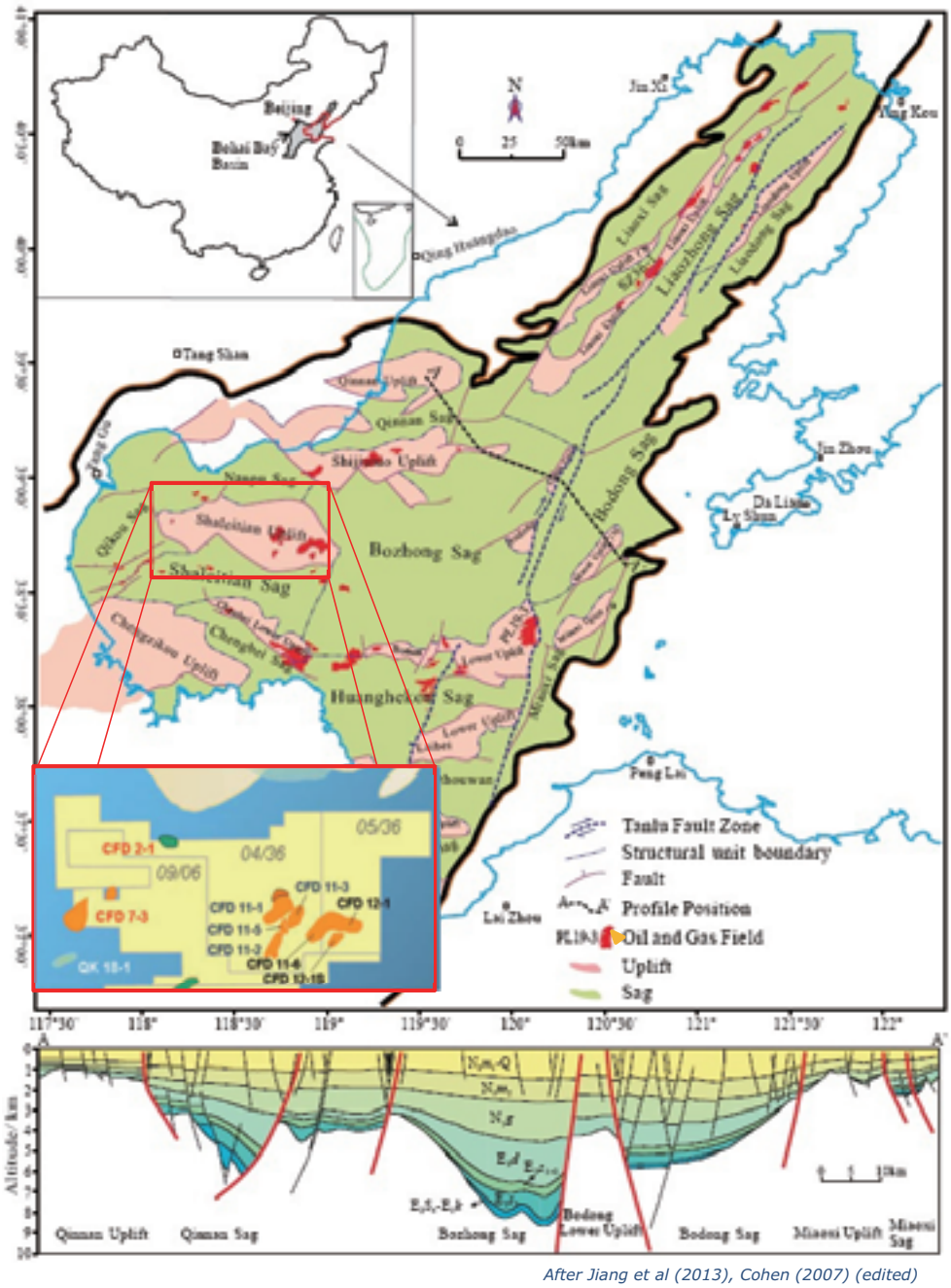
The table below sets out an overview of the main assets held by the Target Company.

Block	Target Company's Interest	Other Participants	Current Area	Expiry of the Petroleum Contract	Description
Contract Area 04/36	40.0909%	CCL 51.0000% SPC 8.9091%	124 km^2	September 2024	Producing asset
Unit Area (contract area 05/36)	29.1773%	CCL 51.0000% Newfield 12.0050% SPC 7.8177%	88 km^2	January 2026	Producing asset
Contract Area 43/11	50%	BP 40.82% CCL 9.18%	9,729 km^2	March 2035	Excluded Asset

The table below shows the gross oil production volume for each oil field for each of the years ended 31 December 2012 and 31 December 2013, respectively.

	2012		2013	
Oil Field	**Annual Gross Oil Production** *(Barrel)*	**Average Gross Daily Oil Production** *(Barrel)*	**Annual Gross Oil Production** *(Barrel)*	**Average Gross Daily Oil Production** *(Barrel)*
Contract Area 04/36				
Caofeidian 11-1	6,332,395	17,302	5,276,444	14,456
Caofeidian 11-2	995,742	2,721	565,326	1,549
Caofeidian 11-3&11-5	332,664	909	153,691	421
Unit Area (contract area 05/36)				
Caofeidian 11-6&12-1&12-1S	7,661,329	20,933	5,703,225	15,625
Total	15,322,130	41,864	11,698,686	32,051

The map below shows the location of Contract Area 04/36 and Unit Area.



After Jiang et al (2013), Cohen (2007) (edited)

References:

1. Cohen, Dave (May 16, 2007) "Anatomy of an Oil Discovery" http://peakwatch.typepad.com/peak_watch/2007/05/anatomy_of_an_o.html, referenced on June 9, 2014.

2. Jiang, Fujie, Pang, Xiongqi, Guo, Jigang, Zhou, Xinhuai, Zhou, Xiaohui, Liu, Dandan and Wang, Pengwei (2013) "Identification and hydrocarbon expulsion history simulation of the effective source rocks in the Dongying Formation, Paleogene, Bohai Sea area, eastern China. Rev. mex. cienc. Geol", vol.30 no.2.

Contract Area 04/36

Contract Area 04/36 is situated in western Bohai Bay, approximately 90 km south-east of Tanggu, Tianjin, PRC at water depths of 20 to 25 m. It is located on the Shaleitian Uplift, a structural high, which contains significant commercial hydrocarbon reservoirs within the Minghuazhen, Guantao and Dongying formations. The 04/36 PC was entered into on 17 August 1994 among the original parties CNOOC, the Target Company and Murphy pursuant to which the Target Company was engaged as one of two foreign contractors to participate in the exploration, development and production of petroleum in Contract Area 04/36. All exploration commitments have been fulfilled and the last of the remaining 04/36 exploration acreage was relinquished in September 2007, leaving only the interests in two production fields, i.e. Caofeidian 11-1/11-2 oil field and Caofeidian 11-3/5 oil field.

The Caofeidian 11-1 field was discovered in November 1999 by the Caofeidian 11-1-1 exploration well which found pay zones with total thickness of 73.1 m. Following this discovery, in June 2001, the Caofeidian 11-2-1 exploration well was drilled approximately 5 km south of the Caofeidian 11-1 field. The first production was achieved in July 2004. As of 31 December 2012, the Caofeidian 11-1 & 11-2 fields have produced a total of 88.7 mmbo since the commencement of commercial production.

The Caofeidian 11-3 and 11-5 fields were discovered in May 2002 and May 2003, respectively. The Caofeidian 11-3-1 exploration well was drilled approximately 6 km east of the Caofeidian 11-1 field. The well encountered approximately 10 m of net pay of 32 – 38 °API oil in the Guantao formation as well as two 1 – 2 m Minghuazhen pay intervals, both of which were full to base. The first production was achieved in July 2005. As of 31 December 2012, the Caofeidian 11-3/11-5 fields have produced a total of 7.3 mmbo since the commencement of commercial production.

Unit Area

The Unit Area (comprising oil fields primarily located in contract area 05/36) is located in western Bohai Bay, approximately 110 km south-east of Tanggu, PRC, at water depths of 23 to 30 m. The Unit Area is located on the Shaleitian Uplift, a structural high which contains significant commercial hydrocarbon reservoirs within the Minghuazhen, Guantao and Dongying formations. The Unit Area consists of the Caofeidian 11-6, 12-1 and 12-1S oil fields which straddle or lie in close proximity to the boundary between contract area 04/36 and contract area 05/36. The fields were unitized in the Unitization Agreement between the respective participants of contract area 04/36 and contract area 05/36 in May 2005 in order to facilitate development. The equities in the Unit Area for each participant were established based on each participant's then respective interests in contract areas 04/36 and 05/36 and the equities in Unit Area assigned to each contract area. The Unitization Agreement incorporates provisions from both the 04/36 PC and 05/36 PC, but effectively creates a separate and distinct pooled area consisting of 88 km^2, the Unit Area. The Unitization Agreement serves as an amendment to the original provisions of both 04/36 PC and 05/36 PC with respect to development and production from the Unit Area. The exploration commitments have been fulfilled and the last remaining contract area 05/36 exploration acreage was relinquished in 2008. CCL is the operator of these fields.

The Caofeidian 12-1 and 12-1S fields were discovered in April 2000 and October 2001, respectively. The Caofeidian 11-6 field was discovered by the Caofeidian 11-6-1 exploration well in August 2003 and the extension of the Caofeidian 11-6 & 12-1 structure into contract area 04/36 was confirmed with the Caofeidian 11-6-2 and 12-1-7 appraisal wells. As of 31 December 2012, the Caofeidian 11-6/12-1/12-1S fields have produced a total of 40.8 mmbo since the commencement of commercial production.

ODP for Contract Area 04/36 and Unit Area

The Existing ODP was approved in 2005 and includes 14 undeveloped well locations in the Unit planned for 2014 after completion of the SPM repair ("Existing ODP undeveloped well locations").

The New ODP for Contract Area 04/36 and the Unit is being negotiated at the Latest Practicable Date. According to the Company and supported by documentation from CNOOC, the most likely field development plan will include 79 undeveloped well locations ("New ODP undeveloped well locations") drilled between 2015 and 2017. The New ODP undeveloped well locations will be drilled in CFD 11-1 field within Contract Area 04/36 and in CFD 11-6 field within the Unit.

Each undeveloped well location within the field development plan targets a single reservoir. Consideration of well recompletions to additional reservoir sands was not included as it was not part of the New ODP.

Excluded Asset

The Target Company also holds a 50% interest in the Excluded Asset (contract area 43/11) in the South China Sea. Contract area 43/11 is an exploration block for which all work commitments have been fulfilled. During the exploration phase, commercial quantities of oil or gas have not been discovered in contract area 43/11 and no commercial production has commenced. The Target Company will not participate in any further exploration work in contract area 43/11.

It has therefore been agreed among the Parties that, pursuant to the terms of the Stock Purchase Agreement, the Target Company shall, following the Execution Date, withdraw from the 43/11 JOA and the 43/11 PC or otherwise relinquish all rights, title and interest in the contract area 43/11. As at the Latest Practicable Date, the Seller confirmed to the Company that the 43/11 JOA had been withdrawn with effect from 31 March 2014 whereas the 43/11 PC will expire on 30 June 2014. In addition, the Seller shall also indemnify the Target Company for any liabilities and losses resulting or arising from the 43/11 Interest, pursuant and subject to the terms of the Stock Purchase Agreement. Accordingly, subject to, and pursuant to the terms and conditions of the Stock Purchase Agreement, the risks relating to the 43/11 Interest will remain with the Seller following Closing.

Overview of petroleum contracts

1) 04/36 PC

Date:	17 August 1994	
Original parties:	(i)	CNOOC;
	(ii)	Target Company; and
	(iii)	Murphy
Current parties:	(i)	CCL;
	(ii)	Target Company; and
	(iii)	SPC (together with the Target Company, the **04/36 Contractors**)
Term:	A term of 30 years from 1 October 1994, which term is segregated into three stages, the exploration period, the development period and the production period. The exploration period consists of a period of 13 years from the 1 October 1994 (amended from an original period of 7 years). The development period in relation to an oil field refers to a period beginning from the date of approval of the ODP by relevant authorities and ends on the date when development operations are completed as stipulated in the ODP. The production period for an oil field refers to the duration of the projected production period specified in the ODP as approved by the competent authorities of the Chinese government, or until 30 September 2024, which ever first occurs.	

The Caofeidian 11-1/11-2 and 11-3/5 oil fields are currently in the production period. CCL is the current operator of these fields. The Target Company had previously served as the operator of these oil fields until 1 January 2013, when operatorship was handed over to CCL. The Target Company is not currently involved in the direct operation of these fields but rather is responsible for, among other matters, funding operations in accordance with the 04/36 PC and supervision through its participation in the 04/36 JMC.

The 04/36 JMC is formed by representatives appointed by the parties to the 04/36 PC. Pursuant to the 04/36 PC, CCL and the 04/36 Contractors may appoint the same number of representatives to the 04/36 JMC. The 04/36 PC requires the 04/36 JMC to hold meetings at least once every calendar quarter. The 04/36 JMC has powers to approve matters including work programs and budgets proposed by the operator; the commerciality of traps; ODPs; and matters required to be submitted to the PRC government or CNOOC.

The 04/36 PC provides that the parties are responsible for operating costs required for production operations in each oil field within Contract Area 04/36 in proportion to their respective participating interests of the development costs of that oil field.

The 04/36 PC provides that revenues shall first be applied in respect of royalties and cost recovery up to a maximum of 62.5% of annual gross production of crude oil in the following order:

(i) royalties, in accordance with the Regulations on the Payment of Royalty for the Exploitation of Offshore Petroleum Resources issued by the Ministry of Finance of the PRC;

(ii) operating costs, out of the remainder;

(iii) exploration costs, out of the remainder; and

(iv) development costs and any deemed interest in respect of unrecovered development costs carried over from previous years.

Following the deduction of royalties, VAT and cost recovery, the balance of production is split into "share oil" and "allocable remainder oil" based on production in the relevant oil field. Allocable remainder oil is allocated in the following proportions based on production:

Caofeidian 11-1 and 11-2		**Caofeidian 11-3 and 11-5**	
Million Metric tons/year	**Share of allocable remainder oil**	**Million Metric tons/year**	**Share of allocable remainder oil**
0.0 – 0.5	98.0%	0.0 – 0.5	96.0%
0.5 – 1.0	96.0%	0.5 – 1.0	92.0%
1.0 – 2.0	92.0%	1.0 – 2.0	85.0%
2.0 – 3.0	80.0%	2.0 – 3.0	80.0%
3.0 – 5.0	72.0%	3.0 – 5.0	72.0%
5.0 – 7.0	55.0%	5.0 – 7.0	55.0%
7.5 – 10.0	45.0%	7.5 – 10.0	45.0%
10.0+	30.0%	10.0+	30.0%

The parties share allocable remainder oil in proportion to their respective participating interests in development costs for the relevant oil field, ie. 51% for CCL, 40.0909% for the Target Company and 8.9091% for SPC.

1) Unitization Agreement

Date: 27 May 2005

Original parties: (i) CNOOC;

(ii) Target Company;

	(iii)	Sino American Energy Corporation; and
	(iv)	Newfield
Current parties:	(i)	CCL;
	(ii)	Target Company;
	(iii)	Newfield; and
	(iv)	SPC (together with the Target Company and Newfield, the **Unit Contractors**)
Term:	The Unitization Agreement provides for an advanced development period, a development period and a production period. The parties may carry out exploration operations upon agreeing on terms. The advanced development period begins upon the agreement of the parties and continues until approval of the ODP for the Unit Area by the competent authorities. The Unitization Agreement incorporates by reference clauses in respect of the development period and the production period of oil fields from the 04/36 PC and the 05/36 PC, except that the production period for the Unit Area will be for the duration of the projected production period until 28 February 2026, as specified in the approved ODP for the Unit Area.	

The Caofeidian 11-6/12-1/12-1S oil field is currently in the production period. CCL is the current operator of this oil field. The Target Company served as the operator of the oil field up until 1 January 2013, when operatorship was handed over to CCL.

The Unitization Agreement provides for the establishment of the Unit JMC which performs supervisory functions for each oil field. The Unitization Agreement incorporates by reference provisions regarding joint management committees from the 04/36 PC and 05/36 PC by reference. The Unit JMC is comprised of the existing joint management committee members under the 04/36 PC and 05/36 PC.

The Unitization Agreement provides that revenues shall be first used to pay for royalties (if applicable), then for the recovery of operating costs and followed by the recovery of development costs. The recovery of costs is capped at a maximum of 62.5% of annual gross production. Any unrecovered costs are carried into subsequent years with unrecovered development costs earning interest over time.

Following the deduction of royalties, VAT and cost recovery, any "allocable remainder oil" from the balance of production is split between the parties in their respective interests. Any production not included in allocable remainder oil is allocated to CCL. Allocable remainder oil in respect of oil fields in the Unit Area is allocated based on production as follows:

Caofeidian 11-6, Caofeidian 12-1 and Caofeidian 12-1S	
Million Metric tons/year	**Share of allocable remainder oil**
0.0 – 0.5	98.0%
0.5 – 1.0	96.0%
1.0 – 2.0	93.0%
2.0 – 3.0	85.0%
3.0 – 5.0	78.0%
5.0 – 7.0	55.0%
7.5 – 10.0	45.0%
10.0+	30.0%

Litigation

As at the Latest Practicable Date, to the best knowledge of the Company, there are no legal claims or proceedings that may have an influence on the exploration or production rights of the Target Company.

Oil Reserves

The following tables set out (i) the estimates of proved and proved plus probable reserves as at 1 January 2014 (aa) of the aggregate of Contract Area 04/36 and the Unit Area and (bb) the portion of such reserves attributable to the Target Company's interests in Contract Area 04/36 and the Unit Area, and the respective estimated net present values of those reserves, in each case after income tax and before income tax, as reported in the Competent Person's Report.

Summary of Reserves and Net Present Value as of 1 January 2014 After Income Tax

	Remaining Oil Reserves							
	Aggregate of Contract Area	Portion Attributable to Target		Net Present Value of Future Net Revenue Discounted (in MM$US)				
Reserve Category	04/36 and Unit Area	Company's interests		Discounted at				
	Gross	Gross	Net					
	Mbbl	*Mbbl*	*Mbbl*	*0%*	*5%*	*10%*	*15%*	*20%*
Total Proved	72,022	25,418	23,506	936	818	723	647	584
Total Proved + Probable	133,721	46,088	42,029	1,920	1,592	1,348	1,162	1,016

Summary of Reserves and Net Present Value as of 1 January 2014 Before Income Tax

Reserve Category	Remaining Oil Reserves Aggregate of Contract Area 04/36 and Unit Area Gross	Portion Attributable to Target Company's interests Gross	Net	Net Present Value of Future Net Revenue (in MM$US) Discounted at				
	Mbbl	*Mbbl*	*Mbbl*	*0%*	*5%*	*10%*	*15%*	*20%*
Total Proved	72,022	25,418	23,506	1,199	1,048	927	829	748
Total Proved + Probable	133,721	46,088	42,029	2,488	2,062	1,745	1,502	1,312

For details of the reserves and resources of the Contract Area 04/36 and the Unit Area, please refer to the Competent Person's Report set out in Appendix V to this circular. The Company confirmed that, to the best of its information and belief, as of the Latest Practicable Date, no material changes on the reserves and resources of the Target Company have occurred since the effective date of the Competent Person's Report.

Valuation in respect of the Target Company's Major Assets

The Valuation Report has concluded that the fair market value of the proved plus probable reserves attributable to the Target Company's interests in Contract Area 04/36 and the Unit Area is US$1,150,000,000.00 as at 1 January 2014.

For further details on the valuation of the Target Company's interests in Contract Area 04/36 and the Unit Area, please refer to the Valuation Report in Appendix VI.

Financial Information

The net profit after taxation of the Target Company for the financial year ended 31 December 2013 of approximately US$168 million, (equivalent to approximately HK$1,305 million) includes the expenses incurred for the Excluded Asset (i.e. the interest in the exploration block 43/11).

The expenses incurred by Target Company in relation to the Excluded Asset (i.e. the interest in the exploration block 43/11), for the 12 months ended 31 December 2013 amounted to approximately US$5 million (equivalent to approximately HK$39 million).

Therefore the net profit after tax of the target company for the financial year ended 31 December 2013 after deduction of the expenses incurred for Excluded Asset (i.e. the interest in exploration contract area of 43/11), should be approximately US$173 million (equivalent to approximately HK$1,344 million).

All financial information set out above are audited figures prepared in accordance with Hong Kong Financial Reporting Standards.

8. REASONS FOR THE ACQUISITION

It is the Company's strategic vision to increase its footprint in the upstream oil and gas industry. The Acquisition is expected to transform the Company from a downstream to an integrated up and downstream business. The Target Company has been carefully selected with consideration of its location in China, which is easier to manage and will create synergies with the Group's other upstream assets and other core businesses. The Target Company has been in steady production, generating good cash flow and managed by a reputable operator and has internationally renowned business partners.

The Board considers that the Acquisition is an important step towards the implementation of the overall Group's strategy to progress the Group from a downstream focused company into an integrated oil and gas company, with sustainable production volumes and revenue streams. If the Acquisition completes, the Acquisition will materially strengthen the Group's upstream position and significantly increase the Company's production volumes. The Acquisition will also complement the Group's other principal business activities.

The Board considers that the terms of the Stock Purchase Agreement are entered into on normal commercial terms after arm's length negotiations among the Parties thereto and that the terms of the Stock Purchase Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

9. FINANCIAL EFFECTS OF THE ACQUISITION

Upon completion of the Acquisition, the Enlarged Group will become a wholly-owned subsidiary of the Company and the financial information of the Enlarged Group will be consolidated into the accounts of the Company. The unaudited pro forma information for the Enlarged Group is set out in Appendix III to this circular.

10. FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

The global economy has made moderate recovery since 2013, with major economies continuing to develop in different trends. The gradual recovery in advanced economies as a whole has been encouraging. The emerging markets and the developing economies have entered into a process of structural adjustment resulting in diverging growth rates in different markets. In China, economic growth has remained stable while various measures have been adopted to rebalance the economy and pursue long term, sustainable growth.

Affected by factors such as general economic conditions, supply-demand dynamics and geopolitical factors, international oil prices have experienced fluctuations since 2013. In light of the outlook for global economic growth, oil demand may continue to point towards modest growth. While China targets a stable growth, the strengthening economy in the United States has been supporting oil demand since late 2013. On the supply side, strong upward trend in non-OPEC production driven by North America, buoyant trend in OPEC production driven by Iraq, and the potential boost in output by Iran if there is a relaxation or lifting of sanctions are expected to exert downward pressure on oil prices. The uncertainties surrounding the resumption of large-scale exports from Libya, and the Ukraine situation will also drive supply dynamics and affect oil prices. The oil market is expected to remain challenging and competitive in 2014.

In order to manage the volatility of earnings and valuation of the Target Group from crude price fluctuations, the Group has put in hedging mechanism to preserve the value of the crude oil produced from Caofeidian owned by the Target Company starting from late February 2014. This is done by entering into short positions in crude futures contracts listed at major futures exchanges. The short futures contracts used for hedging Caofeidian's physical production volumes would be subjected to daily "Mark to Market" and the overall portfolio is anticipated to incur an unrealised loss due to the geopolitical tension in the middle east, which has resulted in the crude oil futures prices to increase significantly during June 2014. Up to the Last Practicable Date, there was a "Mark to Market" unrealized loss in Caofeidian hedging. The Directors believes that based on the information currently available, the unrealized loss in totality does not have any significant impact on the overall financial or trading position of the Group and therefore such unrealized loss serves only to provide a "point-in-time" information rather than the underlying performance of the Company's Caofeidian hedging strategy.

The Group expects the shipping industry to work through its difficulties for most of 2014, leading to a year of relatively weak bunker demand. Recovery in shipping industry could come by the end of 2014 or in 2015. With respect to natural gas, the demand in China is expected to remain strong. Natural gas prices have increased since July 2013 and the upward trend is expected to continue in the near future.

The Acquisition is consistent with the Group's value-driven investment and acquisition strategy. The Acquisition will not only increase the petroleum reserves and production of the Group, but also bring to the Group valuable experience in the upstream oil sector in the PRC, as well as a partnership with CCL, a major oil and gas player in the PRC. Upon Closing, the Target Company will become a subsidiary of the Group and the financial information of the Target Company will be consolidated into the consolidated financial statements of the Group.

The Enlarged Group will continue to increase production and profitability by (1) optimizing the operations of existing gas assets to ensure safe and best-in-class practice; (2) investigating, with other partners, in a material expansion plan for Contract Area 04/36 and Unit Area, with an aim to significantly improve the overall recovery from the CFD fields; and (3) focusing efforts on growing the international trading and bunkering sales volume across Asia, leveraging on the integrated supply chain with our tankers fleet and oil storage facilities in China; together with the acceleration of various costs reduction initiatives. In addition, the Enlarged Group will keep up the momentum of expansion and continue to explore investment and acquisition opportunities, with a view to deliver high value-added investment or acquisitions, broaden income sources and achieve long term sustainable growth.

11. LISTING RULES IMPLICATIONS

The entering into of the Stock Purchase Agreement constitutes a very substantial acquisition for the Company under the Listing Rules. The Stock Purchase Agreement and the transactions contemplated thereunder are subject to the approval of the Shareholders by way of poll at the SGM. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Stock Purchase Agreement and the transactions contemplated thereunder and no Shareholder is required to abstain from voting to approve the Stock Purchase Agreement and the transactions contemplated thereunder at the SGM.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby they have or may have temporarily or permanently passed control over the exercise of the voting right in respect of their shares in the Company to a third party, either generally or on a case-by-case basis.

Following Closing, the Company shall comply with the continuing obligations under Chapter 18 of the Listing Rules.

12. RECOMMENDATIONS

The Directors are of a view that the terms of the Stock Purchase Agreement are fair and reasonable and the proposed transactions therein are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders vote in favour of the ordinary resolution proposed at the SGM to approve the terms of the Stock Purchase Agreement and the transactions contemplated therein.

13. ADDITIONAL INFORMATION

As Closing is subject to the fulfillment of a number of conditions precedent which are detailed in this circular, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

Your attention is drawn to the additional information set out in appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Brightoil Petroleum (Holdings) Limited
Dr. Sit Kwong Lam
Chairman

A. FINANCIAL INFORMATION ON THE GROUP FOR THE THREE YEARS ENDED 30 JUNE 2011, 2012, 2013 AND THE SIX MONTHS ENDED 31 DECEMBER 2013

The financial statements of the Group for each of the years ended 30 June 2011, 2012 and 2013 and for the six months ended 31 December 2013 can be referred to in the following documents which have been published on both the website of the Stock Exchange (http://www.hkexnews.hk) and the website of the Company (http://www.brightoil.com.hk):

(i) interim report of the Company for the six months ended 31 December 2013 (pages 3 to 32);

(ii) annual report of the Company for the year ended 30 June 2013 (pages 39 to 109);

(iii) annual report of the Company for the year ended 30 June 2012 (pages 36 to 104);

(iv) annual report of the Company for the year ended 30 June 2011 (pages 36 to 104);

B. MANAGEMENT DISCUSSION AND ANALYSIS ON THE GROUP

Set out below are the "Management discussion and analysis" sections extracted from the Company's annual reports for each of the years ended 30 June 2011, 2012 and 2013 and interim report for the six months ended 31 December 2013 of the Company.

For the year ended 30 June 2011

Financial Review

Financial Performance

The Group's revenue for the year ended 30 June 2011 (the "**Period**") amounted to HK$39,553,108,000, representing a significant increase of 190.1% as compared to HK$13,634,611,000 in the same period in 2010. The Group's gross profit rose by approximately 63.4% to HK$2,450,136,000 (2010: HK$1,499,300,000). Profit attributable to the shareholders was HK$1,270,398,000 (2010: HK$1,108,735,000), representing 14.6% increase as compared to the same period in the previous financial year.

During the Period under review, the Group reported a decrease in fair value of derivative financial instruments of approximately HK$172.8 million (2010: an increase in fair value of approximately HK$355.4 million), which was attributable to the Group entering derivatives contracts in order to hedge its exposure to oil price volatility. The Group has established a supply and trading team, which together with a risk control committee as well as daily management oversight, manages the overall physical cargo price exposure and controls this through offsetting paper contracts. As part of a rigorous control process that adopts international standards, all physical and paper contracts are approved by senior management and a daily reporting system is adopted. Such risk control system enables effective and timely management of the Group's exposure to market risk.

The zero coupon convertible note, with a principal amount of US$120 million, was issued pursuant to the subscription agreement dated 25 June 2009 and the supplemental deed signed on 2 September 2009 (with maternity date being extended pursuant to a deed of extension dated 6 July 2012) (the "2009 Convertible Note"). The embedded derivatives from the 2009 Convertible Note will be included in the Group's capital and reserves under "convertible note reserve", which does not affect profit or loss. For the Period under review, imputed interest charged on the convertible notes of approximately HK$119.8 million (which was a non-cash item) (2010: HK$90.0 million) was changed to profit or loss under "finance costs".

During the Period under review, the Group recorded basic earnings per share of HK18.8 cents, up by approximately 2.2% as compared to the same period in the previous financial year. Diluted earnings per share decreased to HK14.9 cents from HK15.1 cents in the previous year. The Board has proposed a final dividend of HK3.5 cents per share for the financial year ended 30 June 2011, which is subject to the approval of shareholders of the Company at the forthcoming annual general meeting.

Liquidity and Financial Resources

As of 30 June 2011, the Group had deposit placed with brokers, pledged bank deposits and bank and cash balances of approximately HK$2,111.8 million, HK$678.9 million and HK$2,402.8 million respectively.

The Group considers its foreign currency exposure is mainly arising from the exposure of exchange between Hong Kong dollar, Singapore dollar, Renminbi and United States dollar. The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments and ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time.

As at 30 June 2011, the Group had bank borrowings and charges on its assets of approximately HK$7,077.1 million and HK$8,931.8 million respectively.

As at 30 June 2011, the Group's gearing ratio was approximately 41.6% (2010: Not applicable), calculated as the Group's net borrowing divided by shareholders' equity. Net borrowing of HK$2,618.0 million (2010: Net cash of HK$1,689.8 million) was calculated as total borrowings (i.e. the aggregate of bank borrowings and convertible notes of HK$7,811.5 million (2010: HK$1,108.1 million)) less bank balances and deposits of HK$5,193.5 million (2010: HK$2,797.9 million).

Contingent Liabilities

As at 30 June 2011, the Group did not have any significant contingent liabilities.

Capital Structure

As of 30 June 2011, the Company had 6,763,581,600 shares (the "**Shares**") in issue with total share capital of approximately HK$169,089,540.

Employees and Remuneration Policies

As of 30 June 2011, the Group employed approximately 235 full time employees. The Group remunerates its Directors and employees by reference to their performance, experience and prevailing industry practice. Employee benefits provided by the Group include provident fund scheme, medical scheme, discretionary performance-related bonus and a share option scheme. For the year ended 30 June 2011, total employees' remuneration, including directors' remuneration, was approximately HK$187,338,000 (2010: HK$55,629,000).

Business Review

International Supply and Bunkering

The Group has established a strategic plan for its future development in order to maximize the synergy between its four core business segments. In the short term, International Supply and Bunkering (ISB) remained the major driver of the company's total revenue of approximately HK$39,553.1 million. During the Period, sales volume of the ISB business surged 128.2% to 8.9 million metric tonnes from 3.9 million metric tonnes in the same period last year.

To provide one-stop bunker sales and provide competitive supply service to our customers – who are mainly international shipping lines – the Group has been expanding its global network of ports where it can supply bunker fuels. In May 2011, this network grew further with the addition of New Orleans, marking its first delivery in the port and also in the Americas. The Group currently operates in nine major ports worldwide: Shenzhen, Shanghai, Ningbo, Zhoushan, Hong Kong, Singapore, Rotterdam, Tanjung Pelepas in Malaysia, as well as New Orleans.

To support the expansion in bunker supply and to leverage the synergies with logistics and oil flows, the Group also increased its supply capabilities with the opening of trading offices in Singapore and Houston. The recruitment of experienced trading professionals, as the associated support staff, has increased the availability of supply and competitiveness to underpin the ambitious bunkering business. Furthermore, it creates additional opportunities in supplying other large customers and other counterparties as well as enabling the Group to take advantage of market dislocations including arbitrage shipments between different markets.

The business platform created by the marine bunker fuel sales has created further opportunities to expand into other products and this includes marine diesel in North East Asia and in the Americas, seeking profitable niche opportunities for trading condensate in and around our advantaged storage positions.

Storage remains a key element in the overall competitiveness and capacity to supply fuel to our marine customers and other counterparties. During the Period under review, the Group has increased its commitment to establish a global footprint with storage leases in the United States West Coast, Gulf Coast, Bahamas, Rotterdam and Singapore, as well as key locations across China. These locations are critical for its marine bunker aspirations, enabling the Group to serve customers both in

China and at other ports where their ships conduct operations. The Group remains focused on enhancing the quality of its service and number of locations, across key ports globally. In this way, the Group provides a unique and compelling offer to major international shipping lines.

In aggregate, total volumes of fuel oil, gas oil and condensate have increased significantly to 8.9 million metric tonnes, and this has generated revenue of HK$39,454.5 million. This is a significant increase over the previous year's revenue of HK$13,595.3 million and annual sales of 3.9 million metric tonnes.

As a result of the expansion in product scope, the opening of new markets and increase in bulk sales of cargoes, gross profit margin showed a decline from 11% in the previous year to 6%. The average profit margin remains relatively high against comparative international businesses and it must be noted that the higher volume, lower margin trading business acts as a catalyst for the broader business and overall profitability. This advantage comes from the scope and scale of the Group's activities which has expanded greatly in a controlled and systematic way throughout the last year.

Oil Storage & Terminal Facilities

As part of the Group's vision to become an integrated energy conglomerate, investments in strategic storage assets play a vital role. These investments not only provide the basis for a steady cash flow and attractive returns to the Group, but also enhance the capacity of the Group to optimize the value across the value chain including shipping and ISB activities.

The Group's major investment in oil storage and terminal facilities remains focused on the main markets of East China and North China, specifically Zhoushan and Dalian. Both locations have deep water harbour access, significant size to handle the largest shipments efficiency, and pipeline connections to major regional refineries to enhance overall throughput. Both facilities will provide competitive storage opportunities for third parties and, due to the capacity for receiving Very Large Crude Carriers (VLCCs), will reduce the cost of sourcing and transport of crude and petroleum products direct from producers and the major trading hubs.

On Dalian's Changxing Island, the Group is constructing one of the largest storage infrastructure hubs in the world with capacity reaching up to 7.7 million cubic meters. The hub will have the capacity to handle imports of crude oil and fuel oil in VLCCs of around 300,000 MT. The storage is wholly owned by the Group, and the jetty facilities are being developed in partnership with the Dalian Changxing Island Harbour Industrial Zone Management Committee which will hold a 40% stake.

In East China, the Group is building a major import and transshipment facility on Waidiao Island in Zhoushan, Zhejiang Province. The total capacity of the storage facility will be up to 3.2 million cubic meters. As with the Dalian terminal, the Group owns 100% of the storage facilities and has formed a partnership for the development and operation of the jetty. The partner, Zhoushan Port Group Limited, will hold a 45% stake in the jetty that will also be able to berth VLCCs for the efficient and low cost imports.

Marine Transportation

To compliment the overall strategy to optimize the purchase, transportation and supply of crude and products, the Group is establishing a fleet of oil tankers that will facilitate the transport of cargo from our supply source to the point of delivery.

From November 2009 to October 2010, the Group took delivery of 4 Aframax vessels capable of carrying between 107,500-115,000 DWT of cargo. These vessels have been deployed to transport fuel oil from Singapore to China, as well as servicing other routes for the Group and third parties.

In addition, on 30 August 2010, the Group entered into five shipbuilding contracts with Hyundai Heavy Industries Co. Ltd., to purchase five VLCCs, each weighing 318,000 DWT. The five VLCCs are expected to be delivered between July 2012 and March 2013.

The timing of the purchase of these vessels was timed to coincide with the reduction in costs charged by shipyards as the shipping market went into a difficult trading environment. Costs look to be bottoming out by mid-2011, and this is reflected in the rates that can be generated by the vessels. The existing fleet of Aframax is approved by the oil majors and this further enhances the utilization of the ships where performance has shown a steady improvement since the beginning of the year.

Upstream Business

The focus of the Group's upstream business during the Period under review has been the completion of the Overall Development Plan (ODP) for the Tuzi Natural Gas Field in the Xinjiang Uygur Autonomous Region. The ODP covers the full development of the Tuzi Field, including drilling, completions, facilities, road access and etc. Additionally, the Environmental Impact, Water and Soil Conservation, Occupational Health and Safety and Land Use are all being reviewed. The first draft of the ODP was submitted to China National Petroleum Corporation (CNPC) at the end of December 2010. The approval process by the relevant government authority for review and approval is expected to take up to 1 year from initial submission.

Since the ODP submission, the Group has been exploring avenues to accelerate development activities at the Tuzi Field. In March 2011, the Group signed a framework agreement with Chuanqing Drilling Engineering Co., Ltd. (CCDC), a wholly owned subsidiary of China National Petroleum Corporation (CNPC), to develop the Tuzi Field for a fixed price of RMB 1 billion. The framework agreement includes the acquisition of 3D seismic, surface engineering and road building, the drilling and completion of up to 16 wells, and all facilities, pipelines and surface equipment. Formal contracts associated with this work have all been subsequently executed. The 3D seismic acquisition survey is currently undergoing, and preparatory work for the engineering, construction and drilling is going to commence.

The Tuzi Field is situated in the Tarim Basin, approximately 230 k.m., west of the Group's offices in Kuerle, Xinjiang. It was discovered in 1999 by CNPC. Gas is reservoired less than 2000 m below the surface of the earth. A total of 22 billion cubic metres of gas is certified in place by the State Reserve Committee. The Group signed the Production Sharing Contract (PSC) for Tuzi Development Project in Beijing on 11 August, 2009. Under the terms of PSC, the Group and CNPC

proportionally recover paid costs and then share profit in a ratio of 49% to the Group. The price of domestic gas in China is set by the National Development and Reform Commission (NDRC). In May 2010, the NDRC announced an increase in the wholesale price of natural gas by 25%, the Tuzi Field will be a beneficiary of the increase. The management holds an optimistic view on the future domestic gas price in China, and believes there is a great upside in the upstream gas business in China.

Business and Market Outlook

The tremendous growth in the scope and scale of the business throughout the last fiscal year has coincided with a strengthening of the policies and processes throughout the Group. These foundations are essential to enable controlled growth and support the continued expansion as the Group builds on the momentum and enhanced reputation it has created.

The external market environment is expected to continue to be challenging, with macroeconomic weakness in the main markets of the United States and Europe as well as likely softening in the growth rates in China and other emerging markets. Political instability in North Africa and the Middle East could provide additional challenges and volatility in prices that are being monitored carefully.

Nonetheless, opportunities for enhancing the Group's business base in China and internationally has grown on the back of robust financial performance and the continued recruitment of experienced professionals across the main core businesses.

International Supply and Bunkering

The ISB division is expected to continue being the major driver of the Group's revenue and income growth in the coming year. The platform established in the last 12 months will enable the Group to enhance its sales volume and revenue as the annual "run rate" for these positions takes effect. Further upside potential will also be created as the Group expands its positions and activities in China and internationally.

For marine bunker supply, the Group is looking to create new positions in China to further enhance its competitiveness of supply into East China as well as seeking new ports for expanding its service offerings to international shipping lines. The Group also continues to expand internationally and in particular to firmly establish its positions in North-West Europe and the Americas. The bunkering business will also be adapting to the changing regulations regarding fuel specifications and the growing demand for gas oil and low sulphur fuel oils. These are expected to become increasingly important in the coming years.

In support of the expanding requirements from its customers for marine bunkers, as well as the trading opportunities that emerge from these positions, the Group is looking to expand its regional supply and trading office presence. An office in Geneva will be opened to be the focus for the Group's European and African businesses, and further expansion is also expected in Houston and

Singapore. The expansion of the Group's capabilities in these regions will also increase its capabilities to supplying middle distillates and crude for local markets and arbitrage shipments to China and elsewhere.

As the business expands, the Group's rigorous risk control framework will be further strengthened with the deployment of a specialised trading system, as well as enhancement of the processes across all aspects of the business. Additional trading professionals for the "front office" (including traders, analysts, and operators), "mid-office" (credit, and trade control), as well as the "back office" (accounting, treasury, and settlements) will be recruited. Supported with a comprehensive training and development program, our teams will remain performance focused, efficient, and apply international practices of control and risk management across the critical functions.

Oil Storage and Terminal Facilities

The main storage projects in Zhoushan and Dalian will continue to be in the construction. In addition, the Group is seeking opportunities for acquisition or development of other storage facilities in China and internationally that provide strategic and attractive options for the Group. These investments will be considered where robust investment returns, attractive cash flow prospects, and complementary support for the ISB business are aligned.

Marine Transportation

The Group is engaged in an ongoing process to establish a fleet of ocean-going oil tankers to complete its supply chain from procurement to delivery. Amongst the newly-acquired quality oil tankers, five VLCCs, each weighing 318,000 DWT, are under construction. When completed, the five VLCCs will help strengthen logistical support in markets stretching from Europe to South America to China. They will operate between the Dalian and Zhoushan storage facilities and other ports along the coast and create further synergy with our four other 100,000 DWT oil tankers. These quality vessels will increase the Group's oil carrying capacity significantly, which is in line with its strategy of building a fleet of ocean-going oil tankers to support the Group's plans for expansion in the global marine bunkering business.

Upstream Business

Besides carrying on with the Group's core development plans to expand the scale of its ISB business, the Group will continue to develop its upstream business so as to turn the Group into a leading global energy production and supply company. With the launch of the Tuzi Natural Gas Development Project, the Group's first upstream project, the management believes the upstream business will become an important source of revenue for the Group by 2012. With the support of its solid downstream operations, the Group continues to actively seek projects that will broaden the appeal of its upstream business, including the exploitation and development of oil and gas fields globally.

In 2011, the shipping market recovered somewhat despite the weak economy, while the market for oil and gas continued to boom across the globe as reflected in surging oil prices. Staying focused on its vision for the industry, the Group will continue to execute its growth strategy to diversify revenue streams for future growth while also reinforcing our solid foundations and the sustainability of our core businesses. Leveraging continued economic growth as well as rapid industrialisation and urbanisation in China, which have boosted domestic demand for energy, the Group will continue to integrate and strengthen its value chain in the energy sector so as to become one of the leading global energy conglomerates in the world, with a view to creating greater value and providing higher returns to its shareholders.

For the year ended 30 June 2012

Financial Review

The Group's revenue for the year ended 30 June 2012 (the "**FY 2012**") amounted to HK$69,949,215,000, representing a significant increase of 76.8% as compared to HK$39,553,108,000 in prior year.

The Group's gross profit was derived mainly from International Trading and Bunkering (formerly known as International Supply and Bunkering) business which has dropped by approximately 63.8% to HK$886,165,000 (2011: HK$2,450,136,000) and gross profit margin (including physical mark to market value of fuel oil) reduces significantly to 1.3% (2011: 6.2%).

As International Trading and Bunkering business is subject to risk of fuel oil price fluctuation, the Group performs financial hedging for its physical exposure of fuel oil through derivative financial instruments ("**DFIs**"). The realized and unrealized gain or loss on fair value change of DFIs will be added to the gross profit to derive the adjusted gross profit (i.e. gross profit plus fair value change of DFIs) (the "**Adjusted Gross Profit**") for performance review.

During the FY 2012, the Group recorded the Adjusted Gross Profit of HK$1,968,239,000 (2011: HK$2,277,368,000) and Adjusted Gross Profit margin reduced to 2.8% (2011: 5.8%) and overall operating cost increased to HK$1,651,630,000 (2011: HK$922,242,000), representing an increase of 79.09% due to higher trading volume and expansion into international markets, as well as growth in marine transportation and upstream division.

During the FY 2012, the Group continued the investment of the facility of storage, terminal and Tuzi upstream, no profit was recorded and the related costs were capitalised. Profit attributable to shareholders was HK$305,716,000 (2011: HK$1,270,398,000), representing a decrease of 75.9% as compared to prior year.

During the review of unaudited management accounts for the nine months ended 31 March 2012, the management realized a decrease in net profit for the Group, in particular a much lower gross profit margin of 3.43% (nine months ended 31 March 2011: 6.73%) and Adjusted Gross Profit margin of 3.25% (nine months ended 31 March 2011: 5.97%). The gain in physical mark to market value of fuel oil did not cover the loss on fair value change of DFIs and the increased operating costs of the Group.

On 30 April 2012, the Group published a profit warning announcement informing the public that the Group's net profit for the year ending 30 June 2012 was expected to decrease significantly as compared to prior year for reasons including:

(a) Decrease in overall gross margin in relation to the business segment of International Trading and Bunkering;

(b) Loss on fair value change of DFIs; and

(c) Increase in overall operating costs.

Monthly average fuel oil price was rising from US$709 per metric tonnes ("**MT**") in January 2012 to US$736 per MT in March 2012 which resulted in higher physical value of fuel oil as we performed mark to market accounting but at the same time DFIs suffered a loss on fair value change when they were used to hedge the physical exposure of fuel oil. However, fuel oil price collapsed severely in the fourth quarter of FY 2012 and averaged US$584 per MT in June 2012, resulting in a loss on physical mark to market value of fuel oil and gain on fair value change of DFIs.

As the magnitude of fuel oil price movement varied from January 2012 to June 2012, we ended the financial year with gross profit (excluding physical mark to market value of fuel oil) of HK$1,250,429,000 (2011: HK$2,353,588,000) with a corresponding significantly lower gross profit margin at 1.79% (2011: 5.95%). The physical mark to market value of fuel oil recorded a loss of HK$364,264,000 (2011: a gain of physical mark to market value of fuel oil of HK$96,548,000). After including a gain on fair value change of DFIs for HK$1,082,074,000 (2011: a loss on fair value change of DFIs of HK$172,768,000) due to fuel oil price collapsed in the fourth quarter of FY 2012, the Adjusted Gross Profit margin of the Group consequently was reduced to 2.81% (2011: 5.76%), reflecting the difficult trading environment for the year under review.

Liquidity and Financial Resources

As of 30 June 2012, the Group had receivables from brokers, pledged bank deposits and bank balances and cash of approximately HK$3,305,211,000, HK$413,556,000 and HK$1,635,013,000 respectively.

The Group considers its foreign currency exposure is mainly arising from the exposure of exchange between Hong Kong dollars, Singapore dollars, Renminbi and United States dollars. The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments and ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time.

As at 30 June 2012, the Group had bank borrowings and charges on its assets of approximately HK$8,214,836,000 and HK$13,766,234,000 respectively.

As at 30 June 2012, the Group's gearing ratio was approximately 41.9% (2011: 41.6%), calculated as the Group's net borrowing divided by shareholders' equity. Net borrowing of HK$3,144,134,000 (2011: HK$2,618,005,000) was calculated as total borrowings (i.e. the aggregate

of bank borrowings and convertible notes of HK$8,497,914,000 (2011: HK$7,811,477,000) less receivables from brokers, pledged bank deposits and bank balances and cash of approximately HK$5,353,780,000 (2011: HK$5,193,472,000).

Contingent Liabilities

As at 30 June 2012, the Group did not have any significant contingent liabilities.

Capital Structure

As of 30 June 2012, the Company had 8,766,498,266 shares (the "**Shares**") in issue with total share capital of approximately HK$219,163,000.

Employees and Remuneration Policies

As of 30 June 2012, the Group employed approximately 350 full time employees. The Group remunerates its Directors and employees by reference to their performance, experience and prevailing industry practice. Employee benefits provided by the Group include provident fund scheme, medical scheme, discretionary performance-related bonus and a share option scheme. For the year ended 30 June 2012, total employees' remuneration, including directors' remuneration, was approximately HK$247,245,000 (2011: HK$187,338,000).

Business Review

The Group continues to develop its four core businesses of International Trading and Bunkering, Marine Transportation, Upstream Business and the Oil Storage and Terminal Facilities.

The International Trading and Bunkering business remained the Group's key revenue generator in this financial year, followed by marine transportation which saw a significantly increase in revenue as compared to last year. One of the Group's upstream projects, the Dina 1 Gas Field in north-western China has commenced production and has been generating revenue for the Group. The Group's storage and terminal projects are still under construction and are therefore not expected to contribute to the Group's earnings until financial year ("**FY**") 2014.

This year proved to be a challenging one for the Group's International Trading and Bunkering and Marine Transportation businesses.

The weakening of global economy has caused a slowdown in the global shipping market with an oversupply of ships which led to weak bunker demand, shrinking tonnages, depressed freight rates and reduced bunker and shipping margins.

Despite a tough year, the Group's trading and bunkering arm was able to secure higher sales volumes with a strong 46% growth and a surge in freight income from marine transportation of approximately 191% against last financial year.

Business and Market Outlook

The unresolved European sovereign debt crisis and the recession taking hold in the euro-zone are expected to further depress the global economic outlook. This uncertainty, together with the loss in momentum in the growth of developed economies, will impair the development of emerging markets. Ultimately, these factors give rise to an increasingly challenging operating environment.

International oil prices are expected to remain volatile for the foreseeable future with continued fundamental imbalances between demand and supply. Oil consumption across the globe will be impeded by sluggish economic growth.

China's 12th Five-Year Plan, combined with other stimulus strategies the Chinese government has introduced to the oil and gas industry, fosters a favourable environment for the Group by allowing it to scale up its business operations. Although challenges remain prevalent, the Group will continue to accelerate its development efforts and to strive to achieve sustainable growth in its core businesses.

International Trading and Bunkering

Business Review

Overall, global demand in FY 2012 was not as robust as it was in previous year.

Singapore and China, being the Group's key markets, have seen lower growth in bunker according to estimates, and certain ports in China are predicting a slight contraction this year.

The weak bunker demand was generally brought by a weakness in the shipping industry caused by an oversupply of ships and weak global trade volume, as well as the sharp rise in oil prices resulting in ship-owners to scaling back on their consumption of bunker fuels.

At the same time, the fuel oil trading environment saw higher volumes of fuel oil flowing eastward, eroding premiums and physical trading margins in key eastern trading hubs like Singapore.

In line with our growth strategy, the trading and bunkering arm continued bunker supply in key international and China ports and recorded sales volume of approximately 13 million metric tonnes, an increase of 46% over last year.

However, the thin physical margins and the increases in operating costs have significantly reduced the net profit contribution from the trading and bunkering business for the Group in this financial year.

Business and Market Outlook

The economic environment for the remaining of 2012 is expected to remain challenging for both bunker sales and fuel trading. The uncertain European economic environment together with mixed views of the US economy, has started to have effects on the Chinese and other emerging

economies in Asia. The slowdown in trade has impacted fuel oil demand in the container and bulk carrier shipping markets. It is anticipated that the weakness in fuel oil bunker demand and margin will likely continue into the second half of 2012.

Going forward, the strategy for the International Trading and Bunkering division is to focus on efforts in bunker sales in markets where it enjoys a niche position, namely in China and Singapore. The International Trading and Bunkering division will consolidate its sales offices worldwide to save on overhead costs while ensuring that it maintains relationships with its customers. The division will continue to expand its product offering to generate additional income and to build on its market presence e.g. widening our product trading lines. The division also looks to optimise supply chain activities so as to ensure overall cost efficiencies. The business is expected to continue to be the major driver of the Group's revenue and income growth in the coming year. The platform established in the last 12 months will enable the Group to enhance its sales volume and revenue as the annual "run rate" for these positions takes effect.

Upcoming changes in the division include the establishment of a new crude trading team which will initially be located in Singapore and plans are underway to open regional crude trading offices in Geneva and the US.

The Group has recently completed a global cost review and will implement some initiatives to reduce costs in the second half of 2012. Proposals include the consolidation of our regional sales offices to generate economies of scales and costs savings, and the optimisation of storage facilities in the US and potentially in Singapore.

We will continue to optimise its fuel oil and gas oil trading and bunker portfolio both regionally and globally so as to ensure that we are in an advantaged position as a key trading hub that includes services such as product supply, storage capacity and demand from shipping customers demand perspectives. We must be vigilant with our risk management and the execution of financial hedges for our physical trading portfolio.

Marine Transportation

Business Review

With four Aframax oil tankers and one bunker barge in full operation, the Group's marine transportation segment recorded an approximate 191% increase in revenue from HK$87 million to HK$253 million, and with EBITDA doubling from HK$31 million to HK$76 million against the last financial year. Overall, the vessels operated in a satisfactory manner with little or no technical downtime. All four Aframax oil tankers have over the year received a fresh coat of antifouling paint resulting in significant fuel savings and better speed performance. Commercially the vessels have performed in line with, or better than, fleets of comparable size and tonnage.

However, our shipping business was not spared by the slowdown in global shipping industry which depressed freight rates and increase in operating costs, especially for bunker fuel, but with the advantage of synergy with bunker segment and further cost reductions measures taken, the Group's marine division continues to build up a global force that would improve contribution to the Group when market recovers.

Business and Market Outlook

Over the coming 12 months, the Group will take delivery of five highly fuel efficient VLCCs. The VLCC market is currently at a historic low, but once the vessels are launched for operation, they will perform significantly better than the majority of the existing VLCC world fleet. We expect the vessels to primarily support the crude oil import to Asia and China, especially China, where crude oil imports are expected to increase by 10% year on year ("**YOY**"), which would make it a main user. With the ability to heat and blend its cargoes, vessels may additionally well be seen used in the fuel oil trade, whether internally or externally.

The order book for new deliveries of Aframax vessel is today, with a relatively low total of only 27 new vessels expected to enter the market over the next 36 months. Seen against a significantly high year to date ("**YTD**") scrapping of 22 vessels (only five vessels in 2011) the expected YOY fleet growth for 2012 is at a very low level of approximately 0.5%. If this trend is to continue, we may well see negative fleet growth, meaning that a turning point will be not too far away.

Depressed freight markets also create opportunities for additional acquisitions. Second hand vessels are currently available at an approximate 20% discount from their new build to scrap linear depreciative values. The Group is constantly on the lookout for vessels within the VLCC, Aframax, MR and LNG segments built by reputable ship-yards provided that the vessels are fuel efficient and well maintained.

Upstream Business

Business Review

As part of its 12th Five-Year Plan (2011-2015), the People's Republic of China has set an ambitious goal of reducing its coal and oil consumption and cutting carbon emissions by 17% between 2011 and 2015. Natural gas is the preferred source of energy to achieve this goal as it emits up to 60% less CO_2 than coal when used to generate electricity. We expect consumers to thus shift from coal to natural gas, which will push the price of natural gas up.

In late December 2011, the National Development and Reform Commission ("**NDRC**") issued a notice announcing a natural gas price reform pilot scheme which has been implemented in Guangdong Province and the Guangxi Autonomous Region. The goal of the reform is to assist the government to determine a reasonable pricing mechanism. A nationwide roll-out to fully liberalize wellhead prices is expected by 2015.

During the Period under review, progress was made in pushing forward approval of the Overall Development Plan ("**ODP**") for the Tuzi Gas Field ("**Tuzi Field**") in the Xinjiang Autonomous Region. The ODP covers the full development of the Tuzi Field, including drilling, completions, facilities, and access roads. Moreover, the Environmental Impact Assessment, Water and Soil Conservation, Occupational Health and Safety and Land Use plans have all been reviewed. The final approval process by the NDRC is expected to be completed during the second half of 2012.

On 10 November 2011, the Group announced the acquisition of Win Business Petroleum Group (Dina) Limited (formerly known as Win Business Petroleum Group Limited), which holds the rights to develop and produce natural gas at the Dina 1 Gas Field, located adjacent to the Tuzi Field in the Xinjiang Tarim Basin. The Dina 1 Gas Field covers 74.766 square kilometres with proven and probable gas and condensate reserves of 127.9 Bscf and 1.8 MMstb respectively. The Group is entitled to reserves of 73.5 Bscf gas and 1.0 MMstb condensate. Three wells have been developed at Dina 1 Gas Field, which the Group expects to create significant revenue in the near future. The Dina 1 Gas Field is currently producing at a rate of approximately 21 MMscf per day, with condensate oil of 275 b per day and will be developed in conjunction with the Tuzi Field, creating economies of scale and synergies that will result in improved efficiencies associated with the daily operations of these two projects.

The Dina 1 Gas Field, located some 10 km south of the Tuzi Field, was discovered by China National Petroleum Corporation ("**CNPC**") in 1999. The gas reservoir is located at between 5,000 to 6,000 meter below the surface. The Production Sharing Contract ("**PSC**") signed with CNPC on 15 April 2008 is valid for 30 years. Under the terms of the PSC, the Group and CNPC will recover paid costs and share profit in proportion to their respective stakes in the project, with a ratio of 49% going to the Group. The management believes that both the Dina 1 Gas Field and the Tuzi Field will benefit from the new natural gas pricing mechanism.

Business and Market Outlook

FY 2012 marks a momentous milestone for the Group's upstream business venture. The Dina 1 Gas Field, which was acquired and commenced production in January 2012, recorded satisfactory outputs of natural gas and condensate from the Dina 1-2 well in July 2012. This accumulated amount establishes a solid foundation for the Group's oil and gas development and production business. The Group expects its upstream business to emerge stronger when the official commissioning of the Dina 1-2 well comes to pass in October 2012. It is expected to become one of the Group's key growth drivers by the end of 2012 or early 2013.

Under the 12th Five-Year Plan, China intends to boost the import and production of natural gas and to meet growing domestic demand. This objective implies favourable conditions to the development of our upstream business. Looking ahead, we will maintain our expansion strategy by remaining proactive in exploring upstream business projects and various investment opportunities around the world. Securing new endeavours in this arena allows us to further broaden our operations. As we continue to capitalize on new discoveries, we will advance our leading position in the industry and maximize returns to our shareholders.

Oil Storage & Terminal Facilities

Business Review

The Oil Storage and Terminal Facilities business unit remains an essential link in the development of integrated supply chain management for the Group and provides a platform for servicing the wider industry. The business aims to bring competitive advantage to all of our customers (including Group partners) by providing storage and transhipment services that are safe, reliable, efficient and that maximise the opportunities for value added services.

The Group currently has two projects in Zhoushan and Dalian under development, and additional storage facilities are being considered as part of the longer-term goal of having a global portfolio of storage facilities that generate a stable cash flow and that provide long-term security of access to the Group's other businesses.

Both facilities will share economies of scale, as well as the capability to load and unload cargoes on VLCCs. This will boost efficiency in the handling and throughput of all products, and will significantly reduce costs for the Group on leasing storage and imports.

The construction of oil storage facilities has been progressing, particularly for Waidiao Island in Zhoushan where tank foundations are being laid and construction of part of the jetty infrastructure has begun. Construction of the large jetties is due to commence by the end of 2012 upon approval from the central government. Receiving these final approvals will enable the project to progress to financial close and the Group is at advanced stages of negotiations with a bank consortium to enable full-scale construction to commence as soon as possible.

The terminal on Changxing Island in Dalian, where capacity of Phase 1 will reach up to 3.9 million cubic meters, is proceeding through the formal government approval process. The land preparations however have been completed, and once approval from the various central government authorities is received construction will proceed relatively quickly.

The Group remains committed to developing additional opportunities for storage in international markets where investments offer reasonable returns and meet the Group's strategic objectives.

Business and Market Outlook

The focus for the near term remains on finalizing approvals and completing the construction for phase 1 of both oil storage and terminal facilities within the next 18-24 months. Central government approvals remain the critical path item which could potentially hinder progress within this timeframe. Commercialization of the assets has already commenced and the response of the international supply and trading community has been positive. The Group remains confident that the continued development and reform of the oil market in China will make these assets primary centers for oil trading within the next three to five years.

International projects will continue to be reviewed with a primary focus on the major trading and marine bunker regions. Investments, either in greenfield or existing assets, will only be made where the Group's financial and strategic criteria are met and which complement the overall portfolio of storage assets.

For the year ended 30 June 2013

Financial Review

During the year ended 30 June 2013 ("**FY 2013**" or "**the period under review**"), the total revenue of the Group decreased by approximately 20.7% to HK$55,448.8 million from HK$69,949.2 million in last year. Among the group business divisions, International Trading and Bunkering ("**ITB**") and Marine Transportation ("**MT**") businesses were still the major contributors to the Group's financial performance although they faced an extremely challenging market environment due to low market demand and weaker net margin. However, following with 5 Very Large Crude Carriers ("**VLCCs**") in operation during the year, the MT business managed to record a year on year increase in revenue by 145.8% to HK$621.3 million under the tough market conditions. During the period under review, the Group experienced a gross profit of HK$1,205.4 million and adjusted gross profit (i.e. gross profit plus fair value change of derivative financial instruments) of HK$496.3 million as a result.

After accounting for the overall operating cost of HK$1,262.8 million (2012: HK$1,651.6 million), the Group recorded a loss attributable to the owners of the Company amounting to HK$721.7 million (2012: profit of HK$305.7 million).

The balance of Group's trade debtors as of 30 June 2013 decreased to HK$4,368.4 million (2012: HK$6,737.4 million) year on year with the average receivable days of 73 days. The balances have been substantially settled after the end of FY 2013 as the Group continuously performed regular review on customers' trading limits and credit ratings to facilitate the debt collection.

During the period under review, the Group recorded basic and diluted loss per share of HK8.2 cents (2012: basic and diluted earnings per share of HK4.1 cents).

liquidity and financial resources

As of 30 June 2013, the Group had receivables from brokers, pledged bank deposits and bank balances and cash of approximately HK$521.9 million, HK$282.7 million and HK$1,352.0 million respectively.

The Group considers its foreign currency exposure is mainly arising from the exposure of exchange between Hong Kong dollars, Singapore dollars, Renminbi and United States dollars. The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments and ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time.

As at 30 June 2013, the Group had bank borrowings and charges on its assets of approximately HK$5,823.7 million and HK$11,728.1 million respectively.

As at 30 June 2013, the Group's gearing ratio was approximately 56.5% (2012: 41.9%), calculated as the Group's net borrowing divided by shareholders' equity. Net borrowing of HK$3,895.3 million (2012: HK$3,144.1 million) was calculated as total borrowings (i.e. the aggregate of bank borrowings and convertible notes of HK$6,051.9 million (2012: HK$8,497.9 million) less receivables from brokers, pledged bank deposits and bank balances and cash of approximately HK$2,156.6 million (2012: HK$5,353.8 million).

Contingent Liabilities

As at 30 June 2013, the Group did not have any significant contingent liabilities.

Capital Structure

As at 30 June 2013, the Company had 8,766,498,266 shares (the "**Shares**") in issue with total share capital of approximately HK$219.2 million.

Employees and Remuneration Policies

As of 30 June 2013, the Group employed approximately 330 full time employees. The Group remunerates its Directors and employees by reference to their performance, experience and prevailing industry practice. Employee benefits provided by the Group include provident fund scheme, medical scheme, discretionary performance-related bonus and a share option scheme. For the year ended 30 June 2013, total employees' remuneration, including directors' remuneration, was approximately HK$288.6 million (2012: HK$247.2 million).

Business Review and Outlook

During the period under review, a robust global economic recovery remained out of reach. Amidst a challenging operational environment, the Group achieved overall steady development for its four core businesses through the optimization of its business model, better control of operating costs, expansion of trading products and improvement in credit and trading risk management. The Group made significant progress in its Upstream business, with the Tuzi gas field commencing production in the second half of 2013. For its ITB business, the Group maintained a relatively good market share despite challenges brought by the unfavorable market environment. For its MT business, the Group has successfully received 5 VLCCs and entered into a 10-year Contract of Affreightment ("COA") with China International United Petroleum & Chemicals Co., Ltd., ("UNIPEC"). Construction of the Group's Oil Storage & Terminal Facilities in Zhoushan progressed smoothly, such that Phase 1 of the project, with a capacity of 1.94 million cubic meters, is set to commence operation in the first half of 2015.

Upstream Business – Oil/Gas Field Exploration, Exploitation and Production

The Group's upstream business delivered favorable results during the year. Production of the Dina 1 Gas Field in the Tarim Basin in Xinjiang ("**Dina 1 Gas Field**") remained stable and safe while daily production reached the level of approximately 1.2 million cubic meters of natural gas and 65 metric tonnes of condensate.

Looking ahead, demand for oil and gas resources in China will remain strong. The National Development and Reform Commission ("**NDRC**") announced its plan to set up a dynamic pricing mechanism to reflect the demand and shortage of natural gas and other alternative energy. On 10 July 2013, average gas price at the city gas gate stations was raised from RMB1.69 to RMB1.95 per cubic meter. Upward adjustment of the natural gas price is expected to continue in the future.

The Group will continue to grow its oil and gas field exploration, exploitation and production business as its primary focus, and as an important profit contributor in the coming fiscal year and in the long run, to realize its full potential.

Information on Natural Gas and Condensate Reserve

The following tables set forth the Company's estimated reserve as at 30 June 2013. They are prepared by the SRK Consulting (Australasia) Pty Ltd. ("**SRK**"), an independent firm of professional valuer, which possesses the relevant professional qualifications and experience.

Gross and Net Entitlement Proved and Probable (2P) Reserves of the Dina 1 Gas Field (as at 30 June 2013)

	Gross Reserves (100%) Dina 1 Gas Field			**Net Reserves to which Win Business Petroleum Group Limited (a wholly-owned subsidiary of the Company) is entitled**		
Reserve Category	**Natural Gas (Bscf)**	**Condensate (MMbbl)**	**BOE (MMbbl)**	**Natural Gas (Bscf)**	**Condensate (MMbbl)**	**BOE (MMbbl)**
Proved + Probable (2P)	132.46	1.29	23.36	66.23	0.65	11.69

In addition, the report prepared by SRK with effect in September 2013 had indicated that a net present value ("NPV") analysis had been conducted by them for the purpose of determining the fair value of the Dina 1 Gas Field as at 30 June 2013. The interest of NPV value of the Dina 1 Gas Field entitled to Win Business Petroleum Group Limited, a wholly-owned subsidiary of the Company is amounted US$141.90 million (equivalent to HK$1,101.14 million at an exchange rate of US$1=HK$7.76). As at 30 June 2013, the carrying amount of the oil and gas properties of the Group in Dina 1 Gas Field is over HK$600 million.

International Trading and Bunkering

The global oil demand for FY 2013 remained sluggish on the back of a weak global economy. The European economy continued to contract while the Chinese economy began to stall. Although there were some signs of recovery in the US economy, it was far from robust. The shipping industry continued to be oversupplied following weaker global trade flows. This has led ship owners to lay up vessels as well as step up their scrapping program. Many ship owners have also resorted to slow steaming to reduce bunker consumption and costs. With oil prices hovering at relatively high levels for most of the period under review, the overall global bunker demand stayed weak. The Singapore fuel oil trading market saw high inventory levels at both on-shore as well as floating storages. This has limited the scope of growth in both bunker margins as well as physical fuel oil trading margins in the Singapore trading hub.

In FY 2013, ITB added crude, middle distillate and petrochemical on top of its fuel oil trading desk. The business division focused more of its efforts on growing its marine fuel oil business in China, adding new bunkering activities in Zhoushan, Qingdao and Yangshan. In addition, the division added a new crude origination resource in the United States to allow the crude trading bench to source competitively valued supplies in South and Latin America for arbitrage sale into North Asia. However, expansion plans in Europe have been temporary held off until market conditions turn more favorable.

The Group's ITB business had a challenging FY 2013 given the aforementioned market conditions. Intense competition in the Singapore and China bunker markets led to overall weaker net margins, and the supply overhang also impacted the Group's fuel oil trading margins. The Group undertook efforts to diversify its product lines and reduce fixed costs in the second half of FY 2013. It achieved global sales volume of approximately 10 million metric tonnes for the ITB division, 6.9 million metric tonnes for fuel oil and gas oil, and 3.1 million metric tonnes for crude, maintaining a significant market share.

Going forward, the strategy for the Group's ITB division remains unchanged with its fuel oil business focusing on growing bunker sales in markets where it enjoys a niche position, namely China and Singapore. The physical crude trading business will plan to increase the variety of physical crudes it trades, as well as grow its trading presence across Asia, after which it will look to expand to Europe and South America.

The ITB division will explore further optimizing its supply chain to achieve overall cost efficiencies. The business aims to create a nimble and flexible organization that can better respond to the changes and challenges that lie ahead. The division aims to recruit more experienced trading professionals for its ITB business, and continues to adopt a conservative credit risk management policy by being vigilant in managing all the Group's trading exposure.

The ITB business is expected to remain the primary driver of the Group's revenue and income growth in the next financial year.

Marine Transportation

For MT division, the period under review was notable for both the significant milestones achieved and the tough economic conditions in the global tanker markets it serves. The Group took delivery of five newly built VLCCs from July 2012 to March 2013. These carriers have been very well received by customers and are amongst the most fuel-efficient in the market, yielding a better economic return compared with the majority of its competitors. Additionally these carriers are fitted with heating coils and bunker flow metering systems, which enhance trading flexibility and improve operating efficiency. As at 30 June 2013, its fleet comprised five owned VLCCs, four owned Aframax Oil Tankers and one Bunker Barge. Its total capacity grew 3.5 times to two million metric tonnes. Our modern fleet has operated at a very high standard with minimal technical downtime. This, combined with its effective utilization, has enabled it to outperform the competition.

China's oil consumption in the past decade has grown more than any other nation, and the country now stands as the second largest consumer of oil in the world. More than 90% of China's crude imports come from the Middle East and West Africa, which are key VLCC trade routes. MT division has been vertically integrated with our ITB division, and has been actively soliciting business opportunities from third party charterers to transport oil to China. This energy transportation service is delivered either through our own fleet or by chartering additional capacity from the market. A key achievement this year was signing a 10-year COA with UNIPEC. UNIPEC has established itself as one of the world's largest charterers and the Group is proud to have won this business, which is MT's first long-term energy transportation contract in China. This is the culmination of a strong strategic relationship built with oil majors in China, as well as a demonstration of our long-term commitment to meet the growing energy demand in China.

An organizational restructuring initiative was launched during the period under review, with the aim of streamlining business processes, strengthening the management team and preparing the organization to meet our ambitious growth targets. The new management team is fully committed to building upon the strong foundations that have already been laid out. Our focus on operational excellence combined with our commercial acumen and strong customer service orientation, will be supported by a drive to seek out value through cost and operational efficiencies.

Oil Storage & Terminal Facilities

The Group continued to develop its oil storage and terminal facilities as a platform to serve a wider range of customers. These facilities provide storage and transhipment services that are safe, reliable and efficient to create value for customers. Leveraging on the synergies with its ITB and MT businesses, oil storage and terminal facilities remained an essential link to the development of integrated supply chain management for the Group.

The Group currently has two oil storage and terminal facility projects under development in Zhoushan and Dalian. The two oil storage facilities are connected to the main oil pipelines in the PRC and are also connected to refineries nearby. The terminals will provide berths for different tonnages with capability to load and unload cargoes.

The construction of the oil storage facility on Waidiao Island in Zhoushan, with a total capacity of 3.16 million m^3, will be completed in two phases. Phase 1 and 2 of the project will have a capacity of 1.94 million and 1.22 million m^3 respectively. The facility will be equipped with 13 berths which can accommodate vessels from 1,000 to 300,000 DWT. The Group has commenced construction of Phase 1 and commercial operations are projected to commence around the end of 2014 or first half of 2015. Commercial operations of Phase 2 will take place around the end of 2015 or the first half of 2016.

The construction of the oil storage facility on Changxing Island in Dalian, with a total capacity of 7.19 million m^3, is expected to be completed in two phases. The estimated capacity of Phase 1 and 2 will reach up to 3.51 million m^3 and 3.68 million m^3 respectively. The facility will be equipped with 13 berths to accommodate vessels from 1,000 to 300,000 DWT. Completion of the project will be delayed as a result of the Chinese government's adjustment of its design and requirements for fire and general safety, which has extended the review of the project. The project has completed its land preparations. The Group expects to receive the approval for Phase 1 and the completion of construction by the end of 2015. Construction of Phase 2 is projected to complete in the second half of 2016.

In spite of the anticipated slight slowdown of the China's economy in 2013, the Group remains confident in the future growth of China's economy and the results of the Chinese government's oil market reform, growth in domestic demand and implementation of urbanization strategies. Zhoushan Islands is set to become the fourth State-level New Area, following Shanghai Pudong, Tianjin Binhai and Chongqing Liang Jiang. Zhoushan Islands is the country's pilot district for more extensive reforms and is the leader of regional development, as well as the centre for large-scale commodity handling, storage and trading. Leveraging its strategic geographic location and scope of scale, the Group believes that its new oil storage and terminal facilities in Zhoushan will grow into one of the most important oil trading centres in China within the next three to five years.

The addition of the storage facilities will generate stable rental income for the Group and will enable synergies with its ITB business and MT business for economies of scales. They will also contribute significantly to the Group's operational performance on the whole by enhancing the quality and efficiency of its bunkering and trading business.

The Group will continue to dedicate its efforts to developing its four main businesses and strengthening the operational foundation of each of its business units, to consolidate its market leadership. The Group's upstream gas field exploitation and production business is set to become the key driver of the Group's growth and profits. Looking ahead, with the gradual implementation of the 12th Five-Year Plan, China's growing demand for natural gas, oil storage and crude oil importation, along with the development of Zhoushan Islands New Area as the centre for large-scale commodity storage, processing, transiting and trading, the political and market environments are expected to support the future growth of the Group's four main businesses, enabling it to increase returns for shareholders.

For the six months ended 31 December 2013

Financial Review

During the six months from 1 July to 31 December 2013 (the "**Period**"), the total revenue of the Group increased by approximately 71.0% to HK$40,345.9 million from HK$23,589.5 million in the same period last period. Profit attributable to the owners of the Company (the "**Shareholders**") during the Period under review amounted to HK$544.9 million increased by approximately 162.5% from the loss of HK$871.2 million in the same period last year. Basic earnings per share of HK6.22 cents, rose by approximately 162.6% as compared to the same period in the previous financial year. Diluted earnings per share increased to HK5.82 cents as compared to diluted loss per share HK9.94 cents same period last year.

The turnaround to profit was primary due to the improvement of a few business sectors which included: (i) significant contribution from the international trading and bunkering ("**ITB**"); (ii) successful implementation of operating cost reduction measures across the Group in general; (iii) improvement of shipping business; and (iv) the Xinjiang Tarim Basin Dina 1 Gas Field delivering the favorable results with stable production.

The aggregate amount of assets, liabilities, incomes and expenses recognised in the condensed consolidated financial statements in relation to the Group's interest in the jointly controlled operation in the Tuzi gas field & Dina gas field are HK$1,978.7 million, HK$514.1 million, HK$144.9 million and HK$32.9 million respectively.

Liquidity and Financial Resources

At 31 December 2013, the Group had receivables from brokers, pledged bank deposits and bank balances and cash of approximately HK$1,330.5 million, HK$435.6 million and HK$1,229.8 million respectively.

The Group considers its foreign currency exposure is mainly arising from the exposure of exchange between Hong Kong dollars, Singapore dollars, Renminbi and United States dollars. The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments and ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time.

Borrowings and Charges On Group Assets

At 31 December 2013, the Group had bank borrowings and charges on its assets of approximately HK$5,990.0 million and HK$14,798.8 million respectively.

Contingent Liabilities

At 31 December 2013, the Group did not have any significant contingent liabilities.

Capital Structure

At 31 December 2013, the Company had 8,766,498,266 shares (the "**Shares**") in issue with total share capital of approximately HK$219.2 million.

Gearing Ratio

At 31 December 2013, the Group's gearing ratio was approximately 59.9%, calculated as the Group's net borrowing divided by Shareholders' equity. Net borrowing of HK$4,462.7 million was calculated as total borrowings (i.e. the aggregate of bank borrowings, loan from a related company and convertible notes of HK$7,458.7 million) less the aggregate of receivables from brokers, pledged bank deposits and bank balances and cash of HK$2,996.0 million.

Business Review and Outlook

Upstream Business

The Group's upstream business delivered favorable results during the year. The Xinjiang Tarim Basin Dina 1 Gas Field ("**Dina 1 Gas Field**"), which the Group developed in partnership with China National Petroleum Corporation ("**CNPC**"), is currently producing at a rate of approximately 1 million m^3 of natural gas and 63 metric tonnes of condensate oil per day. The Group is looking into developing new wells in the Dina 1 Gas Field to increase production.

The Group's other gas field, Tuzi Luoke Gas Field ("**Tuzi Gas Field**"), commenced production in December 2013. The Tuzi Gas Field is being jointly developed by the Group's wholly owned subsidiary, Win Business Petroleum (Grand Desert) Limited, and CNPC. As at 30 June, 2013, the Tuzi Gas Field, according to the Overall Development Plan approved by the National Development and Reform Commission, has cumulative gas extraction of 14.1 billion m^3 during its 20-year production period.

Upon full production, Dina 1 Gas Field and Tuzi Gas Field are expected to produce 1.3–1.5 billion m^3 of natural gas, and 25,000 – 35,000 metric tonnes of condensate oil annually.

The Group will continue to optimise the operations of these producing assets to ensure safe & best-inclass practice and maximise production and revenues generation.

Looking ahead, demand for oil and gas resources in China will remain strong. The National Development and Reform Commission ("**NDRC**") announced its plan to set up a dynamic pricing mechanism to reflect the demand and shortage of natural gas and other alternative energy. On 10 July 2013, average gas price at the city gas gate stations was raised from RMB1.69 to RMB1.95 per m^3. Upward adjustment of the natural gas price is expected to continue in the future.

In February 2014, the Group announced that it has entered into a stock purchase agreement with Anadarko China Holdings 2 Company Limited, a wholly-owned subsidiary of Anadarko Petroleum Corporation, to acquire its subsidiary that operates in China at a base purchase price of US$1,075,000,000, subject to certain adjustment specification mechanisms. The base purchase price

also includes the economical risks and benefits of the two currently oil-producing blocks in western Bohai Bay since 1 July 2013. The acquisition is an important step for the Group in the implementation of its overall strategy to progress into an integrated oil and gas company with sustainable revenue streams. The transaction is expected to be completed later this year pending preferential rights, regulatory approvals and other customary closing conditions. The Group believes the acquisition will materially strengthen its upstream position while complementing other core businesses.

In the light of these commercial potential, the Group will continue to grow its oil & gas exploration, exploitation and production businesses as its key strategic focus, via organic as well as mergers and acquisition opportunities. The Group foresees that the Upstream business will be an important profit contributor in the coming fiscal year and in the long run.

Information on Natural Gas and Condensate Oil Reserve

The report prepared by the SRK Consulting (Australasia) Pty Ltd. ("**SRK**"), an independent firm of professional valuer with effect in September 2013 had indicated that a net present value ("**NPV**") analysis had been conducted by them for the purpose of determining the fair value of the Dina 1 Gas Field as at 30 June 2013. The interest of NPV of the Dina 1 Gas Field entitled to Win Business Petroleum Group Limited, a wholly-owned subsidiary of the Company is amounted US$141.90 million (equivalent to HK$1,101.14 million at an exchange rate of US$1=HK$7.76). As at 31 December 2013, the carrying amount of the oil and gas properties of the Group in Dina 1 Gas Field is over HK$600 million. For Tuzi Gas Field, the interest of NPV entitled to Win Business Petroleum Group Limited is amounted to US$239.70 million (equivalent to HK$1,860.07 million at an exchange rate of US$1=HK$7.76).

International Trading and Bunkering

The global economic situation has improved marginally, unemployment rate in the United States ("**US**") is falling and US housing starts are generally upbeat. Meanwhile, the European economies may have seen off the worst periods with signs of recovery coming from Britain and Germany. In Asia, China's growth has stagnated a little but demand for crude oil continues to grow. Most emerging economies in Asia have still to recover to their previous growth rates.

During the period under review, several shipping companies have begun to post gains in profitability as a result of their aggressive cost controls and measures to manage operating efficiencies. The global bunker demand for second half of 2013 is estimated to be flat at best from the first half of 2013. Under such conditions, ITB's total bunker sales volume for the period under review was 26% below the volume for the same period in FY2012, yet 18% better than first half of FY2013.

During the period under review, crude oil prices have been very range bound with brent crude oil trading within US$103/bbl to US$116/bbl price range. Singapore MOPs fuel oil prices, tracking crude oil prices, have also stayed range bound within +/-US$42/metric tonnes for most of the period under review. Price volatility for both crude oil and fuel oil were fairly narrow over the period under review.

For the six months ended 31 December 2013, the ITB business unit focused its efforts mainly on building its crude trading relationships across Asia and its trading volumes into China/North Asia. The crude trading team successfully renewed its crude supply arrangement with Chinese major oil companies for another year in the period under review. The ITB team focused its efforts on growing its sales volume across Asia. The business unit also continued to look at costs reduction by extending its tankage subleasing programme to Singapore as well as putting more efforts to speed up overseas office closures.

The Group expects the oil market to remain challenging and competitive over 2014 and the crude will continue to trade within a bounded range with potentially more short term downside price movements as more US crude oil production comes on stream and potential Iranian crude oil production slowly returning into the international oil market as sanctions are lifted. These crude flows will add more oil to an already crowded supply market. The Group expects the shipping industry to continue to work through its difficulties for most of 2014, leading to yet another year of relative weak bunker demand. Recovery in shipping industry could come by end of 2014 or in 2015.

The Group will continue with its strategy to expand its bunkering presence in China by venturing into more Chinese ports. The Group also look to reduce its dependency on 3rd party barges, focusing the efforts to move oil onto its own bunker barges to our customers. This will give us more control over the quality and quantity of our deliveries. On the crude oil trading front, the Group will look into widening its crude oil sourcing into South America and continue to focus on moving more crude oil into North Asia.

Marine Transportation

The cyclicality and volatility that characterise the spot tanker market were in full evidence during the period under review. Freight rates rallied strongly in the last few months which was reflected in our results and is a further validation of our strategy of focussing on China and Asian markets. Furthermore, there are a number of factors that augur well for the crude tanker market in 2014.

Our fleet of five Very Large Crude Carriers ("**VLCC**") was fully utilised throughout this Period and was engaged primarily (over 70% of revenue) in carrying cargoes into China. This included our own system cargoes as well as that of third party customers. July 2013 began brightly as VLCC cargo volumes from the Middle East reached the highest level for 12 months which sent rates soaring. However, this was short lived with August and September yielding much lower returns.

A surge in ton mile demand from October onwards boosted freight rates to its highest level for several years by the end of 2013. The low fuel consumption characteristic of our VLCC fleet ensures that our earnings compare favourably with competitors in all market conditions. Ton mile demand has been on the rise in 2013 due to the increased number of cargoes that are moving from West Africa to China and from the Caribbean to China and other Far Eastern destinations. West African barrels in particular have appealed to Chinese buyers and, with the Brent Dubai spread narrowing, the light sweet characteristics of these cargoes were favoured over the heavier, sour Dubai crude.

Fleet over capacity is still an issue but it appears that this is not as bad as once feared. In fact, there is now evidence of a healthier supply demand balance. In 2013 the global tanker fleet grew at the slowest rate in a decade and although VLCC new building prices dipped to ten years low during 2013 they ended the calendar year up by about 10%.

The utilisation rate and earnings for our fleet of four Aframaxes improved steadily during the period under review. These vessels have been employed in a mixture of short term time charters, our own Chinese Fuel Oil trades and serving strategic customers in the spot market.

Over 2013 the Group completed the installation and commissioning of bunker flow meters on all of its tankers. In 2014 the Group will begin operating a new service in Singapore with its bunker barge, Brightoil 688, which will be fitted with a Mass Flow Metering system that offers our bunker customers peace of mind and certainty around bunker delivery quantities.

In September 2013, China moved ahead of the USA as the world's top net oil importer, per the US Energy Information Administration ("**EIA**"), and is expected to maintain that position throughout 2014. Moreover, tanker markets are likely to be bolstered if CNPC's forecast, that China's implied oil demand will grow quicker in 2014 at around 4%, is accurate. This will reverse a trend that saw its weakest rise in five years in 2013. This should have a positive effect on freight rates in one of our key markets. In the longer term, BP's Energy Outlook 2035 further emphasises China's continuing importance in the crude oil markets. The Group's commitment to meeting the growing energy demand in China and our strong strategic relationships with oil majors in China will stand us in good stead for the future.

Oil storage and terminal facilities

The Group continued to develop its oil storage and terminal facilities as a platform to serve a wider range of customers. These facilities provide storage and transhipment services that are safe, reliable and efficient to create value for customers. Leveraging on the synergies with its ITB and MT businesses, oil storage and terminal facilities remained an essential link to the development of integrated supply chain management for the Group.

The Group currently has two oil storage and terminal facility projects under development in Zhoushan and Dalian. The two oil storage facilities are connected to the main oil pipelines in China and are also connected to refineries nearby. The terminals will provide berths for different tonnages with capability to load and unload cargoes.

The construction of the oil storage facility on Waidiao Island in Zhoushan, with a total capacity of 3.16 million m^3, will be completed in two phases. Phase 1 and 2 of the project will have a capacity of 1.94 million and 1.22 million m^3 respectively. The facility will be equipped with 13 berths which can accommodate vessels from 1,000 to 300,000 DWT. The Group has commenced construction of Phase 1 and commercial operations are projected to commence around the end of 2014 or first half of 2015. Commercial operations of Phase 2 will take place around the end of 2015 or the first half of 2016.

The construction of the oil storage facility on Changxing Island in Dalian, with a total capacity of 7.19 million m^3, is expected to be completed in two phases. The estimated capacity of Phase 1 and 2 will reach up to 3.51 million m^3 and 3.68 million m^3 respectively. The facility will be equipped with 13 berths to accommodate vessels from 1,000 to 300,000 DWT. Completion of the project will be delayed as a result of the Chinese government's adjustment of its design and requirements for fire and general safety, which has extended the review of the project. The project has completed its land preparations. The Group expects to receive the approval for Phase 1 and the completion of construction by the end of 2016. Construction of Phase 2 is projected to complete by first half of 2017.

In spite of the anticipated slight slowdown of the China's economy in 2013, the Group remains confident in the future growth of China's economy and the results of the Chinese government's oil market reform, growth in domestic demand and implementation of urbanization strategies. Zhoushan Islands is set to become the fourth State-level New Area, following Shanghai Pudong, Tianjin Binhai and Chongqing Liang Jiang. Zhoushan Islands is the country's pilot district for more extensive reforms and is the leader of regional development, as well as the centre for large-scale commodity handling, storage and trading. Leveraging its strategic geographic location and scope of scale, the Group believes that its new oil storage and terminal facilities in Zhoushan will grow into one of the most important oil trading centres in China within the next three to five years.

The addition of the storage facilities will generate stable rental income for the Group and will enable synergies with its ITB business and MT business for economies of scales. They will also contribute significantly to the Group's operational performance on the whole by enhancing the quality and efficiency of its bunkering and trading business.

The Group will continue to dedicate our efforts to developing our four main businesses and strengthening the operational foundation of each of its business units, to consolidate our market leadership. The Group's upstream gas field exploitation and production business is set to become the key driver of the Group's growth and profits. Looking ahead, with the gradual implementation of the 12th Five-Year Plan, China's growing demand for natural gas, oil storage and crude oil importation, along with the development of Zhoushan Islands New Area as the centre for large-scale commodity storage, processing, transiting and trading, the political and market environments are expected to support the future growth of the Group's four main businesses, enabling us to increase returns for shareholders.

Employees and Remuneration Policies

As at 31 December 2013, the Group employed approximately 300 full time employees. The Group remunerates its Directors and employees by reference to their performance, duties and responsibilities, relevant working experience and prevailing market pay trend. Employee benefits provided by the Group include Mandatory Provident Fund Scheme, medical scheme, discretionary performance-related bonus and a share option scheme. For the six months ended 31 December 2013, total employees' remuneration, including Directors' remuneration, was approximately HK$110.4 million.

C. INDEBTEDNESS OF THE ENLARGED GROUP

As at the close of business on 31 May 2014, being the Latest Practicable Date for the purposes of this statement of indebtedness, the indebtedness of the Enlarged Group was as follows:.

At the close of business on 31 May 2014, being the Latest Practicable Date prior to the printing of this circular, the Enlarged Group had outstanding secured obligations under hire purchase contracts and finance leases of approximately HK$1.2 million, and bank borrowings of approximately HK$6,249.8 million including bills discounted with recourse and trust receipt loans. The entire balance of the Enlarged Group's bank borrowings was secured by fixed charges on (i) certain vessels held by the Group with aggregate net carrying values of approximately HK$5,546.3 million as at 31 May 2014; (ii) pledge of certain fixed deposits of approximately HK$364.5 million as at 31 May 2014; (iii) accounts receivables of approximately HK$6,877.2 million; and (iv) inventories of approximately HK$2,357.7 million.

The Group also had outstanding unsecured convertible notes issued by the Company with an outstanding principal amount of approximately HK$300.0 million and loan from a related company of the Company with an outstanding principal amount of approximately HK$543.0 million. The Target Company had loan from an intermediate holding Company with an outstanding principal amount of approximately HK$15.3 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Enlarged Group did not have outstanding at the close of business on 31 May 2014 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

Disclaimers

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 31 May 2014, the Enlarged Group did not have any outstanding bank loans, bank overdrafts and liabilities under acceptances (other than normal trade bills) or other similar indebtedness, debentures or other loan capital, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

The Directors are not aware of any material adverse changes in the Enlarged Group's indebtedness position or contingent liabilities since 31 May 2014.

D. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Enlarged Group, including internally generated funds, cash and cash equivalents on hand, the available banking facilities and the cash flow impact of the Acquisition, including the banking facility to be obtained as required for the Acquisition, the Enlarged Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular.

E. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Company were made up.

Deloitte.
德勤

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

30 June 2014

The Directors
Brightoil Petroleum (Holdings) Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Kerr-McGee China Petroleum Ltd. (the "Target") and its subsidiary (hereinafter collectively referred to as the "Target Group") for each of the three years ended 31 December 2013 (the "Relevant Periods"), for inclusion in a circular issued by Brightoil Petroleum (Holdings) Limited (the "Company") dated 30 June 2014 (the "Circular") in connection with the very substantial acquisition in respect of the entire issued share capital of the Target (the "Acquisition").

The Target was incorporated as an international business company and registered in the Commonwealth of the Bahamas with limited liability under the International Business Companies Act 1989, updated by the International Business Companies (Amendment) Act 1994, on 2 August 1994.

The particulars of the Target's subsidiary is as follows:

Name of the Company	**Place and date of incorporation**	**Place of operation**	**Issued and fully paid ordinary share capital** *US$*	**Principal activity**
Kerr-McGee Indonesia Holding Limited ("KMIHL")	Commonwealth of the Bahamas ("Bahamas") 9 February 2001	Republic of Indonesia	5,000	Inactive

KMIHL is wholly directly owned by the Target at 1 January 2011, 31 December 2011, 31 December 2012 and was dissolved at 26 August 2013. There was no significant financial impact to the Target on dissolution of KMIHL.

No statutory financial statements have been prepared for each of the Target and KMIHL since their respective dates of incorporation as there was no statutory audit requirement in Bahamas.

For the purpose of this report, the directors of the Target have prepared the consolidated management accounts of the Target Group for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements"). We have undertaken an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We have also examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Target Group for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments were considered necessary to adjust the Underlying Financial Statements in preparing our report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of the Target who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Target Group as at 31 December 2011, 31 December 2012 and 31 December 2013 and of the results and cash flows of the Target Group for the Relevant Periods.

(A) FINANCIAL INFORMATION

Consolidated Statements of Profit or Loss and Other Comprehensive Income

		For the year ended 31 December		
		2011	2012	2013
	NOTES	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	*7*	4,442,876	4,121,221	3,296,155
Cost of sales		(1,908,585)	(1,659,789)	(1,470,457)
Gross profit		2,534,291	2,461,432	1,825,698
Other income	*8*	3,009	635	1,241
Other losses, net	*9*	(28,986)	(2,807)	(14,748)
Impairment loss of exploration and evaluation assets for Contract Area 43/11	*17*	–	–	(22,616)
Administrative expenses		(82,230)	(66,265)	(29,428)
Finance costs	*10*	(5,226)	(11,130)	(11,905)
Profit before taxation	*11*	2,420,858	2,381,865	1,748,242
Income tax expense	*12*	(617,420)	(622,752)	(443,197)
Profit for the year attributable to the owner of the Target		1,803,438	1,759,113	1,305,045
Other comprehensive income (expense) for the year				
Item that will not be reclassified subsequently to profit and loss				
Exchange differences arising on translation to presentation currency		3,650	(8,999)	835
Total comprehensive income for the year attributable to the owner of the Target		1,807,088	1,750,114	1,305,880
Basic earnings per share	*14*	180,344	175,911	130,505

Consolidated Statements of Financial Position

		As at 31 December		
		2011	2012	2013
	NOTES	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*16*	2,028,892	1,722,129	1,693,511
Exploration and evaluation assets	*17*	11,929	17,233	–
Deferred tax assets	*18*	71,537	79,861	64,599
		2,112,358	1,819,223	1,758,110
CURRENT ASSETS				
Inventories	*19*	41,900	135,067	50,357
Trade debtor	*20*	505,805	1,316	245,277
Other debtors, deposits and prepayments	*21*	71,139	63,749	4,347
Bank balances and cash	*22*	1,100,061	845,645	916,316
		1,718,905	1,045,777	1,216,297
CURRENT LIABILITIES				
Other creditors and accrued charges	*23*	1,033,198	555,120	461,036
Amount due to an intermediate holding company	*24*	115,448	40,393	11,502
Tax payables		199,655	140,867	174,727
Obligations under finance leases	*25*	739	807	885
		1,349,040	737,187	648,150
NET CURRENT ASSETS		369,865	308,590	568,147
TOTAL ASSETS LESS CURRENT LIABILITIES		2,482,223	2,127,813	2,326,257
NON-CURRENT LIABILITIES				
Provision for restoration and environmental costs	*26*	135,906	168,133	185,674
Obligations under finance leases	*25*	2,327	1,511	627
		138,233	169,644	186,301
NET ASSETS		2,343,990	1,958,169	2,139,956
CAPITAL AND RESERVES				
Share capital	*27*	217	217	217
Reserves		2,343,773	1,957,952	2,139,739
Equity attributable to owner of the Target		2,343,990	1,958,169	2,139,956

Consolidated Statements of Changes in Equity

	Attributable to owner of the Target				
	Share capital	**Share premium**	**Translation reserve**	**Accumulated profits**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2011	217	127,184	6,123	3,172,437	3,305,961
Profit for the year	–	–	–	1,803,438	1,803,438
Other comprehensive income:					
Exchange differences arising on translation to presentation currency	–	–	3,650	–	3,650
Total comprehensive income for the year	–	–	3,650	1,803,438	1,807,088
Dividends paid *(note 15)*	–	–	–	(2,769,059)	(2,769,059)
At 31 December 2011	217	127,184	9,773	2,206,816	2,343,990
Profit for the year	–	–	–	1,759,113	1,759,113
Other comprehensive expense:					
Exchange differences arising on translation to presentation currency	–	–	(8,999)	–	(8,999)
Total comprehensive (expense) income for the year	–	–	(8,999)	1,759,113	1,750,114
Dividends paid *(note 15)*	–	–	–	(2,135,935)	(2,135,935)
At 31 December, 2012	217	127,184	774	1,829,994	1,958,169
Profit for the year	–	–	–	1,305,045	1,305,045
Other comprehensive income:					
Exchange differences arising on translation to presentation currency	–	–	835	–	835
Total comprehensive income for the year	–	–	835	1,305,045	1,305,880
Dividends paid *(note 15)*	–	–	–	(1,124,093)	(1,124,093)
As at 31 December 2013	217	127,184	1,609	2,010,946	2,139,956

Consolidated Statements of Cash Flows

	For the year ended 31 December		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
OPERATING ACTIVITIES			
Profit before taxation	2,420,858	2,381,865	1,748,242
Adjustments for:			
Other finance costs	762	421	474
Depreciation of property, plant and equipment	544,533	468,883	374,500
Interest income	(1,707)	(475)	(1,227)
Impairment of exploration and evaluation assets	–	–	22,616
Unwinding of discounting effect of provision for restoration and environmental costs	4,464	10,709	11,431
Operating cash flows before movements in working capital	2,968,910	2,861,403	2,156,036
(Increase) decrease in trade debtor	(100,916)	504,489	(243,961)
(Increase) decrease in inventories	(15,364)	(32,801)	106,394
Decrease in other debtors and prepayments	63,782	7,390	59,402
Increase (decrease) in other creditors and accrued charges	424,952	(449,449)	(147,410)
Cash generated from operations	3,341,364	2,891,032	1,930,461
Income taxes paid	(634,525)	(690,180)	(394,048)
NET CASH GENERATED FROM OPERATING ACTIVITIES	2,706,839	2,200,852	1,536,413
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(398,200)	(138,853)	(238,187)
Settlement of other payables in relation to purchase of property, plant and equipment	(95,881)	(97,950)	(69,321)
Additions of exploration and evaluation assets	–	(5,366)	(5,379)
Interest received	1,707	475	1,227
Placement of time deposits	(10,629,926)	(5,237,016)	(3,745,834)
Withdrawal of time deposits	11,407,551	5,493,679	3,398,325
NET CASH FROM (USED IN) INVESTING ACTIVITIES	285,251	14,969	(659,169)

	For the year ended 31 December		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
FINANCING ACTIVITIES			
Finance cost paid	(762)	(421)	(474)
Dividends paid	(2,769,059)	(2,135,935)	(1,124,093)
Repayment of finance lease obligation	(669)	(748)	(806)
Advance from an intermediate holding company	92,204	72,844	18,340
Repayment to an intermediate holding company	–	(147,534)	(47,241)
NET CASH USED IN FINANCING ACTIVITIES	(2,678,286)	(2,211,794)	(1,154,274)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	313,804	4,027	(277,030)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	1,166	(1,780)	192
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	35,266	350,236	352,483
CASH AND CASH EQUIVALENTS CARRIED FORWARD, representing bank balances and cash *(note 22)*	350,236	352,483	75,645

Notes to Financial Information

1. GENERAL AND BASIS OF PREPARATION

The principal activity of the Target is exploration, development, production and sale of crude oil. Its immediate holding company is Anadarko China Holdings 2 Company ("Anadarko 2"), a limited company incorporated in the Cayman Islands. Its ultimate holding company is Anadarko Petroleum Corporation, a company incorporated in Delaware with limited liability and its shares are listed on the New York Stock Exchange.

The address of the registered office of the Target is Providence House, East Hill Street, Nassau, Bahamas and principal place of business of the Target is RM1305-1314, 13/F Block B, Lucky Tower, No.3 Dong San Huan North Road, Chaoyang District 1000016, Beijing, People's Republic of China.

The functional currency of the Target is United States dollars ("US$"). For the convenience of the underlying financial statements users, the results and financial position of the Target Group are presented in Hong Kong dollars ("HK$").

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information throughout the Relevant Periods, the Target Group has consistently applied Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs"), amendments and interpretations ("INT") (herein collectively referred to as "HKFRSs") issued by the HKICPA that are effective for the Target Group's financial year beginning on 1 January 2013.

At the date of this report, the HKICPA has issued the following new and revised HKFRSs which are not yet effective. The Target Group has not early applied these new and revised HKFRSs.

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[2]
HKFRS 9	Financial instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[4]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[4]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
HK(IFRIC) – INT 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Early application is permitted.

3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

The directors of the Target anticipate that the application of these new and revised HKFRSs will have no material impact on the Financial Information of the Target Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs issued by HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the predecessor Hong Kong Companies Ordinance, Cap. 32.

The Financial Information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

The financial information incorporates the financial statements of the Target and its subsidiary. Control is achieved when the Target:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Target reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

When the Target Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and (ii) the previous carrying amount of the assets and liabilities of the subsidiary.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Target Group as a joint owner recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;

- its share of the output arising from the joint operation;
- its expenses, including its share of any expenses incurred jointly.

The Target Group accounts for the assets, liabilities, revenues and expenses relating to its interest in joint operations in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

Revenue recognition

Revenue from sale of oil and condensate is recognised when it is probable that the economic benefits will flow to the Target Group and when the revenue can be measured reliably. The Target Group recognises sales revenues for oil and condensate based on the amount of each product sold. Sales represent the invoiced value of sales of oil and condensate sold by the Target Group. Revenue from the sale of oil and condensate is recognised when the significant risks and rewards of ownership have been transferred, which is when title passes to the customer. This occurs when a tanker lifting has occurred.

Revenue from the production of oil and condensate from the oil properties in which the Target Group has an interest with joint operation partners are recognised under the sales method. Under the sales method, the Target Group and other joint operation partners may sell more or less than their entitled share of production. If the Target Group's sales volumes for a well exceed the Target Group's proportionate share of production from the well, a liability is recognised to the extent that the Target Group's share of estimated remaining recoverable reserves from the well is insufficient to satisfy this imbalance. If the Target Group has taken less than its proportionate share of production due to other joint operation partners have lifted more than the portion entitled, or the Target Group has not sold all its entitled oil, an inventory is recognised. Differences between the sales and the Target Group entitled share of production are not significant.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Target Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment that are held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of office equipment, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with effect of any changes in estimate accounted for on a prospective basis.

Oil properties

Oil properties are classified as property, plant and equipment to the extent the tangible element is more significant.

When the technical feasibility and commercial viability of extracting the natural resource become demonstrable, previously recognised exploration and evaluation assets are reclassified to oil properties.

Oil properties included costs of drilling and equipping successful exploratory wells, all development expenditures on construction, installation or completion of infrastructure facilities that are built specifically to service production directly attributed to designated oil properties, such as platforms, pipelines, processing plants and the drilling of development wells.

Oil properties, including assets held under finance leases, are depreciated on a unit-of-production method utilising the proven reserves as the depletion base.

Properties in the course of construction for production are carried at cost, less any recognised impairment loss. Costs include professional fees. Such construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses.

Exploration and evaluation assets include the cost of exploration rights and the expenditures incurred in the search for natural resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation may exceed its recoverable amount. An impairment loss is recognised in profit or loss.

When the technical feasibility and commercial viability of extracting natural resources become demonstrable, previously recognised exploration and evaluation assets are reclassified as either intangible or tangible assets. These assets are assessed for impairment before reclassification.

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is assessed for impairment at least annually in accordance with HKAS 36 "Impairment of assets" and whenever one of the following events or circumstances, which is not exhaustive, suggest that the carrying amount may exceed the recoverable amount.

- the period for which the Target Group and other Interests Owners (as defined in note 28) have the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.

- substantive expenditure on further exploration for and evaluation of natural resources in the specific area is neither budgeted nor planned.

- exploration for and evaluation of natural resources in the specific area have not led to the discovery of commercially viable quantities of natural resources and the Target Group and other Interests Owners (as defined in note 28) have decided to discontinue such activities in the specific area.

- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Target Group as lessee

Assets held under finance leases are recognised as assets of the Target Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Target Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits costs

Payments to state-managed retirement benefit scheme in the PRC and the defined contribution retirement benefit plan in the United States of America are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and

liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiary, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax asset is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the Financial Information, the assets and liabilities of the Target Group's entities are translated into the presentation currency of the Target Group (i.e. HK$'000) using exchange rates prevailing at the end of reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Inventories

Inventories, which are crude oil, are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provision for restoration and environmental costs

The Target Group and other Interests Owners (as defined in note 28) are required to make payments for restoration, rehabilitation or environmental protection of the land after the underground sites have been mined. Provisions for restoration and environmental costs are required when the Target Group and other Interests Owners has a present obligation as a result of a past event, it is probable that the Target Group and other Interests Owners will be required to settle the obligation. Provisions are measured at the directors of the Target's best estimation of the consideration required to settle the present obligation at the end of the reporting period, and are discounted to present value where the effect is material. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated restoration and environmental cost, discounted to its present value using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Changes in the estimated timing and amount of restoration and environmental costs are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the dismantlement provision is included as a finance cost.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when the Target Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Target Group's financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade debtor, other debtors and deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

The amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount is reduced by the impairment loss directly.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Target Group are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities. Equity instruments issued by the Target are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including other creditors and accrued charges and amount due to an intermediate holding company are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment of tangible assets

At the end of each reporting period, the Target Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

4. CAPITAL RISK MANAGEMENT

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Target Group remains unchanged throughout the Relevant Periods.

The capital structure of the Target Group consists of debts, which include amounts due to an intermediate holding company as disclosed in note 24, respectively, net of cash and cash equivalents and equity attributable to owner of the Target, comprising paid in capital and reserves.

The directors of the Target review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors, the Target Group will balance its overall capital structure through issue of new debts.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in note 3, the directors of the Target are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimation of oil reserves

Oil properties are depreciated on a unit-of-production basis at a rate calculated by reference to estimated proven reserve based on technical assessment undertaken by an internal valuation team managed by the ultimate holding company of the Target that has relevant experience. Having considered the past experience of estimate performance to other oil blocks, the directors of the Target consider to use such estimated proven reserve as a basis to recognise the depreciation charge on oil properties is the most reliable source.

Proven reserve estimates are subject to revision, either upward or downward, based on new information, such as additional data from ongoing development activities and production activities or from changes in technical and economic factors, including evolution of technology or development plans. Any change to the estimation will affect the depreciation charge and impairment assessment on oil properties. The depreciation charged to the profit or loss were approximately HK$544,533,000, HK$468,883,000 and HK$374,500,000 for the years ended 31 December 2011, 2012 and 2013 respectively.

Provision for restoration and environmental costs

The provision for restoration and environmental costs has been estimated by the directors of the Target based on current regulatory requirements and is discounted to present value. However, changes in the regulatory requirements, emergence of new restoration techniques, timing of performance of restoration activities or discount rate will result in changes to the amount of provision and affect the amount recognised as part of the cost of the related oil properties and consequently, affect the related depreciation charge as well as the unwinding of discount charged to profit or loss from period to period. The carrying amount of the provision for restoration and environmental cost is approximately HK$135,906,000, HK$168,133,000 and HK$185,674,000 as at 31 December 2011, 2012 and 2013 respectively. Please refer to note 26 for details.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Financial assets			
Loans and receivables (including cash and cash equivalents)	1,664,037	903,680	1,161,697
Financial liabilities			
Amortised cost	1,148,646	595,513	472,538
Obligations under finance leases	3,066	2,318	1,512

Financial risk management objectives and policies

The Target Group's major financial instruments include trade debtor, other debtors and deposits, bank balances and cash, other creditors and accrued charges and amount due to an intermediate holding company. Details of these financial instruments are set out in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management of the Target Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Certain bank balances, trade debtors, other debtors, tax payables and other creditors of the Target Group are denominated in foreign currencies other than the functional currency of the relevant group companies, which expose the Target Group to foreign currency risk. The Target Group currently has a foreign currency hedging policy; however, it does not have a current program. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Target Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets			Liabilities		
	2011	2012	2013	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Renminbi ("RMB")	14,060	89,282	62,668	1,041,252	530,271	353,391

Sensitivity analysis

The following table details the Target Group's sensitivity to a 5% increase and decrease in the functional currency of the group entities at 31 December 2011, 2012 and 2013 against RMB and all other variables were held constant. 5% is the sensitivity rate used which represents management's assessment of the

reasonably possible change in RMB. The sensitivity analysis includes only outstanding RMB denominated monetary items and adjusts its translation at the year end for a 5% change in the relevant RMB rates. A negative number below indicates a decrease in post-tax profit where the RMB strengthens 5% against the functional currency of the group entities. For a 5% weakening of RMB of the group entities against the RMB, there would be an equal and opposite impact on the result for the relevant years.

	As at 31 December		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Decrease in post-tax profit for the year			
RMB impact	(41,015)	(18,298)	(13,086)

In the directors' opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the year end exposure does not reflect the exposure during the relevant year.

(ii) Interest rate risk

The Target Group is exposed to cash flow interest rate risk in relation to variable rate bank balances and certain time deposits which carry fixed interest rate (see note 22 for details). The Target Group currently does not have an interest rate hedging policy. However, management closely monitors interest rate exposure and will consider hedging significant interest rate change exposure when the need arise. No sensitivity analysis is presented as a reasonably possible change in interest rate would not have significant financial impact to Target Group.

Credit risk

The Target Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the Target Group has monitoring procedures to ensure that follow up action is taken to recover overdue receivables. In addition, the Target Group reviews the recoverable amount of each receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Target consider that the Target Group's credit risk is significantly reduced.

The Target Group's bank balances are deposited with banks of high credit rating and the Target Group has limited exposure to any single financial institution.

As at 31 December 2011, 2012 and 2013, the Target Group has concentration of credit risk on a trade debtor. In the opinion of the directors of the Target, the customer is a large oil and gas company with good financial background with continuous subsequent settlements and therefore the Target Group considers the exposure to credit risk is limited.

Liquidity risk

In the management of the liquidity risk, the Target Group monitors and maintains a level of cash and cash equivalents deemed adequate by management of the Target Group to finance its operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Target Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay.

	Weighted average interest rate	On demand or within 1 year	1 year	2-5 years	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2011						
Other creditors and accrued charges	–	1,033,198	–	–	1,033,198	1,033,198
Amount due to an intermediate holding company	–	115,448	–	–	115,448	115,448
Obligations under finance leases	3.82%	1,035	1,035	1,725	3,795	3,066
		1,149,681	1,035	1,725	1,152,441	1,151,712

	Weighted average interest rate	On demand or within 1 year	1 year	2-5 years	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2012						
Other creditors and accrued charges	–	555,120	–	–	555,120	555,120
Amount due to an intermediate holding company	–	40,393	–	–	40,393	40,393
Obligations under finance leases	3.82%	1,031	1,031	687	2,749	2,318
		596,544	1,031	687	598,262	597,831

	Weighted average interest rate	On demand or within 1 year	1 year	2-5 years	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2013						
Other creditors and accrued charges	–	461,036	–	–	461,036	461,036
Amount due to an intermediate holding company	–	11,502	–	–	11,502	11,502
Obligations under finance leases	3.82%	1,031	687	–	1,718	1,512
		473,569	687	–	474,256	474,050

Fair values

The management of the Target Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate to their fair values.

7. REVENUE AND SEGMENT INFORMATION

Revenue represents sale of crude oil and condensate extracted from Contract Area 04/36 and Contract Area 05/36 (as defined in note 28) at invoiced value during the Relevant Periods.

The directors of the Target, being the chief operating decision makers, regularly review the production reports of respective contract areas and management accounts of the Target Group, and assess the assets, liabilities and profit of the Target Group as a whole on a monthly basis to allocate the resources and assess performance. Accordingly, the directors of the Target consider that the Target Group only has one single operating segment and therefore only entity-wide disclosures are presented.

Geographical information

The Target Group generated revenue in the PRC and its non-current assets are located in the PRC.

Information about the major customer

Revenue from customer of the corresponding years contributing over 10% of the total revenue of the Target Group are as follows:

	For the year ended 31 December		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Customer A *(Note)*	4,442,876	4,121,221	3,296,081

Note: Crude oil was sold to one of the Interests Owners (as defined in note 28).

8. OTHER INCOME

	For the year ended 31 December		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Bank interest income	1,707	475	1,227
Others	1,302	160	14
	3,009	635	1,241

9. OTHER LOSSES, NET

	For the year ended 31 December		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Net foreign exchange loss	(28,986)	(2,807)	(14,748)

10. FINANCE COSTS

	For the year ended 31 December		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Interest expense on borrowings wholly repayable within five years:			
– obligation under finance leases	361	296	224
Other borrowing costs	401	125	250
Unwinding of discounting effect of provision for restoration and environment costs	4,464	10,709	11,431
	5,226	11,130	11,905

11. PROFIT BEFORE TAXATION

	For the year ended 31 December		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Profit for the year has been arrived at after charging (crediting):			
Depreciation of property, plant and equipment			
– oil properties	563,424	520,409	395,999
– others	6,968	8,840	185
	570,392	529,249	396,184
Less: amount capitalised to inventories	(25,859)	(60,366)	(21,684)
	544,533	468,883	374,500
Amount of inventories recognised as expense	886,983	877,567	930,811
Directors' emoluments	–	–	–
Staff:			
Salaries and other benefits	125,116	130,405	26,085
Retirement benefits scheme contributions	3,349	3,738	1,782
Total staff costs	128,465	134,143	27,867
Operating lease rentals paid in respect of			
– office premises	10,291	10,546	6,264
– oil properties	49,884	64,711	67,183

In 2013, the Target ceased to be the operator. A portion of staff, which their costs were not shared to other Interests Owners (see note 28), left the Target.

12. INCOME TAX EXPENSE

	For the year ended 31 December		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Current tax:			
PRC Enterprise Income Tax	656,191	631,392	427,905
Underprovision in prior years	3,617	–	–
	659,808	631,392	427,905
Deferred tax *(note 18)*	(42,388)	(8,640)	15,292
	617,420	622,752	443,197

No provision for Hong Kong Profits Tax has been made as the Target Group's income neither arises in, nor is derived from Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the Target Group is 25% during the Relevant Periods.

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	For the year ended 31 December		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Profit before taxation	2,420,858	2,381,865	1,748,242
Tax at applicable tax rate of 25%	605,215	595,466	437,061
Tax effect of expenses not deductible for tax purpose	8,038	788	9,721
Tax effect of income not taxable	(795)	(2,680)	(429)
Underprovision in prior years	3,617	–	–
Others	1,345	29,178	(3,156)
Income tax expense for the year	617,420	622,752	443,197

13. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

During the Relevant Periods, no fees or other emoluments was paid or payable by the Target Group to the directors of the Target as their remuneration is borne by the holding companies of the Target and there is no reasonable basis to allocate the amounts to the Target Group.

Employees' emoluments

The emoluments for the five individuals with the highest emoluments represent emoluments of individuals shared by Target Group in respect of joint operations (note 28) and did not include any director of the Target for the Relevant Periods, details of whose emoluments are set out above. The emoluments of the five highest paid individuals are as follows:

	For the year ended 31 December		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Salaries and other allowances	30,202	48,486	25,046
Bonuses *(Note)*	4,295	3,095	1,702
Retirements benefit scheme contributions	1,257	1,311	472
	35,754	52,892	27,220

Note: Bonuses are determined having regard to the performance of the individuals and market trend.

Their emoluments were within the following bands:

	Number of individuals		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Below HK$1,000,000	–	–	1
HK$1,000,001 to HK$1,500,000	–	–	1
HK$5,000,001 to HK$5,500,000	1	–	–
HK$6,000,001 to HK$6,500,000	1	–	–
HK$6,500,001 to HK$7,000,000	–	–	1
HK$7,000,001 to HK$7,500,000	1	–	–
HK$7,500,001 to HK$8,000,000	1	1	–
HK$8,000,001 to HK$8,500,000	1	–	1
HK$9,500,001 to HK$10,000,000	–	1	–
HK$10,000,001 to HK$10,500,000	–	1	1
HK$10,500,001 to HK$11,000,000	–	1	–
HK$14,000,001 to HK$14,500,000	–	1	–

During the Relevant Periods, no emolument was paid or payable by the Target Group to the five highest paid individuals as an inducement to join or upon joining the Target Group or as compensation for loss of office.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to owners of the the Target of approximately HK$1,803,438,000, HK$1,759,113,000 and HK$1,305,045,000 and 10,000 ordinary shares in issue during the Relevant Periods.

No diluted earnings per share is presented as the Target Group did not have any potential ordinary shares outstanding during the Relevant Periods.

15. DIVIDENDS

	As at 31 December		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Dividends declared in respect of the financial year ended 31 December:			
– Interim dividend	85,561	970,880	–
– Final dividend	1,165,055	1,124,093	–
	1,250,616	2,094,973	–
Dividend per ordinary share declared			
– Interim	9	97	–
– Final	116	112	–
	125	209	–
Dividends recognised as distribution during the year:			
– Interim dividend in current year	85,561	970,880	–
– Final dividend declared in prior year	2,683,498	1,165,055	1,124,093
Total dividend paid in the year	2,769,059	2,135,935	1,124,093

16. PROPERTY, PLANT AND EQUIPMENT

	Oil properties	Office equipment	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
COST				
At 1 January 2011	3,945,019	88,103	137,638	4,170,760
Additions	15,218	1,711	494,439	511,368
Transfer	447,025	–	(447,025)	–
Exchange realignment	5,398	115	208	5,721
At 31 December 2011	4,412,660	89,929	185,260	4,687,849
Additions	22,154	69	208,105	230,328
Transfer	189,404	–	(189,404)	–
Exchange realignment	(18,861)	(376)	(812)	(20,049)
At 31 December 2012	4,605,357	89,622	203,149	4,898,128
Additions	6,039	97	360,737	366,873
Transfer	217,796	–	(217,796)	–
Exchange realignment	1,917	37	111	2,065
At 31 December 2013	4,831,109	89,756	346,201	5,267,066
DEPRECIATION				
At 1 January 2011	2,011,686	73,813	–	2,085,499
Provided for the year	563,424	6,968	–	570,392
Exchange realignment	2,965	101	–	3,066
At 31 December 2011	2,578,075	80,882	–	2,658,957
Provided for the year	520,409	8,840	–	529,249
Exchange realignment	(11,850)	(357)	–	(12,207)
At 31 December 2012	3,086,634	89,365	–	3,175,999
Provided for the year	395,999	185	–	396,184
Exchange realignment	1,334	38	–	1,372
At 31 December 2013	3,483,967	89,588	–	3,573,555
CARRYING VALUES				
At 31 December 2011	1,834,585	9,047	185,260	2,028,892
At 31 December 2012	1,518,723	257	203,149	1,722,129
At 31 December 2013	1,347,142	168	346,201	1,693,511

Office equipment is depreciated on a straight-line basis ranging from 3 to 5 years.

Oil properties are depreciated on the unit-of-production method utilising only proven oil reserve as the depletion base.

The construction in progress comprise mainly the oil properties, including exploratory wells and platforms, in the course of construction.

The oil properties with carrying value of approximately HK$2,902,000, HK$2,102,000, and HK$1,314,000 are assets held under finance leases as at 31 December 2011, 2012 and 2013 respectively.

17. EXPLORATION AND EVALUATION ASSETS

	HK$'000
COST AND CARRYING VALUES	
At 1 January 2011	11,913
Exchange realignment	16
At 31 December 2011	11,929
Additions	5,366
Exchange realignment	(62)
At 31 December 2012	17,233
Additions	5,379
Impairment loss recognised to profit or loss	(22,616)
Exchange realignment	4
At 31 December 2013	–

Note: Amount represents the costs incurred in relation to the contract area 43/11 in South China Sea in the PRC ("Contract Area 43/11") jointly operated with a PRC joint venture for exploration and evaluation. Details are set out in note 28.

At 31 December 2011 and 2012, the directors of the Target are not aware of any facts and circumstances suggesting that the carrying amount of the exploration and evaluation assets exceeded the recoverable amounts. During the year ended 31 December 2013, the Target Group concluded that there is no commercial production viability for the current drilled wells in Contract Area 43/11. As a result, the exploration and evaluation assets were fully impaired.

18. DEFERRED TAX ASSETS

The following are the major deferred tax assets (liabilities) provided by the Target Group and movements thereon during the Relevant Periods:

	Mining operations *HK$'000 (Note)*	Depreciation *HK$'000*	Total *HK$'000*
At 1 January 2011	(19,498)	48,583	29,085
Credit to profit or loss	21,377	21,011	42,388
Exchange realignment	(12)	76	64
At 31 December 2011	1,867	69,670	71,537
(Charge) credit to profit or loss	(508)	9,148	8,640
Exchange realignment	(6)	(310)	(316)
At 31 December 2012	1,353	78,508	79,861
Charge to profit or loss	(2,145)	(13,147)	(15,292)
Exchange realignment	–	30	30
At 31 December 2013	(792)	65,391	64,599

Note: Mining operations give rise to deferred taxation because (i) cost incurred by the Target Group on crude oil lifted but not yet sold at the end of the reporting period is deductible in the year it was incurred; and (ii) revenue and related cost of sales is taxed using the entitlement method (i.e. based on the Target Group's proportionate share of oil production) instead of sales method.

19. INVENTORIES

	As at 31 December		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Crude oil	41,900	135,067	50,357

Inventories of the Target Group comprise of (i) crude oil already lifted but not yet sold at the end of the reporting period and (ii) crude oil entitled to the Target Group but taken by other Interests Owners of approximately HK$22,506,000, HK$81,283,000 and HK$30,506,000 as at 31 December 2011, 2012 and 2013 respectively.

20. TRADE DEBTOR

	As at 31 December		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Trade debtor	505,805	1,316	245,277

The Target Group assesses the credit quality and defines credit limits to its customer. Limit attributed to the customer is reviewed regularly.

The Target Group allows a credit period of 30 days to its trade customer.

The trade debtor based on the invoice date at the end of the reporting period which approximated respective revenue recognition dates, is aged within 30 days. All of the balances are neither past due nor impaired.

Balances that are denominated in currencies other than functional currency of the relevant group entities are set out below:

	As at 31 December		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
RMB	–	–	549

21. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

Other debtors of approximately HK$58,171,000, HK$56,719,000 and HK$104,000, which is unsecured and interest-free, represent amounts due from Interests Owners (as defined in note 28) primarily arisen from sharing of expenses by other Interests Owners as at 31 December 2011, 2012 and 2013 respectively. The remaining balance represents deposits for rental contracts and prepayments for daily operating expenses.

Other debtors, deposits and prepayments that are denominated in currencies other than functional currency of the relevant group entities are set out below:

	As at 31 December		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
RMB	75	1,880	91

22. BANK BALANCES AND CASH

Amounts of approximately HK$749,825,000, HK$493,162,000 and HK$840,671,000 are time deposits for investing purpose and can be withdrawn anytime, carry interests at ranging from 0.01% to 0.03% per annum, 0.01% to 0.14% per annum and 0.10% to 0.16% per annum as at 31 December 2011, 2012 and 2013 respectively. Such time deposits were excluded as cash and cash equivalents in the consolidated statements of cash flows. The remaining balances of approximately HK$350,236,000, HK$352,483,000 and HK$75,645,000 as at 31 December 2011, 2012 and 2013 respectively are current deposits, carrying interests at prevailing market rates.

The bank balances and cash that are denominated in currencies other than functional currency of the relevant group entities are set out below:

	As at 31 December		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
RMB	13,985	87,402	62,028

23. OTHER CREDITORS AND ACCRUED CHARGES

	As at 31 December		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Special petroleum levy ("SPL") payable *(Note 1)*	603,647	182,463	135,657
Amounts due to Interests Owners *(Note 2)*	–	–	187,579
Other payable for purchase of property, plant and equipment	97,950	69,321	122,647
Others *(Note 3)*	331,601	303,336	15,153
	1,033,198	555,120	461,036

Notes:

1. During the Relevant Periods, the Target Group is required to pay SPL imposed by the Ministry of Finance of the PRC. SPL is charged based on the volume of crude oil sold by the Target Group at progressive ad valorem rate, which vary from 20% to 40% of the monthly weighted average sales price of crude oil sold by the Target Group.

2. Amounts are unsecured and interest-free.

3. Amounts represent accrued rental charges, lifting expenses and staff costs.

Other creditors and accrued charges that are denominated in currencies other than functional currency of the relevant group entities are set out below:

	As at 31 December		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
RMB	841,597	389,404	178,664

24. AMOUNT DUE TO AN INTERMEDIATE HOLDING COMPANY

Amount is unsecured, interest-free and with no fixed repayment term.

25. OBLIGATIONS UNDER FINANCE LEASES

It is the Target Group's policy to lease its offloading hose under finance leases. The average lease term is 5 years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates at 3.82% per annum.

	Minimum lease payments			Present value of minimum lease payments		
	2011	**2012**	**2013**	**2011**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts payable under finance leases						
Within one year	1,035	1,031	1,031	739	807	885
In more than one year but not more than two years	1,035	1,031	687	810	885	627
In more than two years but not more than five years	1,725	687	–	1,517	626	–
	3,795	2,749	1,718	3,066	2,318	1,512
Less: Future finance charges	(729)	(431)	(206)	–	–	–
Present value of lease obligations	3,066	2,318	1,512	3,066	2,318	1,512
Less: Amount due for settlement with 12 months (shown under current liabilities)				(739)	(807)	(885)
Amount due for settlement after 12 months				2,327	1,511	627

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

26. PROVISION FOR RESTORATION AND ENVIRONMENTAL COSTS

	HK$'000
At 1 January 2011	116,062
Provision for the year	15,218
Unwinding of discounting effects for the year	4,464
Exchange realignment	162
At 31 December 2011	135,906
Provision for the year	22,154
Unwinding of discounting effects for the year	10,709
Exchange realignment	(636)
At 31 December 2012	168,133
Provision for the year	6,039
Unwinding of discounting effects for the year	11,431
Exchange realignment	71
At 31 December 2013	185,674

Oil extracting activities may result in damage to the environment. Pursuant to the relevant PRC regulations, parties operating mining areas are required to restore the mining areas back to certain acceptable conditions.

The provision for the restoration and environmental clean up costs is the proportion of obligation the Target Group is required to bear after the petroleum contracts expire. Such provision has been determined by directors of the Target based on their past experience and the unit restoration costs governed by respective regulations and best estimate of future expenditure by discounting the expected expenditures to their net present value at market rate. The restoration and environmental clean up works are expected to be carried out when the operations in Contract Area 04/36 and Contract Area 05/036 cease in September 2024 and January 2026 respectively and is expected to last for one year. The amounts provided in relation to restoration and environmental clean up costs are reviewed annually by internal engineers based upon the facts and circumstances available at the time and the provisions are updated accordingly.

27. SHARE CAPITAL

	Number of shares	**Share capital** *HK$'000*
Ordinary shares		
Authorised, issued and fully paid		
At 1 January 2011, 31 December 2011, 31 December 2012 and 31 December 2013, at British Pound Sterling 1 each	10,000	217

28. JOINT OPERATIONS

The Target entered into petroleum contracts ("PCs") in contract area 04/36 ("Contract Area 04/36") and contract area 05/36 ("Contract Area 05/36") located in Bohai Bay, north-east China, and contract area 43/11 ("Contract Area 43/11"), located in South China Sea for crude oil development and production ("Bohai Bay Project") with

CNOOC China Limited ("CNOOC"), Singapore Petroleum Company ("SPC"), Newfield China, LDC ("Newfield") and BP Exploration (Alpha) Limited ("BP") (collectively referred to as the "Interests Owners"). The respective unit fields participating interests and commencement and expiry dates are as follows:

Period	**Contract Area 04/36**	**Contract Area 05/36**	**Contract Area 43/11**
Commencement	August 1994	January 1996	February 2005
Expiry	September 2024	January 2026	March 2035
Participating interests of the Interests Owners			
CNOOC *(Note 1)*	51.00%	51.00%	9.18%
The Target	40.09%	29.18%	50.00%
SPC *(Note 2)*	8.91%	7.82%	–
Newfield *(Note 3)*	–	12.00%	–
BP *(Note 4)*	–	–	40.82%

Notes:

1. CNOOC is a subsidiary of the state-owned enterprise China National Offshore Oil Corporation.

2. SPC is a subsidiary of the state-owned enterprise China National Petroleum Corporation. SPC has no voting rights.

3. Newfield is a subsidiary of Newfield Exploration Company, a company listed on the New York Stock Exchange.

4. BP is a subsidiary of BP plc., a company listed on the London Stock Exchange and New York Stock Exchange

The Joint Management Committee ("JMC") is set up by appointing same number of members with a maximum of 3 members from each of the Interests Owner. Pursuant to the PCs, the Interests Owners hold JMC meetings at least quarterly for the discussion and approval of development plans, operation and budgets which significantly affect the returns of the Bohai Bay Project. Unanimous consent from all parties is required. As such, the Bohai Bay Project is jointly operated by the Interests Owners.

Pursuant to the PCs, an operator is appointed to apply appropriate and advanced technology, and assign competent experts for the exploration and development, monitor daily operation in the contract areas. Exploration, development and production costs, as well as assets and liabilities arising from the joint operations, are shared by the Interest Owners according to the participating interests.

Pursuant to the PCs, before the full recovery of the exploration and development costs actually incurred in accordance with the overall development program (the "ODP") approved by the National Development and Reform Commission of the contract area, CNOOC may, after agreement reached in JMC, take over the operatorship of that contract area. After the full recovery of the exploration and development costs actually incurred in the ODP, CNOOC has the right by giving a written notice at any time to the operator to take over the operatorship. The Target was the operator when the PCs were set up. On 1 January 2013, the operatorships of Contract Area 04/36 and Contract Area 05/36 were handed over to CNOOC.

The output is shared according to the participating interest in the following sequence.

5% of the annual gross production will be taken by PRC government in kind as value added tax through CNOOC.

62.5% of the annual gross production shall be recovery oil ("Recovery Oil"). Mining usage tax at progressive ad valorem rate, depending on annual gross production, shall be taken by PRC government from the Recovery Oil. Recovery Oil after mining usage tax shall be cost recovery oil for the operator to recover operating expense actually incurred but not yet recovered. The remainder of Recovery Oil shall be investment recovery oil which shall be taken by the operator and other Interests Owners to recover exploration and development expenses actually incurred but not yet recovered.

32.5% of the annual gross production and remainder of the Recovery Oil after all cost recovery shall be remainder oil, which is further divided into profit sharing oil and allocable remainder oil. The profit sharing oil is taken by the PRC government and is calculated on a percentage dependent an annual gross production. The allocable remainder oil in each contract area will be shared by the Interests Owners according to the participating interest in the respective contract areas.

For the above projects, only Contract Area 43/11 is still at the very early stage of the evaluation and exploration period. All the revenue, costs of sales, taxation, oil properties and deferred tax assets as well as substantial amount of current assets and current liabilities are generated from the joint operations in Contract Area 04/36 and Contract Area 05/36. The key financial information of Contract Area 43/11 for the Relevant Periods are summarised as below:

	As at 31 December		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	–	–	–
Impairment loss of exploration and evaluation assets	–	–	22,616
Loss before taxation	46,363	27,178	38,731
Income tax expense	–	–	–
Exploration and evaluation assets	11,929	17,233	–
Tax payable	–	–	–

29. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Target Group had future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	54,645	37,002	32,717
In the second to fifth year inclusive	16	–	–
	54,661	37,002	32,717

Leases for a floating, production, storage and offloading vessel and other gas assets entered by the Target Group in respect of the joint operations are negotiated for lease term of 17 years as at 31 December 2011, 2012 and 2013 respectively. For other leases, they are negotiated for lease term of one to two years 31 December 2011, 2012 and 2013 respectively. Rentals are fixed over the leased period.

30. RELATED PARTY TRANSACTIONS

Apart from the amounts due to an intermediate holding company as disclosed in the consolidated statements of financial position and note 24, the Target Group entered into the followings transactions with related companies:

	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Marketing fee paid/payable to a fellow subsidiary	2,008	1,988	1,439
Vessels vetting expense paid/payable to a fellow subsidiary	28	22	4
Management fee paid/payable to a fellow subsidiary	44,769	31,203	–

Compensation of key management personnel

No remuneration was paid or payable to directors during the Relevant Periods.

The remuneration of other key management personnel of the Target Group and joint operations shared by the Target Group is as follows:

	For the year ended 31 December		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Short-term benefits	34,497	51,581	26,748
Post-employment benefits	1,257	1,311	472
	35,754	52,892	27,220

The above remuneration is determined having regard to the performance of the individuals and market trend.

B. EVENTS AFTER THE REPORTING PERIOD

No significant event took place subsequent to 31 December 2013.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Group or the Target have been prepared in respect of any period subsequent to 31 December 2013.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

(A) BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

In connection with proposed acquisition of 100% of the issued share capital of Kerr-McGee China Petroleum Ltd (the "Target") (the "Acquisition") by Brightoil Petroleum (Holdings) Limited (the "Company") and its subsidiaries (the "Group") (together with the Target hereinafter referred to as the "Enlarged Group"), the unaudited pro forma financial information of the Enlarged Group has been prepared to illustrate the effect of the proposed Acquisition on the Group's financial position as at 31 December 2013 and the Group's financial performance and cash flows for the year ended 30 June 2013 as if the Acquisition had taken place at 31 December 2013 and 1 July 2012 respectively.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group is prepared based on (i) the unaudited consolidated statement of financial position of the Group as at 31 December 2013 which has been extracted from the published interim report of the Company for the six-month period ended 31 December 2013; and (ii) the audited statement of financial position of the Target as at 31 December 2013 which has been extracted from the accountants' report set out in Appendix II to this Circular.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group are prepared based on (i) the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 30 June 2013 respectively, which have been extracted from the published annual report of the Company as set out in Appendix I to this Circular; and (ii) the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Target for the year ended 31 December 2013 respectively, which have been extracted from the accountants' report of the Target as set out in Appendix II to this Circular.

The unaudited pro forma financial information of the Enlarged Group has been prepared by the Directors of the Company in accordance with paragraph 29 of Chapter 4 of the Listing Rules and is solely for the purpose to illustrate (a) the financial position of the Enlarged Group as if the Acquisition had been completed on 31 December 2013; and (b) the financial results and cash flows of the Enlarged Group as if the Acquisition had been completed on 1 July 2012.

The financial year end of the Group is 30 June while the Target's is 31 December. The Directors of the Company consider that there are no material seasonal factors for the Enlarged Group and their results as well as cash flows for the year ended 30 June 2013 are not expected to be significantly different from the results and cash flows prepared based on Target's financial year ended 31 December 2013. Accordingly, the Directors of the Company use the financial results and the cash flows of the Group for the year ended 30 June 2013 to prepare the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows.

The unaudited pro forma financial information of the Enlarged Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the proposed Acquisition that are (i) directly attributable to the transactions; and (ii) factually supportable, is summarised in the accompanying notes.

The unaudited pro forma financial information of the Enlarged Group has been prepared by the Directors of the Company based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the unaudited pro forma financial information of the Enlarged Group may not purport to predict what the results and cash flows, or financial position of the Enlarged Group with the Acquisition would have been upon completion of the Acquisition in any future periods or on any future dates.

The unaudited pro forma financial information of the Enlarged Group should be read in conjunction with the historical financial information of the Group as set out in Appendix I to this Circular and the financial information of the Target and its subsidiaries (the "Target Group") as set out in Appendix II to this Circular, and other financial information included elsewhere in this circular.

(B) UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. Unaudited pro forma consolidated statement of profit or loss and other comprehensive income

	The Group for the year ended 30 June 2013	The Target Group for the year ended 31 December 2013	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (1)	*Note (2)*	*Note (5)(ii)*	*Note (6)(i)*	*Note (8)*	*Note (9)*	
Revenue	55,448,813	3,296,155					58,744,968
Cost of sales and services	(54,243,441)	(1,470,457)			(126,513)		(55,840,411)
Gross profit	1,205,372	1,825,698					2,904,557
Other income	34,502	1,241					35,743
Other gains and losses, net	47,268	(14,748)					32,520
Fair value change of derivative financial instruments	(709,042)	–					(709,042)
Impairment loss of exploration and evaluation assets for Contract Area 43/11	–	(22,616)	22,616				–
Loss on redemption of the liability component of convertible notes	(1,690)	–					(1,690)
Other expenses	(152,020)	–				(21,065)	(173,085)
Distribution and selling expenses	(542,938)	–					(542,938)
Administrative expenses	(379,560)	(29,428)	16,115				(392,873)
Finance costs	(188,288)	(11,905)		(455,584)			(655,777)
Share of loss of joint ventures	(9,998)	–					(9,998)
Share of losses of an associate	(870)	–					(870)
(Loss) profit before taxation	(697,264)	1,748,242					486,547
Taxation	(24,386)	(443,197)			31,628		(435,955)
(Loss) profit for the year	(721,650)	1,305,045					50,592
Other comprehensive income for the year							
Item that will not be reclassified subsequently to profit or loss:							
Exchange differences arising on translation to presentation currency	2,241	835			4,749		7,825
Item that may be subsequently reclassified to profit or loss:							
Exchange differences arising on translation of foreign operations	3,145	–					3,145
Other comprehensive income for the year	5,386	835					10,970
Total comprehensive (expense) income for the period attributable to the owners of the Company	(716,264)	1,305,880					61,562

2. Unaudited pro forma consolidated statement of financial position

	The Group as at 31 December 2013	The Target as at 31 December 2013	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma Enlarged Group as at 31 December 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (3)	*Note (2)*	*Note (4)*	*Note (6)(ii)*	*Note (7)*	*Note (9)*	
NON-CURRENT ASSETS							
Property, plant and equipment	8,578,011	1,693,511					10,271,522
Mining interests	–	–			8,174,755		8,174,755
Prepaid lease payments for land	531,520	–					531,520
Prepaid lease payments for coast	15,287	–					15,287
Investment properties	42,000	–					42,000
Interest in an associate	10,598	–					10,598
Interest in joint ventures	537,109	–					537,109
Deposits paid for acquisition of property, plant and equipment	34,622	–					34,622
Loan to a joint venture	25,716	–					25,716
Deferred tax assets	–	64,599					64,599
Prepayment, rental and other deposits	40,305	–					40,305
	9,815,168	1,758,110					19,748,033
CURRENT ASSETS							
Inventories	2,707,899	50,357			71,065		2,829,321
Trade debtors	6,201,633	245,277					6,446,910
Accrued revenue	54,692	–					54,692
Prepaid lease payments for land	11,404	–					11,404
Prepaid lease payments for coast	333	–					333
Derivative financial instruments	583,849	–					583,849
Other debtors, prepayments and deposits	87,879	4,347					92,226
Loan to a joint venture	64,254	–					64,254
Tax recoverable	19,988	–					19,988
Securities held for trading	231,425	–					231,425
Receivables from brokers	1,330,506	–					1,330,506
Pledged bank deposits	435,647	–					435,647
Bank balances and cash	1,229,799	916,316	(11,502)	8,335,486	(8,324,321)	(21,065)	2,124,713
	12,959,308	1,216,297					14,225,268

	The Group as at 31 December 2013	The Target as at 31 December 2013	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma Enlarged Group as at 31 December 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (3)	*Note (2)*	*Note (4)*	*Note (6)(ii)*	*Note (7)*	*Note (9)*	
CURRENT LIABILITIES							
Trade creditors	6,132,690	–					6,132,690
Trade payable to a related company	2,782	–					2,782
Amounts due to an intermediate holding company of the Target	–	11,502	(11,502)				–
Loan from a related company	1,226,490	–					1,226,490
Other creditors and accrued charges	1,027,924	461,036					1,488,960
Bank borrowings	3,560,577	–					3,560,577
Derivative financial instruments	679,810	–					679,810
Tax payables	–	174,727					174,727
Obligations under finance leases	–	885					885
	12,630,273	648,150					13,266,921
NET CURRENT ASSETS	329,035	568,147					958,347
Total assets less current liabilities	10,144,203	2,326,257					20,706,380
NON CURRENT LIABILITIES							
Deferred tax liability	27,117	–			2,061,455		2,088,572
Bank borrowings	2,429,453	–		8,335,486			10,764,939
Convertible notes	242,139	–					242,139
Provision for restoration and environmental costs	–	185,674					185,674
Obligations under finance leases	–	627					627
	2,698,709	186,301					13,281,951
	7,445,494	2,139,956					7,424,429
CAPITAL AND RESERVES							
Share capital	219,163	217			(217)		219,163
Reserves	7,226,331	2,139,739			(2,139,739)	(21,065)	7,205,266
	7,445,494	2,139,956					7,424,429

3. Unaudited pro forma consolidated statement of cash flows

	The Group for the year ended 30 June 2013	The Target Group for the year ended 31 December 2013	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (1)	*Note (2)*	*Note (4)*	*Note (5)(ii)*	*Note (6)(i)&(ii)*	*Note (7)*	*Note (8)*	*Note (9)*	
OPERATING ACTIVITIES									
(Loss) profit before taxation	(697,264)	1,748,242		38,731	(455,584)		(126,513)	(21,065)	486,547
Adjustments for:									
Finance costs	153,891	474			455,584				609,949
Interest income on bank deposits	(4,108)	(1,227)							(5,335)
Dividends from equity investments	(34,751)	–							(34,751)
Share of losses of joint ventures	9,998	–							9,998
Share of loss of an associate	870	–							870
Impairment of exploration and evaluation assets	–	22,616		(22,616)					–
Release of prepaid lease payments for land and coast	10,982	–							10,982
Depreciation of property, plant and equipment	277,329	374,500							651,829
Amortisation of mining interests	–	–					1,341		1,341
Fair value change of derivative financial instruments	(480,070)	–							(480,070)
Loss on redemption of the liability component of convertible notes	1,690	–							1,690
Imputed interest expenses on convertible notes	34,397	–							34,397
Increase in fair value of an investment property	(1,000)	–							(1,000)
Fair value change of financial assets held for trading	47,741	–							47,741
Share based payments	4,812	–							4,812
Loss on disposal of property, plant and equipment	1,731	–							1,731
Change in fair value of inventories	21,969	–							21,969
Unrealised exchange gain arising on translation of current accounts within the Group	(93,656)	–							(93,656)
Unwinding of discounting effect of provision for restoration and environmental costs	–	11,431							11,431

	The Group for the year ended 30 June 2013	The Target Group for the year ended 31 December 2013	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (1)	*Note (2)*	*Note (4)*	*Note (5)(ii)*	*Note (6)(i)&(ii)*	*Note (7)*	*Note (8)*	*Note (9)*	
Operating cash flows before movements in working capital	(745,439)	2,156,036							1,280,475
Decrease in inventories	868,501	106,394					125,172		1,100,067
Decrease (increase) in trade debtors	2,374,032	(243,961)							2,130,071
Increase in accrued revenue	(30,875)	–							(30,875)
(Increase) decrease in other debtors, prepayments and deposits	(76,328)	59,402							(16,926)
Increase in securities held for trading	(479,944)	–							(479,944)
Decrease in receivables from brokers	2,783,417	–							2,783,417
Decrease in derivative financial instruments	1,726	–							1,726
Decrease in trade creditors	(1,075,159)	–							(1,075,159)
Increase in trade payable to a related company	1,035,269	–							1,035,269
Decrease in other creditors and accrued charges	(11,719)	(147,410)							(159,129)
Cash generated from operations	4,643,481	1,930,461							6,568,992
Income tax paid	(45,767)	(394,048)							(439,815)
Dividends received	34,751	–							34,751
NET CASH GENERATED FROM OPERATING ACTIVITIES	4,632,465	1,536,413							6,163,928

	The Group for the year ended 30 June 2013	The Target Group for the year ended 31 December 2013	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (1)	*Note (2)*	*Note (4)*	*Note (5)(ii)*	*Note (6)(i)&(ii)*	*Note (7)*	*Note (8)*	*Note (9)*	
INVESTING ACTIVITIES									
Interest received from bank deposits	4,108	1,227							5,335
Proceed on disposal of property, plant and equipment	135	–							135
Addition to prepaid lease payment for land	(99,218)	–							(99,218)
Over-refund of government grant	80,726	–							80,726
Government grant received on subsidizing prepaid lease payments	12,562	–							12,562
Purchase of property, plant and equipment	(1,404,963)	(238,187)							(1,643,150)
Capital contribution to joint ventures	(27,304)	–							(27,304)
Advance to a joint venture	(62,225)	–							(62,225)
Deposits paid for acquisition of property, plant and equipment	(4,837)	–							(4,837)
Placement of rental and other deposits	(10,149)	–							(10,149)
Additions of exploration and evaluation assets	–	(5,379)		5,379					–
Settlement of other payables in relation to purchase of property, plant and equipment in prior year	(999,802)	(69,321)							(1,069,123)
Placement to pledged bank deposits	(19,589,130)	–							(19,589,130)
Withdrawal of pledged bank deposits	19,718,733	–							19,718,733
Placement of fixed deposits	–	(3,745,834)							(3,745,834)
Withdrawal of fixed deposits	–	3,398,325							3,398,325
Acquisition of subsidiary	–	–				(7,942,947)			(7,942,947)
NET CASH USED IN INVESTING ACTIVITIES	(2,381,364)	(659,169)							(10,978,101)

	The Group for the year ended 30 June 2013	The Target Group for the year ended 31 December 2013	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (1)	*Note (2)*	*Note (4)*	*Note (5)(ii)*	*Note (6)(i)&(ii)*	*Note (7)*	*Note (8)*	*Note (9)*	
FINANCING ACTIVITIES									
Bank loans raised	33,315,478	–			8,335,486				41,650,964
Repayment of bank loans	(35,706,395)	–							(35,706,395)
Advance from an intermediate holding company of the Target	–	18,340	(18,340)						–
Repayment to an intermediate holding company of the Target	–	(47,241)	47,241						–
Repayment of finance lease obligations	–	(806)							(806)
Dividend paid	–	(1,124,093)							(1,124,093)
Finance costs paid	(153,891)	(474)			(455,584)				(609,949)
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	(2,544,808)	(1,154,274)							4,209,721
NET DECREASE IN CASH AND CASH EQUIVALENTS	(293,707)	(277,030)							(604,452)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,635,013	352,483				(352,483)			1,635,013
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	10,679	192				(192)			10,679
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	1,351,985	75,645							1,041,240

4. Notes to unaudited pro forma financial information

Notes:

(1) The audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 30 June 2013 were extracted from the published annual report of the Group for the year ended 30 June 2013.

(2) The consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Target Group for the year ended 31 December 2013 and the statement of financial position of the Target as at 31 December 2013 were extracted from the accountant's report of the Target as set out in Appendix II to this Circular. Since the subsidiary of the Target was dissolved at 26 August 2013, the statement of financial position represents the Target's financial position at 31 December 2013 only.

(3) The unaudited consolidated statement of financial position as at 31 December 2013 was extracted from the published interim report of the Group for the six-month period ended 31 December 2013.

(4) The adjustment reflects the payment of amount due to an intermediate holding company of the Target Company by the Target Company, assuming the Acquisition had taken place on 31 December 2013. Pursuant to clause 8.02 of the stock purchase agreement, dated 11 February 2014, entered between the holding company of the Target ("Seller") and a wholly-owned subsidiary of the Company ("Buyer") (the "STA"), prior to completion of the Acquisition, all indebtedness owed by the Target Company to Seller or any of its affiliates of the Target Company should be settled. Accordingly, the unaudited pro forma consolidated statement of financial position at 31 December 2013 excludes such current account by settlement in cash and the unaudited pro forma consolidated statement of cash flows for the relevant year presents the pro forma adjustment by excluding cash flow impact of current account with the intermediate holding company of the Target.

(5) Pursuant to clause 8.12 of the STA, the Target should exercise its rights of withdrawal from contract area 43/11 JOA and the contract area 43/11 PC ("Withdrawal") or otherwise relinquish all rights, title and interest in the contract area 43/11. Seller should at its sole cost and expense to withdraw the Target completely from contract area 43/11 JOA and contract area 43/11 PC.

(i) At 31 December 2013, there is no asset or liability related to contract area 43/11 and therefore there is no adjustment to reflect the financial impact to the Withdrawal, assuming that the Acquisition had taken place on 31 December 2013.

(ii) Assuming the Acquisition had taken place at the beginning of the relevant year for the unaudited pro forma consolidated statement of cash flows, the adjustment reflects the exclusion of the one-year results of the Excluded Assets resulting from the Withdrawal. The results in relation to the Excluded Assets are extracted from the unaudited management account for contract area 43/11 for the year ended 30 June 2013. The relevant payment regarding additions of exploration and evaluation assets paid by the Target in relation to the Excluded Assets of HK$5,379,000 is excluded as well.

(6) Pursuant to clause 10.02 (b) of the STA relating to conditions precedent of the Buyer, Buyer should have entered into binding agreements in respect of a loan facility of up to the amount of the Base Purchase Price in relation to the financing of the Base Purchase Price. For the purpose of preparation of the unaudited pro forma financial information of the Enlarged Group, the Directors of the Company assume the Group would obtain a new bank loan equals to the Base Purchase Price of US$1,075,000,000 (equivalent to approximately HK$8,335,486,000 by reference to the exchange rate of 7.75394)) to finance the payment of cash consideration if the Group is required to settle on 1 July 2012 or 31 December 2013. Details of terms and repayment schedule are based on the term sheet released by a bank to the Group in connection with the financing of the Acquisition recently, in which

the Group is still under negotiation with the bank. The proposed new bank loan would be secured by i) 100% equity interest of the Target and Buyer, ii) fixed and floating security over all assets of each of the Target and Buyer, and iii) rights and interests in relation to the interests in the Target, including but not limited to the petroleum contracts for contract area 04/36 and 05/36. The proposed bank loan carries interest at London Interbank Offered Rate ("LIBOR") + 5% per annum and is repayable 12 months after drawdown by instalments.

The following adjustments are presented:

(i) Recognition of additional finance costs arising from the new bank loan, assuming the Acquisition had taken place on 1 July 2012 for preparation of unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows. The effective interest rate is 5.4656% per annum, by reference to the actual LIBOR at 1 July 2012. The interest thereon for the year ended 30 June 2013 is approximately HK$455,584,000. There is continuous financial impact to the Enlarged Group after the Acquisition.

(ii) Recognition of the drawdown of the new bank loan of US$1,075,000,000 (equivalent to approximately HK$8,335,486,000), assuming the Acquisition had taken place on 31 December 2013 for preparation of unaudited pro forma consolidated statement of financial position and on 1 July 2012 for preparation of unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows. First instalment of bank loan is repayable 12 months after drawdown date and therefore the entire amount is classified as a non-current liability at 31 December 2013.

(7) Pursuant to the STA, the total consideration shall be the Base Purchase Price of US$1,075,000,000 (equivalent to approximately HK$8,335,486,000):

(i) plus US$43,520.49 (equivalent to approximately HK$337,000), representing the Target's working capital calculated in Schedule 1.01(c) of the STA;

(ii) plus any Interim Contributions;

(iii) less any Interim Distributions;

(iv) less any non-permitted leakage (which, subject to, and pursuant to the terms of the STA, generally captures expenses outside the ordinary course of business) following 30 June 2013 to Closing;

(v) less any costs or expenses paid out by the Target Group following 30 June 2013 relating to the contract area 43/11 which is an excluded asset for the purpose of the Acquisition;

(vi) plus interest as from 8 August 2014 calculated based on the sum of the Base Purchase Price and sum of items (i) to (v) less the amount of deposit amounting to US$107,500,000 (equivalents to HK$833,549,000).

For the purpose of preparation of unaudited pro forma financial information, the Directors of the Company determined there is no adjustment to the consideration due to items (ii), (iv) to (vi). According to the STA, Interim Distribution means the aggregated amount equal to (a) any cash dividends paid out by the Target to Seller between the effective date, i.e. 1 July 2013, and Closing Date, plus (b) amount of any indebtedness owed by the Target to Seller or any of its affiliates of the Target since the effective date, i.e. 1 July 2013, as defined in clause 8.02 of the STA repaid or settled. Assuming the Acquisition had taken place on 31 December 2013 for preparation of unaudited pro forma consolidated statement of financial position and on 1 July 2012 for preparation of unaudited pro forma consolidated statement of pro forma profit or loss and other comprehensive income and unaudited pro

forma consolidated statement of cash flows, there is amount due to an intermediate holding company of the Target amounting to approximately US$1,483,000 (equivalent to approximately HK$11,502,000) and approximately US$5,209,000 (equivalents to approximately HK$40,393,000) respectively. Thus, the total consideration is approximately US$1,073,560,520 (equivalent to approximately HK$8,324,321,000) and approximately US$1,069,834,520 (equivalent to approximately HK$8,295,430,000) on 31 December 2013 and 1 July 2012 respectively.

Under Hong Kong Financial Reporting Standard 3 (Revised) - Business Combinations, acquisition method of accounting is applied. For the purpose of preparation of unaudited pro forma consolidated statement of financial position, assuming that the Acquisition had taken place on 31 December 2013 and the total consideration approximates the fair value of identifiable assets acquired and liabilities assumed, based on the estimation by the Directors of the Company of the fair value of identifiable assets and liabilities of the Target, pro forma adjustments are made to the inventories of HK$71,065,000, mining interests of HK$8,174,755,000 and related deferred taxation of HK$2,061,455,000. The calculation of mining interests and relevant deferred taxation is set out as below:

	HK$'000
Fair value of assets and liabilities acquired	8,324,321
Less: Net assets of the Target at 31 December 2013 as set out in Appendix II to this circular	(2,139,956)
	6,184,365
Analysis of fair value adjustments	
Fair value adjustment of inventories	71,065
Additional identifiable assets – mining interests	8,174,755
Less: deferred taxation	(2,061,455)
	6,184,365

The adjustment also reflects effects of the Acquisition, including:

(i) the elimination of share capital and pre-acquisition reserves as at 31 December 2013 of the Target amounting to approximately HK$217,000 and approximately HK$2,139,739,000 respectively, assuming the Acquisition had taken place on 31 December 2013.

(ii) For the purpose of preparation of unaudited pro forma consolidated statement of cash flows, assuming the Acquisition had taken place on 1 July 2012, the consideration is satisfied by:

	HK$'000
Based Purchase Price	8,335,486
Working capital calculated in Schedule 1.01 (c) of the STA	337
Less: Interim Distributions in relation to settlement of amount due to an intermediate holding company of the Target at beginning of the relevant year	(40,393)
Consideration	8,295,430

(iii) The cash flows impact on Acquisition is:

	HK$'000
Consideration paid	8,295,430
Less: Cash and cash equivalent balances acquired	(352,483)
	7,942,947

(8) The adjustments reflect the recognition of additional amortisation of mining interests, additional cost of sales in relation to the fair value adjustment of inventories realised and movement of relevant deferred taxation for the year ended 30 June 2013, assuming the Acquisition had taken place at the beginning of the relevant year.

Assuming the Acquisition had taken place at beginning of the year, the calculation of fair value adjustments on assets and liabilities is set out as below:

	HK$'000
Fair value of assets and liabilities acquired *(see Note (7))*	8,295,430
Less: Net assets of the Target Group at 1 January 2013 as set out in Appendix II to this circular	(1,958,169)
	6,337,261
Analysis of fair value adjustments	
Fair value adjustment of inventories	125,172
Additional identifiable assets – mining interests	8,324,509
Less: deferred taxation	(2,112,420)
	6,337,261

Mining interests are amortised on a unit-of-production method utilising the proven reserves as the depletion base. In addition, the adjustments reflect exchange differences arising on translation of the Target to presentation currency due to pro forma fair value adjustments on Acquisition. For the purpose of preparation of unaudited pro forma financial information, it is assumed that the result from purchase price allocation of the consideration at 1 July 2012 is the same as that as presented in note (7). All these pro forma adjustments have continuous financial impact to the Enlarged Group after the Acquisition.

(9) This adjustment represents the effect of estimated transaction costs of approximately HK$21,065,000 to be incurred for the Acquisition, including but not limited to legal and professional fees, directly attributable to the Acquisition estimated by the Directors of the Company.

(C) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

Deloitte.
德勤

TO THE DIRECTORS OF BRIGHTOIL PETROLEUM (HOLDINGS) LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Brightoil Petroleum (Holdings) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated statement of financial position as at 31 December 2013, the pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2013, the pro forma consolidated statement of cash flows for the year ended 31 December 2013 and related notes as set out in Appendix III of the circular issued by the Company dated 30 June 2014 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information is set out in Section A of Appendix III.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of 100% of the issued share capital of Kerr-McGee China Petroleum Ltd (the "Target") on the Group's financial position as at 31 December 2013 and the Group's financial performance and cash flows for the year ended 30 June 2013 as if the transaction had taken place at 31 December 2013 and 1 July 2012 respectively. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the six-month ended 31 December 2013, the Group's financial performance and cash flows have been extracted by the Directors from the Group's financial statements for the year ended 30 June 2013, on which an interim report and an annual report have been published respectively.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2013 or 1 July 2012 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 June 2014

A. MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANY

1. For The Financial Year Ended 31 December 2011

1.1 Overall Business Performance

The principal activity of the Target Company was exploration, development, production and sale of crude oil. It held interest in the Contract Area 04/36 and the Unit Area, both of which contained producing oil fields. The Target Company also held the 43/11 Interest which was an exploration block and an excluded asset under the Stock Purchase Agreement.

During the year ended 31 December, 2011, the Target Company generated revenue equivalent to approximately HK$4.4 billion. All of the revenue in 2011 was generated from Contract Area 04/36 and the Unit Area. The Target Company recorded a profit after tax equivalent to approximately HK$1.8 billion. Expenditure included cost of sales, administrative expenses, and income tax expenses of HK$1.9 billion equivalent, HK$82.2 million equivalent and HK$0.6 billion equivalent, respectively. Average gross daily production during the year was 44,981 boe/d and average realized price of oil was US$110.84 per barrel.

1.2 Capital Structure, Liquidity and Financial Resources

As at 31 December 2011, total assets of the Target Company amounted to approximately HK$3.8 billion equivalent, comprising non-current assets of approximately HK$2.1 billion equivalent and current assets of approximately HK$1.7 billion equivalent. Non-current assets comprised property, plant and equipment, deferred tax assets, and exploration and evaluation assets (which related to 43/11 Interest, an excluded asset under the Stock Purchase Agreement) of HK$2.0 billion equivalent, HK$0.1 billion equivalent, and HK$12.0 million equivalent, respectively. Current assets mainly included bank balances and cash, trade debtor, and inventories of HK$1.1 billion equivalent, HK$0.5 billion equivalent and HK$41.9 million equivalent, respectively.

As at 31 December 2011, total liabilities of the Target Company amounted to approximately HK$1.5 billion equivalent, comprising non-current liabilities of approximately HK$0.1 billion equivalent and current liabilities of approximately HK$1.4 billion equivalent. Non-current liabilities included provision for restoration and environmental costs of HK$0.1 billion equivalent. Current liabilities included special petroleum levy payable, accrued charges relating to rental, lifting and staff costs, and tax payables of HK$0.6 billion equivalent, HK$0.3 billion equivalent and HK$0.2 billion equivalent, respectively.

For the year ended 31 December 2011, the Target Company's principal source of funds was from operating cash flows (HK$2.7 billion equivalent during the year). Major uses of funds included investments in property, plant and equipment (HK$0.4 billion equivalent), settlement of payables in relation to the purchase of property, plant and equipment (HK$95.9 million), and dividends (HK$2.8 billion).

As at 31 December 2011, the Target Company did not have any borrowing from banks or financial institutions. An amount of approximately HK$0.1 billion equivalent was due to Anadarko China Holdings 2 Company, the immediate holding company of the Target Company. Such amount was unsecured and interest free with no fixed repayment term. The Target Company also had approximately HK$3.1 million equivalent of obligations under finance leases for its offloading hoses. The average lease term was 5 years with a fixed interest rate of 3.82% p.a. The Target Company managed its capital to ensure that it would be able to continue as a going concern while maximising the return to its shareholder through the optimisation of the debt and equity balance. The capital structure of the Target Company and its subsidiary consisted of debt, net of cash and cash equivalents and equity attributable to owners of the Target Company, comprising paid in capital and reserves. The Target Company's directors reviewed the capital structure on a regular basis. As part of this review, the Target Company's directors consider the cost of capital and the risks associated with each class of capital.

The Target Company's transactions were mainly denominated in United States Dollars and Chinese Renminbi. The Target Company did not have a foreign currency hedging policy. However, the Target Company's management monitored foreign exchange exposure and would consider hedging significant foreign currency exposure if the need arose.

1.3 Charges on Assets

The Target Company's obligations under finance leases were secured by the lessor's charge over the leased assets. It was the Target Company's policy to lease its offloading hoses under finance leases. The present value of lease obligations as at 31 December 2011 was estimated at HK$3.1 million.

1.4 Contingent Liabilities

As at 31 December 2011, the Target Company did not have any significant contingent liabilities.

1.5 Material investments, acquisitions and disposals

Other than the continuing development of its own oil properties, the Target Company had not made any other material investments or acquisitions during the year ended 31 December 2011. The Target Company had not made any material disposals during the year.

1.6 Employees and Remuneration Policies

During the year ended 31 December, 2011, no fees or other emoluments were paid by the Target Company to its directors of the Target Company as the directors' remuneration was borne by the holding company of the Target Company. Total staff costs amounted to HK$0.1 billion, including salaries and other allowances, bonuses and retirement benefits scheme contributions. Bonuses were determined having regard to the performance of the individuals and market trend.

2 For The Financial Year Ended 31 December 2012

2.1 Overall Business Performance

The Target Company had conducted crude oil mining business during the year ended 31 December, 2012 and generated revenue of approximately HK$4.1 billion equivalent. All of the revenue in 2012 was generated from Contract Area 04/36 and the Unit Area. The Target Company recorded a profit after tax of approximately HK$1.8 billion equivalent. Expenditure included cost of sales, administrative expenses and income tax expenses of HK$1.7 billion equivalent, HK$66.3 million equivalent and HK$0.6 billion equivalent, respectively. Average gross daily production during the year was 41,864 boe/d and average realized price of oil was US$114.43 per barrel.

As compared to 2011, revenue of the Target Company decreased by 7.2%, while profit after tax decreased by 2.5%. The decline in revenue and profit after tax was mainly caused by the scale back of development drilling in 2012. The Target Company and its co-venture partners leased a FPSO for the processing, storage and offloading of oil. Production fluids from the oil fields passed through a fluid swivel installed on a SPM system before reaching the FPSO for processing. Since 2011, a number of issues associated with the SPM system had occurred. As a result of concerns around the SPM, the Target Company and its co-venture partners decided to scale back development drilling until an agreement could be reached on the repair plans.

2.2 Capital Structure, Liquidity and Financial Resources

As at 31 December 2012, total assets of the Target Company amounted to approximately HK$2.9 billion equivalent, comprising non-current assets of approximately HK$1.8 billion equivalent and current assets of approximately HK$1.1 billion equivalent. Non-current assets comprised property, plant and equipment, deferred tax assets and exploration and evaluation assets (which related to 43/11 Interest, an excluded asset under the Stock Purchase Agreement) of HK$1.7 billion equivalent, HK$79.9 million equivalent and HK$17.2 million, respectively. As compared to 2011, non-current assets decreased by 13.9%, mainly due to the depreciation of oil properties. Current assets mainly included bank balances and cash, and inventories of HK$0.8 billion equivalent and HK$0.1 billion equivalent, respectively. Current assets decreased by 39.2% as compared to year 2011, due to the decline in trade debtor and bank balances and cash.

Total liabilities of the Target Company amounted to approximately HK$0.9 billion equivalent comprising non-current liabilities of approximately HK$0.2 billion equivalent and current liabilities of approximately HK$0.7 billion equivalent. Non-current liabilities included provision for restoration and environmental costs of HK$0.2 billion equivalent. As compared to year 2011, non-current liabilities increased by 22.7%, mainly due to the increase in provision for restoration and environmental costs. Current liabilities included special petroleum levy payable, accrued charges relating to rental, lifting and staff costs, and tax payables of HK$0.2 billion equivalent, HK$0.3 billion equivalent and HK$0.1 billion equivalent, respectively. Current liabilities decreased by 45.4% as compared to year 2011, due to the

decreases in special petroleum levy payable, amount due to due to Anadarko China Holdings 2 Company (the immediate holding company of the Target Company) and tax payables. For the year ended 31 December 2012, the Target Company's principal source of funds was from operating cash flows (HK$2.2 billion equivalent during the year). Major uses of funds were investments in property, plant and equipment (HK$0.1 billion equivalent), settlement of payables in relation to property, plant and equipment (HK$98.0 million equivalent) and dividends (HK$2.1 billion equivalent). As compared to year 2011, operating cash flows decreased by 18.7%, due to the decrease in revenue. Purchase of property, plant and equipment also decreased by 65.1% compared to year 2011. The Target Company monitored and maintained a level of cash and cash equivalents deemed adequate by its management to finance the operations and mitigate the effects of fluctuations in cash flows.

As at 31 December 2012, the Target Company did not have any borrowing from banks or financial institutions. It owed an amount of approximately HK$40.4 million equivalent to Anadarko China Holdings 2 Company (the immediate holding company of the Target Company), as compared to HK$115.4 million as at 31 December 2011. The decrease in such amount was due to repayments being made to Anadarko China Holdings 2 Company during the year. The amount was unsecured and interest free with no fixed repayment term. The Target Company also had approximately HK$2.3 million equivalent of obligations under finance leases for its offloading hoses, as compared to HK$3.1 million as at 31 December 2011. The decrease in finance lease obligations was due to payments being made to the lessor during the year. The average lease term is 5 years with a fixed interest rate of 3.82% p.a.. The Target Company managed its capital to ensure that it would be able to continue as a going concern while maximising the return to its shareholder through the optimisation of the debt and equity balance. The capital structure of the Target Company and its subsidiary consisted of debt, net of cash and cash equivalents and equity attributable to owners of the Target Company, comprising paid in capital and reserves. The Target Company's directors reviewed the capital structure on a regular basis. As part of this review, the Target Company's directors consider the cost of capital and the risks associated with each class of capital.

The Target Company's transactions were mainly denominated in United States Dollars and Chinese Renminbi. The Target Company did not have a foreign currency hedging policy. However, the Target Company's management monitored foreign exchange exposure and would consider hedging significant foreign currency exposure if the need arose.

2.3 Charges on Assets

The Target Company's obligations under finance leases were secured by the lessor's charge over the leased assets. It was the Target Company's policy to lease its offloading hose under finance leases. The present value of lease obligations as at 31 December 2012 was estimated at HK$2.3 million equivalent.

2.4 Contingent Liabilities

As at 31 December 2012, the Target Company did not have any significant contingent liabilities.

2.5 Material investments, acquisitions and disposals

Other than the continuing development of its own oil properties, the Target Company had not made any other material investments or acquisitions during the year ended 31 December 2012. The Target Company had not made any material disposals during the year.

2.6 Employees and Remuneration Policies

During the year ended 31 December, 2012, no fees or other emoluments were paid by the Target Company to its directors of the Target Company as the directors' remuneration was borne by the holding company of the Target Company. Total staff costs amounted to HK$0.1 billion, including salaries and other allowances, bonuses and retirement benefits scheme contributions. Bonuses were determined having regard to the performance of the individuals and market trend.

3 For The Financial Year Ended 31 December 2013

3.1 Overall Business Performance

The Target Company had been engaged in crude oil mining during the year and generated revenue of approximately HK$3.3 billion equivalent. All of the revenue in 2013 was generated from Contract Area 04/36 and the Unit Area. The Target Company recorded a profit after tax of approximately HK$1.3 billion equivalent. Expenditure included cost of sales, administrative expenses and income tax expenses of HK$1.5 billion equivalent, HK$29.4 million equivalent and HK$0.4 billion equivalent, respectively. Average gross daily production during the year was 32,051 boe/d and average realized price of oil was US$106.27 per barrel.

As compared to 2012, revenue of the Target Company decreased by 20.0%, while profit after tax decreased by 25.8%. The decline in revenue was mainly caused by the reduction in oil production. Since 2012, development drilling had been scaled back pending an agreement between the Target Company and its co-venture partners on solutions to repair the SPM system of the FPSO. In addition to the pre-existing issues with the SPM, one of the two SPM production swivels failed in November, 2012 and further constrained oil production through the FPSO in 2013. The SPM repair is currently underway and is expected to be back on line and in full production by September 2014. The decrease in profit after tax was mainly caused by the decrease in revenue, and also an impairment loss of exploration and evaluation assets relating to 43/11 Interest (HK$22.6 million). 43/11 was an exploration block in which the Target Company owned an interest. It was an excluded asset under the Stock Purchase Agreement.

3.2 Capital Structure, Liquidity and Financial Resources

As at 31 December 2013, total assets of the Target Company amounted to approximately HK$3.0 billion equivalent, comprising non-current assets of approximately HK$1.8 billion equivalent and current assets of approximately HK$1.2 billion equivalent. Non-current assets comprised property, plant and equipment, and deferred tax assets of HK$1.7

billion equivalent and HK$64.6 million equivalent, respectively. Non-current assets has decreased by 3.4% as compared to year 2012, mainly due to the depreciation of oil properties. Current assets mainly included bank balances and cash, and inventories of HK$0.9 billion equivalent and HK$50.4 million equivalent, respectively. Current assets increased by 16.3% as compared to 2012, due to the increases in trade debtor and in bank balances and cash.

Total liabilities of the Target Company amounted to approximately HK$0.8 billion equivalent, comprising non-current liabilities of approximately HK$0.2 billion equivalent and current liabilities of approximately HK$0.6 billion equivalent. Non-current liabilities included provision for restoration and environmental costs of HK$0.2 billion equivalent. Non-current liabilities increased by 9.8% as compared to 2012, due to the increase in provision for restoration and environmental costs. Current liabilities included special petroleum levy, payables for purchase of property, plant and equipment, and tax payables of HK$0.1 billion equivalent, HK$0.1 billion equivalent, and HK$0.2 billion, respectively. Current liabilities decreased by 12.1% as compared to year 2012, mainly due to the decrease in special petroleum levy, and accrued charges relating to rental, lifting and staff costs. For the year ended 31 December 2013, the Target Company's principal source of funds was from operating cash flows (HK$1.5 billion equivalent). Major uses of funds were investments in property, plant and equipment (HK$0.2 billion equivalent), settlement of payables in relation to property, plant and equipment (HK$69.3 million equivalent) and dividends (HK$1.1 billion equivalent). As compared to year 2012, operating cash flows decreased by 30.2%, due to the failure of a SPM production swivel resulting in lower oil production and revenue. Dividends also decreased by 47.4% as compared to year 2012. The Target Company monitored and maintained a level of cash and cash equivalents deemed adequate by its management to finance the operations and mitigate the effects of fluctuations in cash flows.

As at 31 December 2013, the Target Company did not have any borrowing from banks or financial institutions. It owed an amount of approximately HK$11.5 million equivalent to Anadarko China Holdings 2 Company (the immediate holding company of the Target Company), as compared to HK$40.4 million equivalent as at 31 December 2012. The decrease in such amount was due to repayments being made to Anadarko China Holdings 2 Company during the year. The amount was unsecured and interest free with no fixed repayment term. The Target Company also had approximately HK$1.5 million equivalent of obligations under the finance leases for its offloading hoses, as compared to HK$2.3 million as at 31 December 2012. The decrease in finance lease obligations was due to payments being made to the lessor during the year. The average lease term is 5 years with a fixed interest rate of 3.82% p.a..

The Target Company managed its capital to ensure that it would be able to continue as a going concern while maximising the return to its shareholder through the optimisation of the debt and equity balance. The capital structure of the Target Company and its subsidiary consisted of debts, net of cash and cash equivalents and equity attributable to owners of the Target Company, comprised of paid in capital and reserves. The Target Company's directors reviewed the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital.

The Target Company's transactions were mainly denominated in Chinese RMB and United States Dollars. The Target Company does not have a foreign currency hedging policy. However, the Target Company monitored foreign exchange exposure and would consider hedging significant foreign currency exposure if the need arose.

3.3 Charges on Assets

The Target Company's obligations under finance leases were secured by the lessor's charge over the leased assets. It was the Target Company's policy to lease its offloading hose under finance leases. The present value of lease obligations as at 31 December 2013 was estimated at HK$1.5 million equivalent.

3.4 Contingent Liabilities

As at 31 December 2013, the Target Company did not have any significant contingent liabilities.

3.5 Material investments, acquisitions and disposals

Other than the continuing development of its own oil properties, the Target Company had not made any other material investments or acquisitions during the year ended 31 December 2013. The Target Company had not made any material disposals during the year.

3.6 Employees and Remuneration Policies

During the year ended 31 December, 2013, no fees or other emoluments were paid by the Target Company to its directors of the Target Company as the directors' remuneration was borne by the holding company of the Target Company. Total staff costs amounted to HK$27.9 million, including salaries and other allowances, bonuses and retirement benefits scheme contributions. Bonuses were determined having regard to the performance of the individuals and market trend.

B. REGULATORY OVERVIEW

This section sets forth a summary of the most significant laws and regulations that affect our business in China and the industry in which we operate in. Information contained in this section should not be construed as a comprehensive summary of laws and regulations applicable to us.

Regulatory Framework for Sino-foreign Cooperation in the Exploitation of Offshore Petroleum Resources

The PRC Constitution and the Mineral Resources Law provide that all mineral and oil resources in the territory of the People's Republic of China belong to the state. Therefore, China's oil and gas industry is subject to extensive government regulation. In 1982, the State Council

promulgated the Rules on the PRC Sino-Foreign Cooperative Exploitation of Offshore Petroleum Resources (amended in 2001, 2011 and 2013), or the Petroleum Regulations, to regulate offshore crude oil and natural gas exploration and production in China by foreign entities.

Under the Petroleum Regulations, foreign companies may conduct offshore oil and gas exploration, development and production through Sino-foreign cooperation with CNOOC in areas CNOOC decides to open for Sino-foreign cooperation. CNOOC has the exclusive right to negotiate, sign and execute production sharing contracts with foreign enterprises. Production sharing contracts provide foreign enterprises with exclusive rights, subject to supervision by CNOOC, to explore oil in a defined cooperative block. These contracts also regulate the exploration, development, and production processes of the cooperative exploitation.

Investment Protection for Foreign Contractors

The Petroleum Regulations protect the cooperative exploitation activities, investments, profits and lawful interests of foreign contractors in order to promote Sino-foreign cooperation projects for the exploitation of offshore petroleum resources. Under PRC law, the state cannot lawfully expropriate the investments and incomes of foreign contractors except when required by public policy. Under these special circumstances, the state may expropriate a part or all of the oil receivable by foreign contractors from the cooperative exploitation for adequate compensation and in accordance with legal procedures.

Production Sharing Contracts

Under the Petroleum Regulations, foreign enterprises must cooperate with CNOOC in order to conduct exploitation of offshore oil and gas resources in China. Foreign enterprises generally enter into these cooperative relationships by means of a bidding process with CNOOC. The foreign entity and CNOOC must set out the terms of their cooperation and the cooperative project in a production sharing contract. Under the production sharing contract, CNOOC, on behalf of the state, grants the foreign enterprise exclusive rights, subject to supervision by CNOOC, to explore oil in a defined cooperative block. Foreign contractors and CNOOC may also enter into other cooperative contracts relating to the exploitation of offshore oil resources in the approved cooperative blocks.

Development Plans and Operatorship of Petroleum Fields

Under the Petroleum Regulations, the operator is responsible for formulating the overall development plans for the oil and gas fields assigned under the production sharing contract. The overall development plans should discuss the economical, environmental, geological, geophysical, legal and technological aspects of the proposed development. All overall development plans for Sino-foreign cooperation projects are subject to NDRC's approval.

Unless otherwise provided in PRC law or the production sharing contract, the foreign contractor is responsible for implementing the overall development plans until CNOOC takes over the operation. The foreign contractor must provide the full investment for prospecting the cooperative block and is solely responsible for the prospecting operations and all related risks. If the foreign contractor discovers an oil or gas field of commercial exploitation value, CNOOC shall then jointly

invest in the cooperative development of the field with the foreign contractor. As provided in the production sharing contract, the foreign contractor will remain responsible for the development and production operations of the cooperative block until CNOOC takes over the operation of the oil or gas field, as agreed in the production sharing contract. Production sharing contracts typically provide that CNOOC may replace the foreign contractor as the operator of the cooperative project once the foreign contractor has fully recovered its developmental costs.

Sale of Petroleum Production and Compensation of Foreign Contractors

In accordance with the production sharing contract, the foreign contractor may recover its expenses and investments in the cooperative block and may be entitled to returns from the cooperative petroleum production. The foreign contractor may send its recovered investment, profits, and other lawful income abroad in accordance with PRC law and the production sharing contract. The foreign contractor may also ship abroad its petroleum receivable or any purchased petroleum, in accordance with PRC law. If the foreign contractor wants to sell its petroleum receivable within the PRC, the sale will generally be made either to CNOOC or be made in a manner mutually agreed upon by the foreign contractor and CNOOC, as long as such sale is in accordance with state laws governing the sale of petroleum products in the PRC.

Ownership of Data and Assets

In accordance with the Petroleum Regulations and the terms of the production sharing contracts, foreign contractors are required to timely and accurately report the status of their cooperative petroleum operations to CNOOC. The foreign contractor must obtain and submit data, records, samples, evidence and other similar original materials from its petroleum operations to CNOOC. The foreign contractor must also submit technological, economic, administrative, financial and accounting reports to CNOOC. The ownership of all data, evidence, reports, and other information belongs to CNOOC. Any use, transfer, donation, exchange, sale, publication, or shipment of such data, records, samples, evidence, reports, or other original materials submitted by the foreign contractor must be conducted in accordance with PRC laws.

All assets purchased and created by foreign contractors pursuant to their performance of a production sharing contract, except for equipment leased from a third party, shall vest in CNOOC once the foreign contractor has been fully compensated in accordance with the terms of the production sharing contract or upon the expiration of the production period for the cooperative oil or gas fields. During the term of the contract, use of the assets by the foreign contractor is governed by the terms of the production sharing contract.

Environmental Protection

China has adopted extensive environmental laws and regulations that affect the operation of the offshore oil and gas industry. There are national and local standards applicable to construction and operation of marine construction projects, discharge of pollutants into the ocean including oily drilling mud and drillings, and oil spill contingency plan.

According to the Marine Environmental Protection Law of the PRC and the Regulations on the Administration of Prevention and Control of Pollution Damage to the Marine Environment by Marine Construction Projects, a company is required to register or file an environmental impact report with the relevant oceanic administration for approval before it undertakes any construction of a new production facility or any major expansion or renovation of an existing production facility. The new facility or the expanded or renovated facility will not be permitted to operate unless the relevant oceanic administration finds that the facility has installed sufficient environmental equipment to meet its environmental protection requirements. A company that wishes to discharge pollutants, whether it is in the form of emission, water or materials, must truthfully record the operation of pollutants discharge and treatment installations as well as the discharge and treatment of pollutants and report the same at regular intervals to the relevant environmental bureau. If the pollutants to be discharged into the ocean are oily drilling mud and drillings during offshore oil exploration and exploitation, an approval of the discharge of oily drilling mud and drillings should be obtained before the discharge.

Supervision and Administration over Use of Sea Area

Sea areas, including sea surface, water volume, seabed and subsoil of the inland waters and territorial seas of the PRC, are owned by the State, and the State Council exercises the right of ownership in sea areas on behalf of the State. China adopts a registration system for the right to use of sea areas. Any entity or individual that intends to use sea areas is required to obtain right to use in accordance with law.

The authority in charge of the use of sea areas is State Oceanic Administration and its local counterparts. Any entity and individual may, for the use of sea areas, apply to the local branches of State Oceanic Administration for a sea areas use right certificate. Depending on the acreage of sea areas to be used by the proposed project or the importance of such project, the approval of use of sea area shall be decided by the local government or the State Council. Once the application is approved, a sea areas use right certificate will be issued to the legitimate owner to certify its right to use sea areas. If two or more entities or individuals are interested in the use of the same sea areas, the right to use sea areas shall be granted through a bidding or auction process organized by the local branches of State Oceanic Administration. The maximum period for the right to the use of sea areas is 30 years for mining industry.

China adopts a system of compensation for the use of sea areas. For the use of sea areas, an entity or individual shall pay fees in a lump sum or on an annual basis in light of the different nature and circumstances in which the sea areas are used. If the entity or individual fails to pay fees within the time limit, the sea areas use right certificate may be revoked.

In addition, if an entity plans to lay submarine cables and pipelines, they shall file an application for the submarine cables and pipelines laying operation permit to the local branch of State Oceanic Administration for examination and approval before they conduct investigations and survey of routes and other relevant activities for the aforesaid engineering projects.

Supervision and Administration over Navigation Safety in Aquatic and Subaqueous Activities

Any aquatic and subaqueous activities in the inland waters or coastlines and sea waters within the jurisdiction of the PRC that may affect navigation safety shall be supervised and administered by Maritime Safety Administration of the PRC and its local counterparts, including but not limited to exploration and excavation, building, setting up, repairing and maintaining, and removing aquatic and subaqueous structures or facilities, and laying, inspecting, repairing and removing aquatic and subaqueous cables or pipelines.

The entity engaging in the aforesaid aquatic and subaqueous activities shall apply to the local branch of Maritime Safety Administration for the license for aquatic and subaqueous activities and shall only commence its aquatic and subaqueous activities upon obtaining such license.

Taxes and Levies in the Petroleum Industry

Royalty and Resources Tax

According to the Interim Regulation on the Payment of Mining Royalty for the Sino-Foreign Cooperative Exploitation of Onshore Petroleum, Sino-foreign enterprises that are involved in the exploitation of onshore petroleum resources are required to pay a royalty that is calculated and charged based on the total crude oil or natural gas output of each petroleum field for each calendar year and the mining area usage fee rate. However, pursuant to the State Council's Decision on Revising the "Regulations of the People's Republic of China on Sino-Foreign Cooperative Exploitation of Onshore Petroleum Resources" (the "**Decision**"), the Interim Regulation on the Payment of Mining Royalty for the Sino-Foreign Cooperative Exploitation of Onshore Petroleum was repealed as of 30 September 2011. After the Decision came into effect, the enterprises that participate in Sino-foreign cooperative exploitation of onshore petroleum resources shall pay the resources tax instead of mining royalties.

Pursuant to the Interim Regulations of the People's Republic of China on Resources Tax, enterprises engaged in exploitation of mineral products, including crude oil and natural gas, shall pay resources tax. The resources tax rate of crude oil and natural gas is 5% to 10% of its sales volume. The resources tax payable shall be paid to the competent tax authorities where the crude oil and natural gas are exploited or produced.

In addition, according to the Decision, as to the contracts relating to Sino-foreign cooperative exploitation of onshore petroleum resources entered into prior to the effectiveness of the Decision, mining royalties are still need to be paid in accordance with the then-effective provisions of the State and the resources tax shall not be applicable within the specified valid period of those contracts. After the expiry of those contracts, the resources tax shall be paid instead.

Resources Compensation Fee

Pursuant to the General Office of the Ministry of Land and Resources's Notice on the Collection of the Resources Compensation Fee for the Sino-Foreign Cooperative Exploitation of Petroleum Resources and Provisions on Administration of Collection of Mineral Resources

Compensation Fees, within eight years from March 31, 2012, Sino-foreign enterprises which engage in the exploration of onshore or offshore petroleum resources within the territory of the PRC and the sea waters under PRC's jurisdiction shall pay a resources compensation fee. The resources compensation fee paid by mining right concessionaire shall be calculated and charged on the portion of the sales income of the mineral products (sales income mineral products × compensation fees rate (for oil: 1%) × coefficient of mining recovery rate (for oil: 1, unless otherwise prescribed)). The mining right concessionaire of Sino-foreign cooperative blocks may apply for the exemption or reduction of the compensation fee under certain conditions.

Under the principle of territory-based collection, the resources compensation fee for Sino-foreign cooperative exploitation of petroleum shall be collected by the provincial departments of land and resources of the provinces (municipality) where the cooperative blocks are located.

If the mining right concessionaire fails to pay the mineral resources compensation fees in full within the prescribed time limit, the collecting authorities shall, in addition to setting a deadline for the payment, impose an overdue fine of 0.2% per day on the amount in arrears, counting from the day on which the payment becomes overdue. In case any concessionaire fails to pay the mineral resources compensation fees and the overdue fine in accordance with the provisions of the preceding paragraph, the collecting authorities shall impose a fine of up to three times the amount of the compensation payable. If the circumstances are serious, the concessionaire's mining license shall be revoked by the organ that originally issued the license.

In case any concessionaire does not pay or underpays the mineral resources compensation fees by means of misrepresenting the minerals, concealing the output, sales volume, or misrepresenting the selling prices or actual mining recovery rate, the collecting authorities shall pursue the payment of the compensation fees payable, and impose a fine of up to five times the amount of the compensation fees payable; if the circumstances are serious, the concessionaire's mining license shall be revoked by the organ that originally issued the license.

In case any concessionaire fails to submit the relevant data as to the mineral, the output, the sales volume, the selling price, the actual mining recovery rate and others of mineral products they have mined, the collecting authorities shall set a deadline for such submission; in case of failure to submit within the time limit, a fine of up to 5000 yuan shall be imposed; and in case the concessionaire still fails to submit the data, its mining license may be revoked by the organ that originally issued the license.

Special Levy

According to the State Council's Decision to Impose a Special Oil Gain Levy and Measures for the Administration of the Collection of Special Petroleum Proceeds, enterprises that independently exploit and sell crude oil from fields within areas owned by the PRC and enterprises that exploit and sell crude oil in the form of equity or contractual joint ventures from fields in areas owned by the PRC shall pay special petroleum proceeds. These special petroleum proceeds constitute non-tax revenues for the central government's treasury and shall be incorporated into the budgetary management of the central government's treasury.

The Ministry of Finance shall be responsible for the administration and collection of thespecial petroleum proceeds. Central oil exploitation enterprise, such as PetroChina, Sinopec and CNOOC shall pay the special petroleum proceeds to the Ministry of Finance. Local oil companies shall pay the special petroleum proceeds to the local financial supervision commissioners' offices of the Ministry of Finance. Any Chinese petroleum company party to a Sino-foreign petroleum joint venture shall withhold an amount equal to their special petroleum proceeds payable for the benefit of the joint venture.

The special petroleum proceeds are paid or payable on the portion of income realized by any petroleum exploitation companies from the sale of domestic crude oil at prices higher than US$40 per barrel. The levy is calculated and charged at progressive ad valorem rates for five grades, ranging from 20% to 40% according to the price of crude oil.

The special petroleum proceeds will be calculated on the basis of the monthly weighted average price of the crude oil sold by the oil company.

If a petroleum enterprise fails to pay the special petroleum proceeds in a timely manner, the tax authority shall impose a late payment penalty on the enterprise in the amount of 0.05% of the special petroleum proceeds in arrears per day, commencing from the first day on which the payment becomes overdue. The financial authorities shall not, at their discretion, exempt petroleum enterprises from paying the special petroleum proceeds or reduce the amount of such proceeds payable.

The Supplemental Notice Regarding the Relevant Issues of Collection of Special Petroleum Proceeds by the Ministry of Finance further provides that each party to a Sino-foreign cooperative project for the exploitation of onshore petroleum is required to pay the petroleum special proceeds. The payment for each party shall be calculated and charged based on the allocation price periodically determined by the parties. In addition, the Supplemental Notice further regulates that, with respect to the joint venture, the petroleum special proceeds shall be filed with the relevant finance department by the party owning the oil prospecting and extraction permit.

Value Added Tax

Under the Provisional Regulations of the PRC Concerning Value Added Tax, a value-added tax is imposed on goods sold in or imported into the PRC and on processing, repair and replacement services provided within the PRC. Furthermore, pursuant to the Notice of the State Council on Relevant Problems Concerning the Application of the Provisional Regulations on Value Added Tax, Consumption Tax, Business Tax to Enterprises With Foreign Investment and Foreign Enterprises and the Notice of State Administration of Taxation on the Relevant Issues Concerning Payment of Value-Added Tax in Connection with Sino-Foreign Cooperative Exploitation of Petroleum Resources, a value added tax shall be levied in kind at rate of 5.0% on all crude oil and natural gas exploited from Sino-foreign cooperation oil and gas fields.

C. RISK FACTORS

The Directors consider the following risks and other factors to be material for the Shareholders and potential investors of the Company in relation to the Acquisition. However, the risks listed do not purport to comprise all those risks associated with the Target Company or the Acquisition and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors or that the Directors currently deem to be immaterial may also have an adverse effect on the Target Company's assets.

Risks Relating to the Proposed Acquisition

The Company may not be able to successfully acquire the Target Company

The Seller's and the Buyer's obligations to proceed to Closing are conditioned upon the satisfaction of various conditions precedent (see the section headed "1.6 Conditions Precedent" of the "Letter from the Board" in this circular). One of the key outstanding conditions precedent that has not been satisfied yet as at the Latest Practicable Date is the condition relating to the Buyer's entering into binding agreements no later than 8 August 2014 in respect of a loan facility of up to the amount of the Base Purchase Price in relation to the financing of the Base Purchase Price. As at the Latest Practicable Date, the Company is in discussions with a syndicate of banks regarding the terms of such financing. While the Directors believe that the Company will be able to obtain financing on terms acceptable to the Company in order to complete the Acquisition in due course, there is currently no formal confirmation yet that such financing will be obtained. In addition, the Stock Purchase Agreement may be terminated by the Buyer or the Seller in certain events, including if Closing does not occur on or before the Outside Date (see the section headed "1.8 Termination" of the "Letter from the Board" in this circular). A further amendment agreement between the Parties for such extension was signed on 27 June 2014 ("extended date"). There is currently no 100% certainty that the Acquisition will be completed by the extended date, or that in a termination event, the Company will receive sufficient reimbursement from the Seller to cover its expenses.

Financing for the Acquisition

In order to finance the Acquisition, the Buyer intends to enter into a term loan facility with a syndicate of banks for an amount 70% of the Final Purchase Price. To secure its repayment obligations, the bank syndicate may require the Buyer to provide as security: (i) a pledge of the shares in the Buyer and all its current and future existing subsidiaries (the "Borrower Group") and in the Target Company and all its current and future exiting subsidiaries ("the Target Group"); (ii) share charge over 100% equity interest of the fixed and floating security over all assets of each the Borrower Group and the Target Group; (iii) a pledge of the Target Company's rights and interests under the 04/36 PC and the Unitization Agreement; (iv) a charge in relation to the Target Company's income accounts and (v) a charge in relation to the Buyer's debt service reserve account. In addition, the Buyer may also need to agree to a number of restrictive covenants and undertakings under the term loan facility which will affect the way in which it makes major decisions in respect of the Target Company. The Company may be required to provide a guarantee in relation to the Buyer's obligations under the term loan facility.

The Group may not realize the expected benefits of the Acquisition

The successful integration of the Target Company following the Acquisition will inevitably involve certain risks and hence possibilities of not being successful. Such risks include:

- the impairment of relationships with employees and business partners;
- the potential disruption of the Enlarged Group's ongoing business and distraction of its management; and
- unanticipated expenses and potential delays related to the integration of the Target Company.

If the Enlarged Group is unsuccessful in addressing the above risks, the Enlarged Group's business, financial condition and results of operations may be affected and unable to be optimized as planned.

The Group has limited experience in the Target Company's business

The Group has investments in two natural gas field projects in Xinjiang Province, China – Tuzi Gas Field and Dina 1 Gas Field. The Group, however, does not have any previous ownership in upstream oil assets in the PRC. The Group will therefore be dependent initially on the Target Company's directors, officers and key employees to ensure assurance and compliance as a non-operating partner under the 04/36 PC and the Unitization Agreement. If one or more of the Target Company's management or key employees are unable or unwilling to continue their present positions after the Acquisition then the Target Company's business may be interrupted, and the Company may need to incur additional expenses to recruit, train and retain personnel.

Risks Relating to the Target Company's major assets

The Target Company's results are affected by fluctuations in crude oil prices

The Target Company's results of operations are affected by volatility in crude oil prices. Extended periods of lower crude oil prices may have a material adverse impact on the Target Company's financial performance. Crude oil prices are price-sensitive to numerous factors beyond the Company's control, including but not limited to:

- political developments in petroleum-producing regions;
- the price and availability of other energy sources;
- the costs of exploring for, developing, producing and transporting crude oil;
- domestic and foreign government regulation;
- global demand; and

- overall economic conditions.

There is no assurance that demand for oil and related products will grow, or that the demand for oil and related products will not experience excess supply.

The Target Company depends on CCL to operate the oil fields

The Target Company is not the operator of the oil fields in Contract Area 04/36 and the Unit Area. CCL, as the operator, is responsible for the daily operations of these oil fields. The Target Company will therefore be dependent on CCL's ability to conduct operations at the oil fields in a proper and timely manner. If delays arise or an operational error occurs, the Target Company's results of operations could be adversely affected.

Decision-making power of the Target Company's business is vested in a joint committee including the Target Company and its co-venture partners

The Target Company does not have sole decision-making power in relation to the oil fields in Contract Area 04/36 and the Unit Area. A joint management committee is responsible for major decisions in relation to these oil fields. The 04/36 JMC is formed by representatives appointed by the parties of the 04/36 PC. The Unit JMC is comprised of the existing joint management committee members under the 04/36 PC and 05/36 PC, which are formed by representatives appointed by the parties of the 04/36 PC and 05/36 PC respectively. Decisions of a joint management committee must be approved by all of the committee members, including the Target Company and its co-venture partners. This requirement may potentially limit the Target Company's flexibility in decision-making if there are major disagreements between the Target Company and its co-venture partners.

New overall development plans are currently under review. Without reserve additions, the Target Company's reserves and production will decline over time

New ODPs are currently being considered in relation to the Caofeidian 11-1/11-2 oil field and Caofeidian 11-6/12-1/12-1S oil field. New ODPs will require unanimous approval of the 04/36 JMC and Unit JMC respectively. After they are unanimously approved, New ODPs will need to be submitted to the NDRC for approval.

The Target Company's crude oil reserves and production, and therefore cash flows and results of operations, depend on its ability to successfully exploit current reserves and the acquisition or discovery of additional reserves in the future. New ODPs are important as they may bring reserve additions for the Target Company. Without reserve additions, the Target Company's reserves and production will decline over time as reserves are produced. There is no assurance that New ODPs will be approved by NDRC in a timely manner and the Target Company will be able to secure reserve additions in the future.

The Target Company will need substantial funding to meet its capital expenditure requirements

The Target Company may not generate sufficient cash flows to fund all of its capital investment requirements, and may be required to finance part of its cash needs through alternate means. Although the Directors believe that the Target Company will be able to meet its capital expenditure obligations, and will take into account financing requirements in considering and approving new capital investments, there is no assurance that funding for the Target Company's future capital expenditure requirements will necessarily be available on time or on favorable terms.

The crude oil reserve data contained in this circular are estimates

The Competent Person's Report contains estimates on the Target Company's oil reserves which are important for the Target Company's future development and production plans. The reliability of reserve estimates depend on a number of factors, assumptions and variables which are beyond the Target Company's control and may fluctuate or prove to be incorrect over time. The reliability of reserve estimates may be affected by:

- the quality and quantity of technical and economic data;
- the prevailing crude oil prices applicable to our net production;
- the production performance of the reservoirs;
- estimation of future costs;
- extensive engineering judgments; and
- consistency in the PRC government's oil policies.

There is a risk that oil fields in Contract Area 04/36 and the Unit Area will not yield oil in quantities sufficient to meet the Target Company's targeted rate of return as projected in the Competent Person's Report. The Target Company's business, prospects, financial condition and results of operations may not be as optimum as stated in the Competent Person's Report.

Any reduction in proved developed producing reserves will increase depreciation, depletion and amortization charges (assuming constant production)

Under IFRS, the Target Company's accounting of unit of production for depreciation, depletion and amortization is based on the reserve definition as set out in the PRMS. The unit of production rates are applied based on net proved developed producing oil reserves estimated to be recoverable from existing facilities.

Estimated proved reserves are important elements in determining the depreciation of capitalized development costs. Any reduction in proved developed producing reserves will increase depreciation, depletion and amortization charges (assuming constant production) and therefore will reduce net income.

CCL is required to maintain various operating licences, permits and approvals

CCL (as the current operator of the oil fields in Contract Area 04/36 and the Unit Area) is required to hold or procure subcontractors to hold a number of operating licences, permits and approvals which are subject to renewal, modification and revocation. These licences, permits and approvals include, but are not limited to, environmental approvals, construction permits, workplace safety approvals and approvals for the use of sea area. The Company has not sighted all such operation licences, permits and approvals and if CCL has failed to obtain or renew or to procure to obtain or renew such approvals on a timely basis, CCL may be subject to fines or be prohibited from continuing operations of the relevant oil field in Contract Area 04/36 and the Unit Area. This could in turn have an adverse impact on the Target Company's results of operations.

MOFCOM approvals for historical transactions

The Company has been able to sight most but not all MOFCOM approvals for historical transactions in respect of Area 04/36 PC, Area 05/36 PC and the Unitization Agreement. If these historical approvals do not exist, then it is arguable that such historical transactions are invalid, and may affect the Company's title to Contract Area 04/36, Contract Area 05/36 and the Unit Area. However, practically the risk of this argument being raised may be low because there has been no challenges raised by the PRC governmental authorities on this point. The risk is further reduced by the fact that the Company has obtained indemnity protection (for a certain time period) under the Stock Purchase Agreement if such historical MOFCOM approvals were not obtained.

The Target Company's business may be limited by PRC regulations

The operations conducted at Contract Area 04/36 and the Unit Area are subject to extensive regulations and control by the PRC government. The PRC government continues to exercise a certain degree of control over the oil industry by, among other measures, licensing the right to explore and produce crude oil, assessing and imposing taxes and fees payable on crude oil produced and setting safety, environmental and quality standards. The Target Company's business may be adversely affected if it is required to make significant expenditures to help CCL (as operator of the oil fields) comply with changes to regulations and controls, including for instance more stringent or costly waste handling, storage, transport, disposal or cleanup requirements.

The Target Company's business may be adversely affected by present or future environmental regulations

The operations conducted at Contract Area 04/36 and the Unit Area are subject to extensive environmental protection laws and regulations in the PRC. These laws and regulations permit:

- the imposition of fees for the discharge of waste substances;
- the levy of fines and payments for damages for serious environmental offences; and
- the government, at its discretion, to close any facility that fails to comply with orders and require it to correct or stop operations causing environmental damage.

The PRC government may move towards more rigorous enforcement of environmental laws, and towards the adoption of more stringent environmental standards. In such event, the Target Company may be required to incur additional expenditures for environmental compliance matters which could potentially affect its profitability. The Target Company's business will also depend on CCL's ability, as the operator of oil fields, to maintain compliance with environmental protection laws and regulations.

The Target Company's business, by its nature, is susceptible to various operational risks

There are inherent risks associated with the development and production of oil, such as oil spills, blowouts, fires, equipment failure, floods, loss of well control and volatility in transportation costs. Natural disasters, operator errors or other occurrences may injure or kill people, damage or destroy wells, damage the environment and property, and subject the Enlarged Group to extensive liability. The Target Company may not be fully insured against all of these risks, nor are all such risks insurable. If a natural disaster or operational catastrophe occurs, the Target Company's results of operations and financial condition could be seriously affected with liabilities exceeding insurance policy limits.

The Target Company's development and production activities are dependent on the availability and proper operation of oil production facilities and equipment. The parties to the 04/36 PC currently lease a FPSO, a vessel which is used for, amongst other things, processing oil, produced water and fluids as well as storing and offloading oil. Production fluids from oil fields in Contract Area 04/36 pass through a fluid swivel installed on a SPM system before reaching the FPSO for processing. Since 2011, a number of issues associated with the SPM system emerged. As a result of concerns around the SPM, the Target Company and its co-venture partners decided to scale back development drilling until an agreement could be reached on the repair plans. Two repair options have been reviewed by the Target Company and the co-venture partners, involving different expected downtime period and repair budgets. In addition to pre-existing issues with the SPM, in November 2012, one of the two SPM production swivels failed and further constrained oil production through the FPSO in 2013. The production has been stopped since 10 May 2014 and a repair project has taken place. Production is expected to resume in September 2014. The Directors, therefore, are of the view that the risk is reasonably managed.

In addition, the Target Company's production activities are dependent on the availability of oil transportation on commercially viable terms. The potential volatility in transportation costs could adversely affect the Target Company's ability to deliver its oil on terms that would allow it to maintain sustainable commercial profits.

The Chinese government's political and economic policies could affect the Target Company's business

The PRC is still a developing economy and differs from developed economies in various aspects, including its structure, level of government involvement, growth rate, capital investment controls, control of foreign exchange and allocation of resources. Whilst the Chinese economy has been transitioning from a planned economy to a more market-orientated economy, the PRC government still exercises significant control over Chinese economic growth through allocating

resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Although the Chinese economy has grown at a significant rate for the past two decades, there can be no assurance that the Chinese economy will continue to grow or will do so at the pace that it has in recent years. There is also no assurance that the PRC government's macroeconomic policies will be effective. Any adverse change in economic conditions or government policies in the PRC could have an adverse affect on the Target Company's business.

The risks associated with hedging activities

In order to manage the volatility of earnings and valuation of the Target Group from crude price fluctuations, the Group has put in hedging mechanism to preserve the value of the crude oil produced from Caofeidian owned by the Target Company starting from late February 2014. This is done by entering into short positions in crude futures contracts listed at major futures exchanges. The short futures contracts used for hedging Caofeidian's physical production volumes would be subjected to daily "Mark to Market" and the overall portfolio is anticipated to incur an unrealised loss due to the geopolitical tension in the middle east, which has resulted in the crude oil futures prices to increase significantly during June 2014. Up to the Last Practicable Date, there was a "Mark to Market" unrealized loss in Caofeidian hedging. The Directors believes that based on the information currently available, the unrealized loss in totality does not have any significant impact on the overall financial or trading position of the Group and therefore such unrealized loss serves only to provide a "point-in-time" information rather than the underlying performance of the Company's Caofeidian hedging strategy.

If the Acquisition completes, the Directors anticipate that there will be two main risks involved in such hedging actives: (i) funding liquidity risk resulted from margin calls of hedging positions; and (ii) basis risk between the price of hedging instruments and the actual price of the Caofeidian crude sold. When large losses incurred in hedging instruments, the Enlarged Group may not have sufficient funds on hand to fulfil the margin calls within the required time frame. Basis risks is another risk, if the prices of the hedging instrument and Caofeidian crude do not move in parallel, or even diverge, thus making hedge ineffective.

If the Acquisition does not materialize, the Company may end up with losses from the short crude futures intended for hedging, in the event that the prices of the respective futures drop after they are entered into.

In addition to the hedging mechanisms for crude price mentioned, the Enlarged Group may employ exchanged-traded or over-the-counter derivatives to hedge interest risk and foreign exchange risk from the financing of this Acquisition. There are various risks associated with such products, including but not limited to counterparty risk, settlement risk, basis risk and funding liquidity risk, which could impair the Target Company's hedging strategy. This may in turn have a material adverse effect on the Target Company's earning and funds flows.

The following is the text of the Competent Person's Report prepared by Sproule International Limited for the purpose of inclusion in this circular.

June 23, 2014

INDEPENDENT COMPETENT PERSON'S REPORT OF CERTAIN P&NG RESERVES IN BOHAI BAY, CHINA OF KERR-MCGEE CHINA PETROLEUM LIMITED FOR BRIGHTOIL PETROLEUM (HOLDINGS) LIMITED AND WIN BUSINESS ENERGY LIMITED (AS OF JANUARY 1, 2014)

Copies:	Brightoil Petroleum (Holdings) Limited (0 copies) Win Business Energy Limited (2 copies) Electronic (5 copies) Sproule (1 copy)
Project No.:	4515.70782
Prepared For:	Brightoil Petroleum (Holdings) Limited and Win Business Energy Limited
Authors:	Scott W. Pennell, P.Eng., Project Leader Barrie F. Jose, P.Geoph.
Exclusivity:	This report has been prepared for the exclusive use of Brightoil Petroleum (Holdings) Limited and Win Business Energy Limited. It may not be reproduced, distributed, or made available to any other company or person, regulatory body, or organization without the knowledge and written consent of Sproule, and without the complete contents of the report being made available to that party.

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2 EXECUTIVE SUMMARY

Tables 2-1 and 2-2 summarize our evaluation, after and before income taxes, of certain P&NG reserves of Kerr-McGee China Petroleum Limited ("KMCPL"), a wholly owned subsidiary of Anadarko Petroleum Corporation ("Anadarko"), as of January 1, 2014. Sproule has performed an evaluation of certain oil assets in Bohai Bay, offshore northeast China. The assets consist of Contract Area 04/36 and a Unit that extends from Contract Area 05/36 into Contract Area 04/36. Win Business Energy Limited (the "Buyer") has entered into a Stock Purchase Agreement to purchase one hundred percent of the issued share capital of KMCPL. KMCPL's interests in South China Sea Exploration Block 43/11 are not included within the agreement, and have not been included in the evaluation at the request of the Buyer. The evaluation considers certain geological, geophysical, engineering and commercial aspects of the development and production of the oil fields.

Table 2-1 – Summary of Reserves and Net Present Value as of January 1, 2014
After Income Tax

	Remaining Oil Reserves							
	Project	KMCPL		Net Present Value of Future Net Revenue *After Tax*				
Reserve Category	Gross	Gross	Net	Discounted (in MM$ US)				
	Mbbl	Mbbl	Mbbl	0%	5%	10%	15%	20%
Total Proved	72,022	25,418	23,506	936	818	723	647	584
Total Proved + Probable	133,721	46,088	42,029	1,920	1,592	1,348	1,162	1,016

Table 2-2 – Summary of Reserves and Net Present Value as of January 1, 2014
Before Income Tax

	Remaining Oil Reserves							
	Project	KMCPL		Net Present Value of Future Net Revenue *Before Tax*				
Reserve Category	Gross	Gross	Net	Discounted (in MM$ US)				
	Mbbl	Mbbl	Mbbl	0%	5%	10%	15%	20%
Total Proved	72,022	25,418	23,506	1,199	1,048	927	829	748
Total Proved + Probable	133,721	46,088	42,029	2,488	2,062	1,745	1,502	1,312

The recoverable volumes were estimated deterministically for all reserves categories using production decline analysis on actual performance data, where sufficient data was available to establish production trends. Volumetric and analogy techniques were also used to estimate recoverable volumes for undeveloped locations and wells with short production histories.

The reserve definitions and ownership classification used in this evaluation are in accordance with the classifications and definitions of the SPE/WPC/AAPG/SPEE Petroleum Resources Management System ("SPE-PRMS") approved in 2007 by the Society of Petroleum Engineers ("SPE"), the World Petroleum Council ("WPC"), the American Association of Petroleum Geologists ("AAPG"), and the Society of Petroleum Evaluation Engineers ("SPEE"). The oil reserves are presented in thousands of barrels, at stock tank conditions.

The net present values of the reserves are presented (on a before and after income tax basis) in United States dollars and are based on annual projections of net revenue, which were discounted at various rates using the mid-period discounting method. These rates are 5, 10, 15 and 20 percent and undiscounted.

The price forecasts that formed the basis for the revenue projections in the evaluation were based on Sproule's December 31, 2013 pricing model.

Capital and operating costs were escalated at 1.5 percent per year.

Platform and well abandonment and disconnect costs were included in this report at the contract area level in the form of an abandonment fund. Well abandonments include both producing and suspended oil production wells and water disposal wells. No allowances for reclamation or salvage values were made.

3 INTRODUCTION

3.1 SCOPE AND TERMS OF REFERENCE

This report was prepared by Sproule International Limited ("Sproule") at the request of Brightoil Petroleum (Holdings) Limited and Win Business Energy Limited, a wholly owned subsidiary of Brightoil Petroleum (Holdings) Limited. Win Business Energy Limited is hereinafter referred to as "the Buyer" and Brightoil Petroleum (Holdings) Limited is hereinafter referred to as "the Company", unless otherwise specified. The effective date of this report is January 1, 2014, and it consists of an independent technical evaluation of certain P&NG reserves in Bohai Bay, China of Kerr-McGee China Petroleum Limited ("KMCPL"). KMCPL is a wholly owned subsidiary of Anadarko Petroleum Corporation ("Anadarko"). The reserves evaluated include KMCPL's interests in Contract Area 04/36 and Contract Area 05/36. KMCPL's interests in South China Sea Exploration Block 43/11 have not been included in the evaluation at the request of the Company and the Buyer.

This Competent Person's Technical Report (CPR) was prepared between February and June 2014 for the purpose of evaluating certain KMCPL P&NG reserves according to the classifications and definitions of the SPE/WPC/AAPG/SPEE Petroleum Resources Management System ("SPE-PRMS"), promulgated by the Society of Petroleum Engineers ("SPE"), the World Petroleum Council ("WPC"), the American Association of Petroleum Geologists ("AAPG"), and the Society of Petroleum Evaluation Engineers'("SPEE") reserve definitions, which are in accordance with the requirements of Chapter 18 of the Listing Rules of the Hong Kong Stock Exchange. This report was prepared for the Company's corporate purposes.

This report is included in one (1) volume which consists of the following sections: Executive Summary, Introduction, detailed discussion regarding geology, engineering, general business, economic evaluation and social and environment, and our basis of opinion. Various appendices are also included to provide additional support for our work.

3.2 STATEMENT OF COMPETENT PERSONS

Scott W. Pennell, B.S., P.Eng.

I, Scott W. Pennell, Manager, Engineering and Director of Sproule, 900, 140 Fourth Ave SW, Calgary, Alberta, declare the following:

1. I hold the following degree:
   a. B.S. Petroleum Engineering (1993) University of Wyoming, Laramie, Wyoming, USA

2. I am a registered professional:
   a. Professional Engineer (P.Eng.), Province of Alberta, Canada

3. I am a member of the following professional organization:
   a. Association of Professional Engineers and Geoscientists of Alberta (APEGA)
   b. Society of Petroleum Engineers (SPE)

4. I have 21 years experience in the petroleum industry.

5. I am a qualified reserves evaluator and reserves auditor as defined in Canadian National Instrument 51-101 and a Competent Person pursuant to Chapter 18 of the Hong Kong Stock Exchange Listing Rules.

6. My contribution to the report entitled "Independent Competent Person's Report of Certain P&NG Reserves in Bohai Bay, China of Kerr-McGee China Petroleum Limited for Brightoil Petroleum (Holdings) Limited and Win Business Energy Limited (As of January 1, 2014)" is based on my engineering knowledge and the data provided to me by the Company, from public sources, and from the non-confidential files of Sproule. I did not undertake a field inspection of the properties.

7. I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the above-named report or in the securities of Brightoil Petroleum (Holdings) Limited, Win Business Energy Limited, Anadarko Petroleum Corporation or Kerr-McGee China Petroleum Limited in compliance with Chapter 18 of the Hong Kong Stock Exchange Listing Rules.

Original Signed by Scott W. Pennell, P.Eng.

Scott W. Pennell, P.Eng.

Barrie F. Jose, M.Sc., P.Geoph.

I, Barrie F. Jose, Vice-President, Geoscience, International and Partner of Sproule, 900, 140 Fourth Ave SW, Calgary, Alberta, declare the following:

1. I hold the following degrees:
   a. M.Sc. Geophysics (1979) University of British Columbia, Vancouver, B.C., Canada
   b. B.Sc. (Honours) Geological Science with Physics (1977) Queens University, Kingston, ON, Canada

2. I am a registered professional:
   a. Professional Geophysicist (P.Geoph.) Province of Alberta, Canada

3. I am a member of the following professional organizations:
   a. Association of Professional Engineers and Geoscientists of Alberta (APEGA)
   b. Canadian Society of Exploration Geophysicists (CSEG)
   c. Society of Exploration Geophysicists (SEG)
   d. Canadian Society of Petroleum Geologists (CSPG)
   e. American Association of Petroleum Geologists (AAPG)
   f. Petroleum Exploration Society of Great Britain (PESGB)
   g. European Association of Geoscientists and Engineers (EAGE)
   h. Indonesian Petroleum Association, Professional Division (IPA)

4. I have 35 years of experience in the petroleum industry.

5. I am a qualified reserves evaluator and reserves auditor as defined in Canadian National Instrument 51-101 and a Competent Person pursuant to Chapter 18 of the Hong Kong Stock Exchange Listing Rules.

6. My contribution to the report entitled "Independent Competent Person's Report of Certain P&NG Reserves in Bohai Bay, China of Kerr-McGee China Petroleum Limited for Brightoil Petroleum (Holdings) Limited and Win Business Energy Limited (As of January 1, 2014)" is based on my geophysical knowledge and the data provided to me by the Company, from public sources, and from the non-confidential files of Sproule. I did not undertake a field inspection of the properties.

7. I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the above-named report or in the securities of Brightoil Petroleum (Holdings) Limited, Win Business Energy Limited, Anadarko Petroleum Corporation or Kerr-McGee China Petroleum Limited in compliance with Chapter 18 of the Hong Kong Stock Exchange Listing Rules.

Original Signed by Barrie F. Jose, P.Geoph.

Barrie F. Jose, P.Geoph.

Greg D. Robinson, B.Sc., P.Eng.

I, Greg D. Robinson, Vice-President, International and Director of Sproule, 900, 140 Fourth Ave SW, Calgary, Alberta, declare the following:

1. I hold the following degree:
   a. B.Sc. Civil Engineering (1978) University of Manitoba, Winnipeg MB, Canada

2. I am a registered professional:
   a. Professional Engineer (P.Eng.) Province of Alberta, Canada

3. I am a member of the following professional organizations:
   a. Association of Professional Engineers and Geoscientists of Alberta (APEGA)
   b. Society of Petroleum Engineers (SPE)
   c. Society of Petroleum Evaluation Engineers (SPEE)

4. I have 35 years of experience in the petroleum industry.

5. I am a qualified reserves evaluator and reserves auditor as defined in Canadian National Instrument 51-101 and a Competent Person pursuant to Chapter 18 of the Hong Kong Stock Exchange Listing Rules.

6. My contribution to the report entitled "Independent Competent Person's Report of Certain P&NG Reserves in Bohai Bay, China of Kerr-McGee China Petroleum Limited for Brightoil Petroleum (Holdings) Limited and Win Business Energy Limited (As of January 1, 2014)" is based on my engineering knowledge and the data provided to me by the Company, from public sources, and from the non-confidential files of Sproule. I did not undertake a field inspection of the properties.

7. I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the above-named report or in the securities of Brightoil Petroleum (Holdings) Limited, Win Business Energy Limited, Anadarko Petroleum Corporation or Kerr-McGee China Petroleum Limited in compliance with Chapter 18 of the Hong Kong Stock Exchange Listing Rules.

Original Signed by Greg D. Robinson, P.Eng.

Greg D. Robinson, P.Eng.

3.3 CREDENTIALS OF SPROULE

Sproule is one of the world's largest independent subsurface petroleum consulting and evaluation firms with over 65 years of experience in the petroleum industry. Sproule is recognized as a premier reserve evaluator for TSX-listed companies, which file their reserves annually pursuant to Canadian National Instrument 51-101. In 2012/13, Sproule conducted reserve evaluations for over 40 TSX-listed companies in accordance with NI 51-101 regulations. Sproule also has an active advisory practice providing technical and valuation advice to clients with respect to M&A transactions involving a variety of petroleum assets worldwide.

3.4 FIELD OPERATIONS

In the preparation of this evaluation, a field inspection of the properties (Contract Area 04/36 and the Unit) was not performed. The relevant geoscience and engineering data were made available by the Company, or obtained from public sources and the non-confidential files at Sproule. No material information regarding the reserves evaluation would have been obtained by an on-site visit.

3.5 NATURE AND SOURCE OF INFORMATION

1. All historical production, revenue and expense data, product prices actually received, and other data that were obtained from the Company, or from public sources, were accepted as represented, without any further investigation by Sproule.

2. Property descriptions, details of interests held, and well data, as supplied by the Company, were accepted as represented. No investigation was made into either the legal titles held or any operating agreements in place relating to the subject properties.

3. Royalties and other burdens were obtained from the Company. No further investigation was undertaken by Sproule.

4. The Company provided various hard and soft data to Sproule. Soft data was received via a virtual data room and email.

5. Much of the data supplied by the Company was obtained by the Company from KMCPL and the operator. In the case of KMCPL's online virtual data room, the Company facilitated our access. A Representation Letter to confirm the accuracy, completeness, and availability of data furnished to Sproule during the preparation of this report was not provided by the Company, KMCPL or the operator.

6. Sproule has no responsibility for estimates based on analyses of erroneous data supplied by the Company, KMCPL or the operator.

7. Sproule has no responsibility for any results presented that would be affected by information that exists but was not made available to us.

8. Sproule has no responsibility to update our report for events and circumstances occurring after the preparation date of the report or for data that becomes available to us after the preparation date of the report.

3.6 REPORTING STANDARDS

This report has been prepared by Sproule using current geological and engineering knowledge, techniques and computer software. It has been prepared within the Code of Ethics of the Association of Professional Engineers and Geoscientists of Alberta ("APEGA"). This report adheres in all material aspects to the SPE-PRMS classification system and definitions approved in 2007 by the SPE, WPC, AAPG, and the SPEE.

3.7 EFFECTIVE AND PREPARATION DATES

The effective date of the reserves is January 1, 2014. The preparation date of this Competent Person's Report is June 23, 2014.

3.8 EVALUATION PROCEDURES

1. The Company provided Sproule with lease operating statements containing historical data for twelve months for each of the years 2009 to 2012 and for two months for 2013. Ten months of forecast data was provided for 2013. These statements were used to determine certain economic parameters.

2. The forecasts of product prices used in this evaluation were based on Sproule's December 31, 2013 price forecasts.

3. Platform and well abandonment and disconnect costs were included in this report at the property level in the form of an abandonment fund. Well abandonments include both producing and suspended oil production wells and water disposal wells. No allowances for reclamation or salvage values were made.

4. The development forecast presented in this evaluation was based on capital budgets and a development program as presented by the Company under the scope of this evaluation and engagement. The development forecast presented in this report may not represent the full development potential of the lands evaluated.

5. For this evaluation, Sproule conducted its economic analyses using Schlumberger Merak PEEP software. The functionality of the program is not the responsibility of Sproule, and results were accepted as calculated by the model. Sproule's responsibility is limited to the quality of the data input and reasonableness of the outcoming results.

3.9 EVALUATION RESULTS

1. The analysis of individual properties as reported herein was conducted within the context and scope of an evaluation of a unique group of properties in aggregate. Use of this report outside of this scope may not be appropriate.

2. The accuracy of reserves estimates and associated economic analysis is, in part, a function of the quality and quantity of available data and of engineering and geological interpretation and judgment. Given the data provided at the time this report was prepared, the estimates presented herein are considered reasonable. However, they should be accepted with the understanding that reservoir and financial performance subsequent to the date of the estimates may necessitate revision. These revisions may be material.

3. The net present values of the reserves presented in this report simply represent discounted future cash flow values at several discount rates. Though net present values form an integral part of fair market value estimations, without consideration for other economic criteria, they are not to be construed as Sproule's opinion of fair market value.

4. The dollar values presented throughout the report are in United States dollars, unless otherwise stated.

5. Due to rounding, certain totals may not be consistent from one presentation to the next.

3.10 RESERVE DEFINITIONS

The reserve definitions are included in Appendix A.

3.11 ABBREVIATIONS

The abbreviations are included in Appendix B.

4 SUMMARY OF ASSETS

4.1 LOCATION OF ASSETS

The evaluated assets are located in Bohai Bay, offshore northeast China, approximately 100 kilometres southeast of Tanggu, Tianjin at water depths of 20 to 25 metres. The evaluated assets consist of Contract Area 04/36 and a Unit that extends from Contract Area 05/36 into Contract Area 04/36. These areas are located on the Shaleitian Uplift (Figure 4.1-1), a structural high which contains significant commercial hydrocarbon reservoirs within the Minghuazhen, Guantao and Dongying formations. From the KMCPL interest lands, medium to heavy gravity oil is produced from seven high permeability sandstone reservoirs having either strong bottom or edge water drives. Oil is produced via six platforms to the Hai Yang Shi You 112 FPSO. KMCPL's interests in South China Sea Exploration Block 43/11 have not been included in the evaluation at the request of the Company.

Four oil fields, Caofeidian (CFD) 11-1, 11-2, 11-3 and 11-5, are within Contract Area 04/36 and two oil fields, CFD 12-1 and 12-1S, are within Contract Area 05/36. The seventh oil field, CFD 11-6, straddles the boundary between Contract Areas 04/36 and 05/36. Consequently, producing oil fields CFD 11-6, 12-1 and 12-1S were combined into a Unit in 2005 with a unitization agreement containing provisions from both contract areas. Producing oil fields CFD 11-6, 12-1 and 12-1S are hereinafter referred to as the Unit.

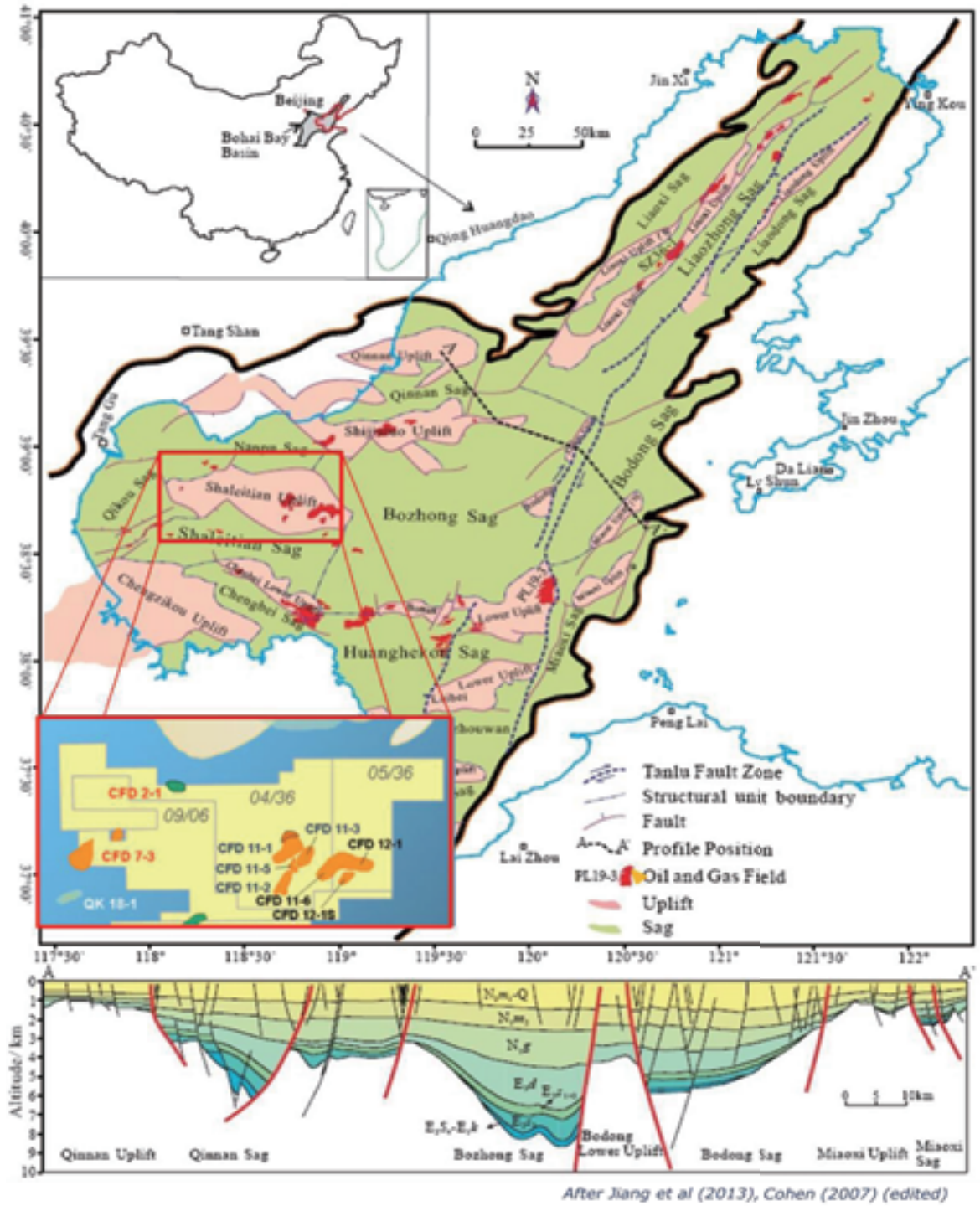


Figure 4.1-1 – Bohai Bay Basin (Offshore) Location, Tectonic Unit Distributions, Structural Characteristics

4.2 OWNERSHIP AND ACREAGE

Table 4.2-1 provides a summary of KMCPL's working interest, the Project gross (100 percent working interest) acreage and KMCPL's net acreage in Contract Area 04/36 and the Unit.

Table 4.2-1 – Summary of KMCPL's Working Interest Project Gross and KMCPL Net Acreage

Area	KMCPL Working Interest (%)	Project Gross[1] Acreage (acres)	KMCPL Net[2] Acreage (acres)
Contract Area 04/36	40.0909	30,747	12,327
Unit	29.1773	21,745	6,345

1. Project Gross acreage represents the 100 percent working interest acreage

2. KMCPL Net acreage is calculated by multiplying the working interest by the Project Gross acreage.

4.3 RESERVES AND NET PRESENT VALUE

Table 4.3-1 provides a summary of the Project gross, KMCPL gross and KMCPL net proved and proved plus probable reserves and associated net present value after deduction of income taxes using escalated prices and costs, as of January 1, 2014.

Table 4.3-1 – Summary of Reserves and Net Present Value as of January 1, 2014 After Income Tax

	Remaining Oil Reserves							
	Project	KMCPL		Net Present Value of Future Net Revenue *After Tax*				
Reserve Category	Gross	Gross	Net	Discounted (in MM$ US)				
	Mbbl	Mbbl	Mbbl	0%	5%	10%	15%	20%
Total Proved	72,022	25,418	23,506	936	818	723	647	584
Total Proved + Probable	133,721	46,088	42,029	1,920	1,592	1,348	1,162	1,016

Table 4.3-2 provides a summary of the Project gross, KMCPL gross and KMCPL net proved and proved plus probable reserves and associated net present value before deduction of income taxes using escalated prices and costs, as of January 1, 2014.

Table 4.3-2 – Summary of Reserves and Net Present Value as of January 1, 2014 Before Income Tax

	Remaining Oil Reserves							
	Project	KMCPL		Net Present Value of Future Net Revenue *Before Tax*				
Reserve Category	Gross	Gross	Net	Discounted (in MM$ US)				
Mbbl	Mbbl	Mbbl	Mbbl	0%	5%	10%	15%	20%
Total Proved	72,022	25,418	23,506	1,199	1,048	927	829	748
Total Proved + Probable	133,721	46,088	42,029	2,488	2,062	1,745	1,502	1,312

4.4 PROJECT GROSS FIELD PRODUCTION PROFILES

In December 2013, Contract Area 04/36 and the Unit were producing approximately 32,500 bopd at 89 percent water cut from 141 wells from six platforms tied-back to the Hai Yang Shi You 112 floating production, storage and offloading vessel ("FPSO"). According to KMCPL, operational problems at the FPSO, specifically the single point mooring system, have restricted production and development since 2011, most notably in 2013. Further discussion is included in Section 6.4.3.1. Discussion of the existing and new overall development plans is included in Section 6.5.

The Project gross (100 percent working interest) historical production profile for Contract Area 04/36 and the Unit including the total proved reserve production forecast is included in Figure 4.4-1.

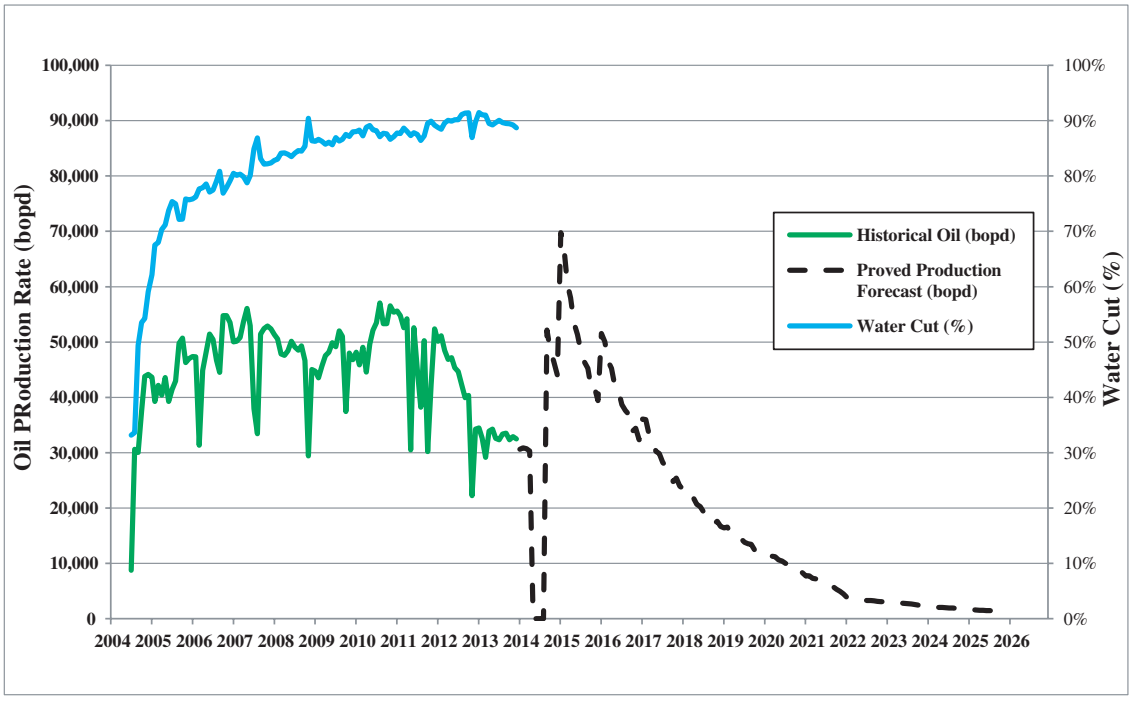


Figure 4.4-1 – Project Gross History with Total Proved Production Forecast for Bohai Bay Assets

Figure 4.4-2 shows the Project gross (100 percent working interest) historical production profile for Contract Area 04/36 and the Unit including the total proved plus probable reserve production forecast.

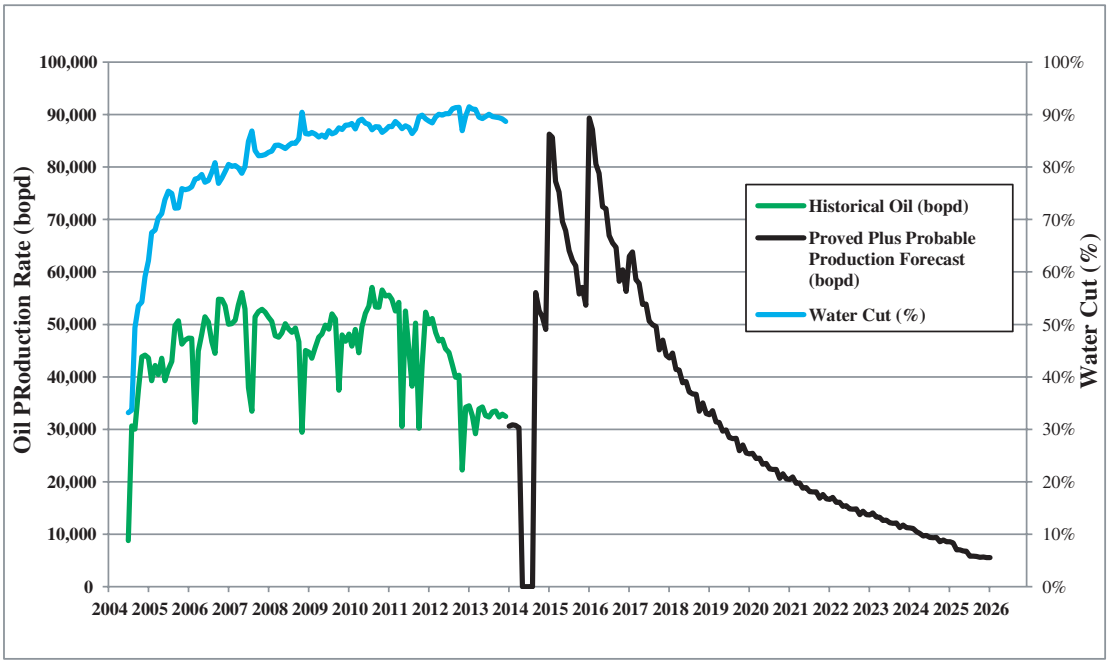


Figure 4.4-2 – Project Gross History with Total Proved Plus Probable Production Forecast for Bohai Bay Assets

5 REGIONAL GEOLOGICAL DISCUSSION

5.1 REGIONAL PETROLEUM HISTORY

The offshore Bohai Bay Basin has an area of approximately 50,000 square kilometres, and is located in the central Bohai Bay Basin, north China (Figure 4.1-1). Petroleum exploration began in 1965. Since that time several large oil fields with reserves have been found including the SZ36-1, QHD32-6, NP35-2, PL19-3 (the largest offshore oil field in China), CFD11-1 and BZ25-1 (Zhu and Ge, 2001; Jiang et al., 2003; Xiao and Chen, 2003; Xu et al., 2008, Zuo et al., 2011). In the mid-1990's and early 2000's, exploration activity was focused on the shallower Minghuazhen, Guantao and Dongying Formation sands.

5.2 REGIONAL AND BASIN GENERALIZED GEOLOGY, EVIDENT PETROLEUM SYSTEM

The offshore Bohai Bay Basin is part of the North China Tertiary rift basin, one of the most petroliferous basins in China (Zuo et al., 2011). The tectonic history consists of 14 sag and 16 uplift phases (Figure 4.1-1). Contract Areas 04/36 and 05/36 of Bohai Bay are in the Shaleitian Uplift. This tectonic uplift is surrounded by the Nanpu Sag to the north, Bozhong Sag to the east, Qikou Sag to the west and Shaleitian Sag to the south.

5.2.1 Geological Settings

The offshore Bohai Bay Basin experienced two tectonic episodes during the Proterozoic to the Mesozoic Era. The first episode was a regional stable subsidence commencing in the Middle to Late Proterozoic and extending to the end of the Paleozoic. The second episode was represented by folding during the Mesozoic Era.

The basin also experienced a long period of uplift and erosion in the Mesozoic, during which metamorphic basement rocks were exposed in most areas due to the Caledonian, Indo-China, and Yanshan movements (Chen and Liu, 1995; Lu et al., 1997).

The distribution of principle source rocks, reservoirs and cap rocks in the Bohai Basin are shown in the stratigraphic column shown in Figure 5.2.1-1.

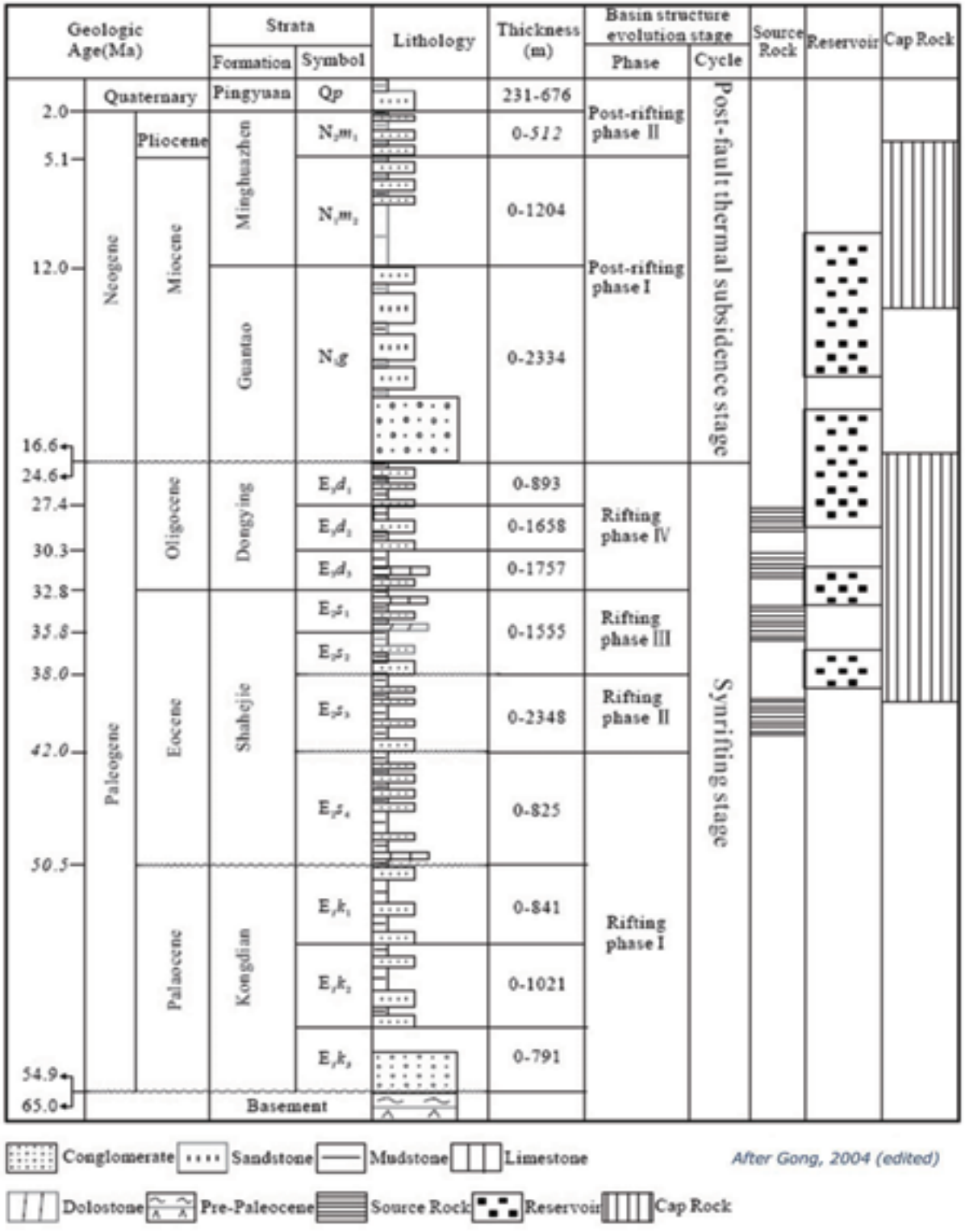


Figure 5.2.1-1 – Stratigraphic Column, Source, Reservoir and Cap Rocks

In the study area, the Kongdian, Shahejie, Dongying, Guantao, Minghuazhen, and Pingyuan formations were deposited during the Cenozoic Era (Figure 5.2.1-1). The tectonic evolution of the offshore Bohai Bay Basin during the Cenozoic is characterized by complex deformation caused by Himalayan tectonics (Qi, 2004; Xu et al., 2008). The tectonic and depositional evolution was influenced by the syn-rift stage from the Paleocene to the Oligocene (65 to 24.6 million years ago) and post-rift thermal subsidence stage since the Miocene (24.6 to 0 million years ago) (Cai et al., 2000, 2001; Xiao and Chen, 2003; Qi, 2004; Xu et al., 2008). Rift valley sedimentation is preserved in the Paleogene strata where lacustrine sediments gradually filled a series of deep lakes. In the Neogene, lakes basically disappeared and the sand deposition was characterized by fluvial plain, shoreline and shallow lake environments. Quaternary strata are mainly marine deposits.

Reservoirs in the Bohai Bay Basin are mainly distributed around Bozhong, Huanghekou and Liaozhong sags, and the largest offshore oil field, PL19-3, is situated at the Bonan lower uplift between the Bozhong and Huanghekou sags (Figure 4.1-1). Commercial oil flows have been found in Shahejie, Dongying, Guantao and Minghuazhen formations. Approximately half of the total discovered reserves are found in the Dongying and Guantao formations (Zuo et al., 2010).

5.2.2 Source Rocks

Four sets of potential source rocks exist in the offshore Bohai Bay Basin: the 3rd Member of the Shahejie Formation (E_2s_3) with total organic carbon values up to 4.5 percent; the 1st and 2nd Members of the Shahejie Formation (E_2s_{1+2}), the 3rd Member of Dongying Formation (E_3d_3), and the 2nd Member of Dongying Formation (E_3d_2) (Figure 5.2.1-1, Gong, 2004). The Shahejie Formation source rock was encountered in few wells due to the deep burial depth. The deepest penetrations in the Shahejie Formation, around 8,000 metres, are drilled in the Bozhong sag where the formation exceeds 3,000 metres in thickness through most of the area. The source rocks of E_2s_{1+2} are extensively distributed with an average thickness less than 200 metres. These source rocks are mainly dark mudstone deposits with a maximum burial depth of 6,000 metres in the Bozhong sag (Figure 4.1-1).

The hydrocarbon expulsion centre is mainly considered to be located in the Bozhong sag (Figure 4.1-1), from where the hydrocarbon expulsion accounts for over 90 percent of the total hydrocarbon expulsion. The Bodong, Huanghekou and Qikou sags have small hydrocarbon expulsion. The geothermal gradient ranges between 3 and 4 ^{o}C per 100 metres. The primary oil charge to the Shaleitian Uplift came from major sags to the east and south. The present day oil maturation window is between 3,000 metres and 4,000 metres. The Shahejie and Lower Dongying formations are mature to post-mature in the main graben areas in the region. Oil generation began in the Early Miocene and continues through to present day. Variable oil gravities and the presence of gas in some reservoirs are due to several episodes of hydrocarbon charge and biodegradation of early charged oil at shallow depths.

5.2.3 Seal Rocks

Initial hydrocarbon migration was lateral along the pre-Tertiary basement unconformity and subsequent migration was vertical via deep seated faults. Oil migrated onto the Shaleitian Uplift through Lower Dongying sands beneath the regional Dongying seal and via Guantao and Minghuazhen sands due to the absence of the seal or breaching of the seal by faults.

Regional top seals are formed by the major shale units in the Lower Dongying and Shahejie formation. Numerous intra-formational shales in the Upper Dongying, Guantao and Minghuazhen formation provide local trapping and allow for stacked pay sands. Shales as thin as 2 metres have been demonstrated to form top seals. Guantao reservoirs generally consist of thick, continuous sandstone units sealed by regional shales, while reservoirs in the Minghuazhen consist of more isolated channel sandstones, sealed in extensive enclosing shales.

6 LOCAL GEOLOGICAL AND ENGINEERING DISCUSSION

6.1 RESERVES

Table 6.1-1 provides a summary of the proved and proved plus probable reserves attributed to KMCPL's interests in Contract Area 04/36 and the Unit in Bohai Bay at the effective date of the report; January 1, 2014.

Table 6.1-1 Summary of Oil Reserves as of January 1, 2014
(Forecast Prices and Costs)

	Oil KMCPL	
Reserve Category	**Gross (Mstb)**	**Net (Mstb)**
China		
Total Proved	25,418	23,506
Total Proved Plus Probable	46,088	42,029

6.2 PRODUCTION SHARING CONTRACT AND DEVELOPMENT TERMS

The production contract agreements are summarized in Section 8.2.2.

6.3 GEOLOGY

Figure 6.3-1 shows the oil and gas fields in Contract Area 04/36 and the Unit. Figure 6.3-2 shows the trajectory of the existing wells by field.

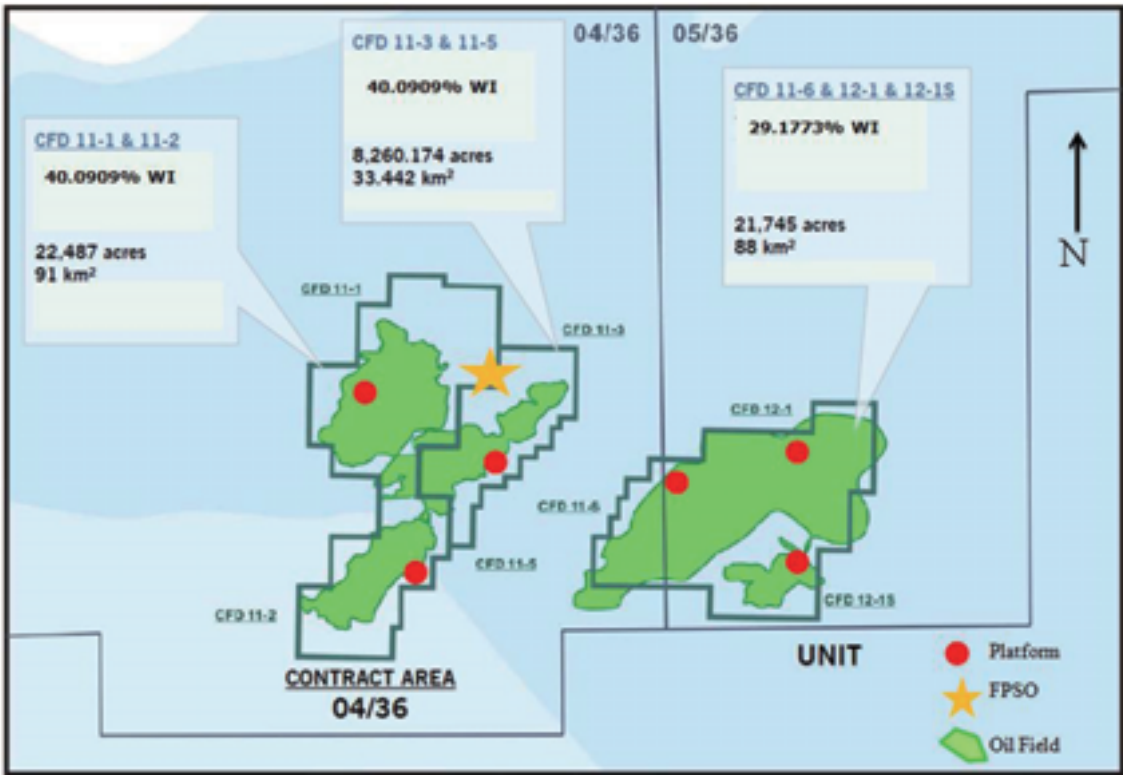


Figure 6.3-1 – Map of Oil Fields in Contract Area 04/36 and the Unit

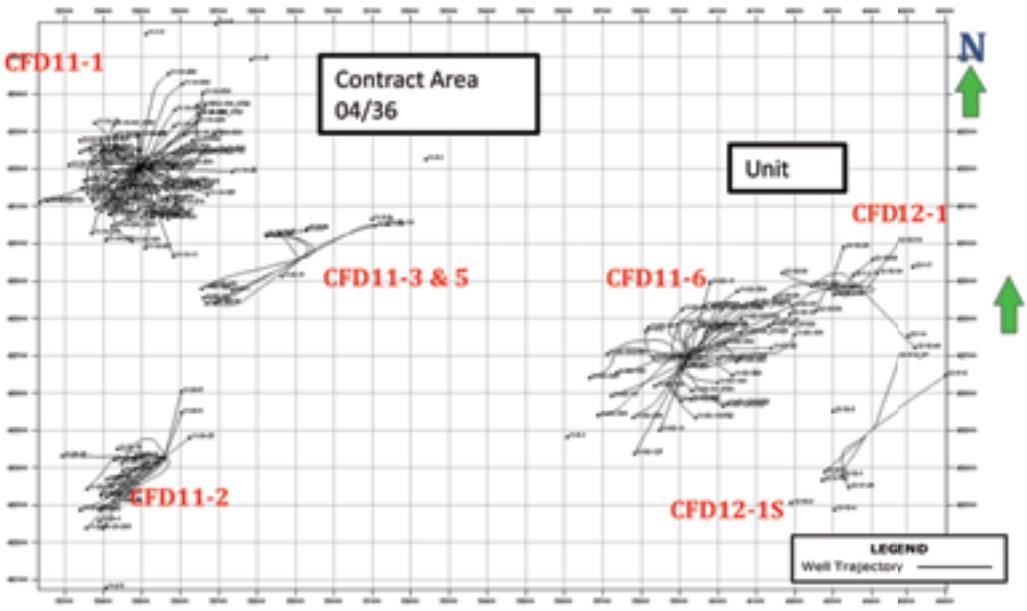


Figure 6.3-2 – Trajectory of Wells by Field

6.3.1 Geological Characteristics

The Paleocene Kongdian consists of a sequence of sandstones and mudstones deposited in a series of deep lakes. The Eocene Shahejie Formation consists predominantly of organic rich shales interbedded with lacustrine fans and turbidite derived sands. The Oligocene Dongying Formation consists of a series of deltaic sands interbedded with lacustrine shales and these sands prograde generally from north to south.

The Miocene Guantao Formation sands are massive and are interbedded with thin shales deposited by alluvial fans and braided streams. The Minghuazhen Formation extends from Miocene to Pliocene age and consists of a series of stacked fluvial sands and mudstones. In the Quaternary Pingyuan Formation, a sequence of mudstone and siltstones are deposited due to marine transgression.

In Contract Area 04/36 and the Unit, the Pingyuan Formation has shallow marine clastic deposition that includes brown-yellow and gray clays, light-gray and yellow silty-fine sandstone. The Minghuazhen Formation consists of fluvial meandering stream deposits with consistent thickness throughout the area indicative of stable depositional environments having no significant structural development. The Minghuazhen Formation is divided into upper and lower members. The Upper Minghuazhen member consists of interbedded light-gray sandstones of variable thickness and green-gray mudstones. The Lower Minghuazhen member consists predominantly of thick mudstone layers interbedded with thin sandstone beds.

The Guantao Formation is characterized by fluvial braided stream deposits thickening away from structural highs toward the flanks due to draping and compaction. The Guantao consists of thick gray sandstone and mottled sandy conglomerate with thin interbeds of green-gray mudstone. High on the uplift, the Guantao Formation is deposited unconformably on igneous basement as observed from the wells drilled onto these highs. The Dongying Formation consists of lacustrine clastic deposits. The pre-Tertiary basement in the region consists mainly of Archean granite and metamorphics, with isolated Lower Paleozoic limestone lags that form "buried hills" in this area.

6.3.2 Reservoir Characteristics

The Minghuazhen, Guantao and Dongying Formations are the significant hydrocarbon bearing formations in Contract Area 04/36 in CFD 11-1, 11-2, 11-3/5. The Guantao and Minghuazhen Formations are widely distributed within the fields. The Dongying Formation is a widely distributed in CFD 11-2 and is locally distributed in CFD 11-1 and CFD 11-3/5.

CFD 11-1 and 11-2 are complex, multi-horizon and multi-reservoir structures with fluid properties that vary as a function of depth. The Minghuazhen and Guantao Formations are dominant at CFD 11-1, while the Dongying Formation becomes much more prominent at CFD 11-2. The shallow Minghuazhen Formation contains heavier, more viscous oil, while the deeper Dongying Formation tends to contain lighter oils.

In CFD 11-1 and 11-2, the Minghuazhen Formation is divided into upper and lower members. The average thickness of the Upper Minghuazhen member is 460 metres with a sandstone thickness of 9 to 29 metres and sandstone content of 50 to 60 percent. The average thickness of Lower Minghuazhen member is 255 metres with a sandstone thickness of 4 to 11 metres and sandstone content of 17 to 30 percent. In

general, the porosity for the Upper Minghuazhen oil-bearing sands ranges from 30 to 34 percent, while the water saturation ranges from 24 to 48 percent. The porosity for the Lower Minghuazhen oil-bearing sands ranges from 26 to 33 percent and the water saturation ranges from 30 to 40 percent.

The Minghuazhen Formation at CFD 11-3/5 has an average thickness between 880 and 900 metres with only a few thin oil-bearing sands. In general, the porosity for the Upper Minghuazhen oil-bearing sands ranges from 30 to 33 percent, while the water saturation ranges from 24 to 35 percent. The porosity for the Lower Minghuazhen oil-bearing sands ranges from 29 to 33 percent and the average water saturation ranges from 32 to 45 percent.

The sandstone Guantao Formation is structurally controlled and well developed. In CFD 11-1 and 11-2, the Guantao is 220 to 450 metres thick, while in CFD 11-3/5 the thickness ranges from 454 to 516 metres. In the Gunatao sands in CFD 11-1, porosity ranges from 20 to 30 percent and water saturation ranges from 30 to 45 percent. In CFD 11-3/5, the porosity ranges from 22 to 31 percent and the water saturation ranges from 20 to 50 percent. In CFD 11-2, the porosity ranges from 23 to 27 percent and the water saturation ranges from 40 to 50 percent. The most important reservoirs in CFD 11-3/5 are the Guantao Ng2 and Ng3 members, respectively. Reservoirs are primarily dip closures with minor associated faulting.

The Guantao Ng3 Main and Ng3 Massive members are the most important reservoirs in the Unit in CFD 11-6, 12-1, 12-1S. The Ng3 Main reservoir overlies the Ng3 Massive and is a well-developed fluvial channel system. The Ng3 Main member is dominantly sand-rich with minor levee and overbank shales. This sand is sub-divided into an upper and lower channel sequence. The upper channel is more widely distributed than the lower channel sand. A gas cap occurs in the central fault block that lies within the upper channel. The Ng3 Massive member is composed of very thick and continuous sandstone units that are braided with river deposits and occasional shale inter-beds. GPS (2 and 3), a relatively thin shale, provides the top seal for this sand. The porosity for the Guantao sands ranges from 20 to 30 percent and the water saturation ranges from 33 to 45 percent.

In the Unit, the Minghuazhen Formation is characterized by stacked fluvial clastic sediments deposited during early Neogene time. The sand accumulations in Minghuazhen Formation are a combination of structural and stratigraphic trapping. The sands in the Minghuazhen Formation have loose lithic structure and well developed primary intergranular porosity. The porosity in the Upper Minghuazhen member ranges from 30 to 32 percent and the water saturation ranges from 30 to 35 percent. The porosity in the Lower Minghuazhen member ranges from 29 to 31 percent and the water saturation ranges from 25 to 45 percent.

In Contract Area 04/36 and the Unit, the sands within Minghuazhen and Guantao formations have high porosity and high permeability, with up to several Darcies of core measured permeability. Core measured porosity and permeability cross plots for CFD 11-1 and CFD 11-6 are shown in Figures 6.3.2-1 and 6.3.2-2 respectively. Type logs for CFD 11-1 are shown in Figures 6.3.2-3, 6.3.2-4 and 6.3.2-5.

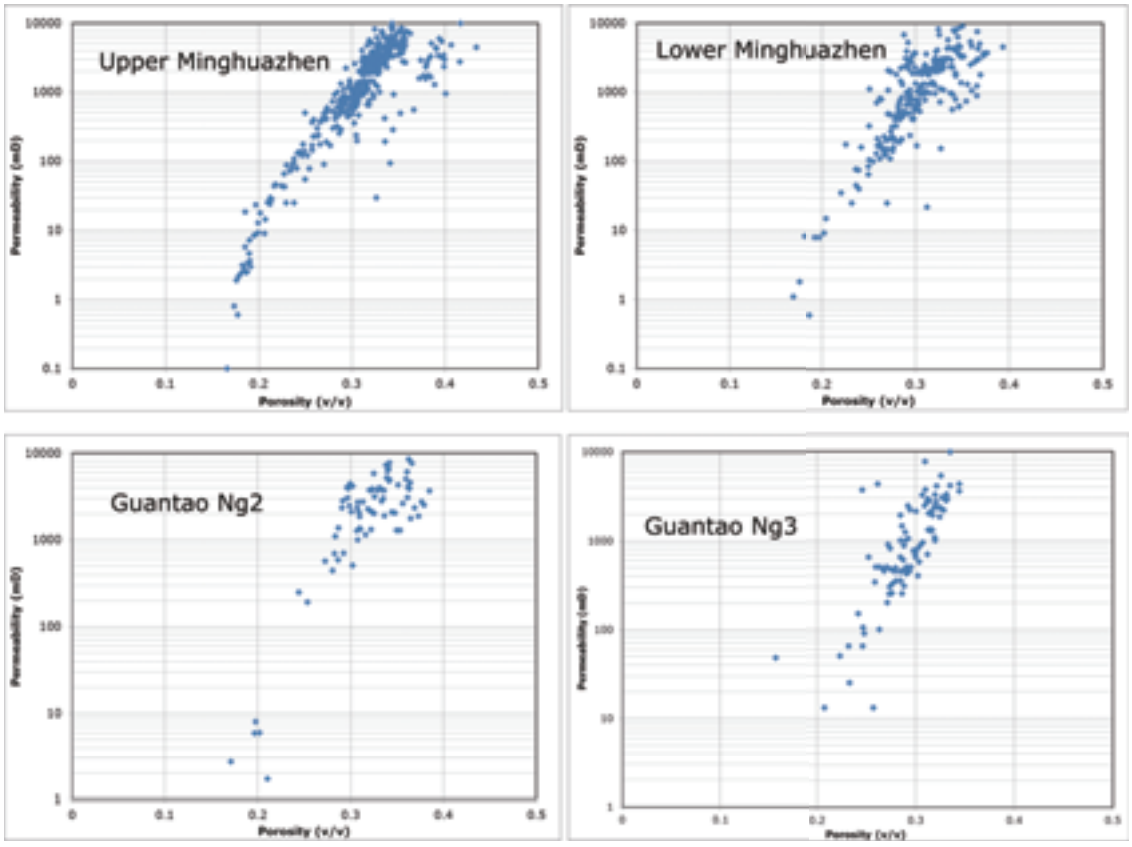


Figure 6.3.2-1 – CFD 11-1 Core Porosity and Permeability Cross Plot

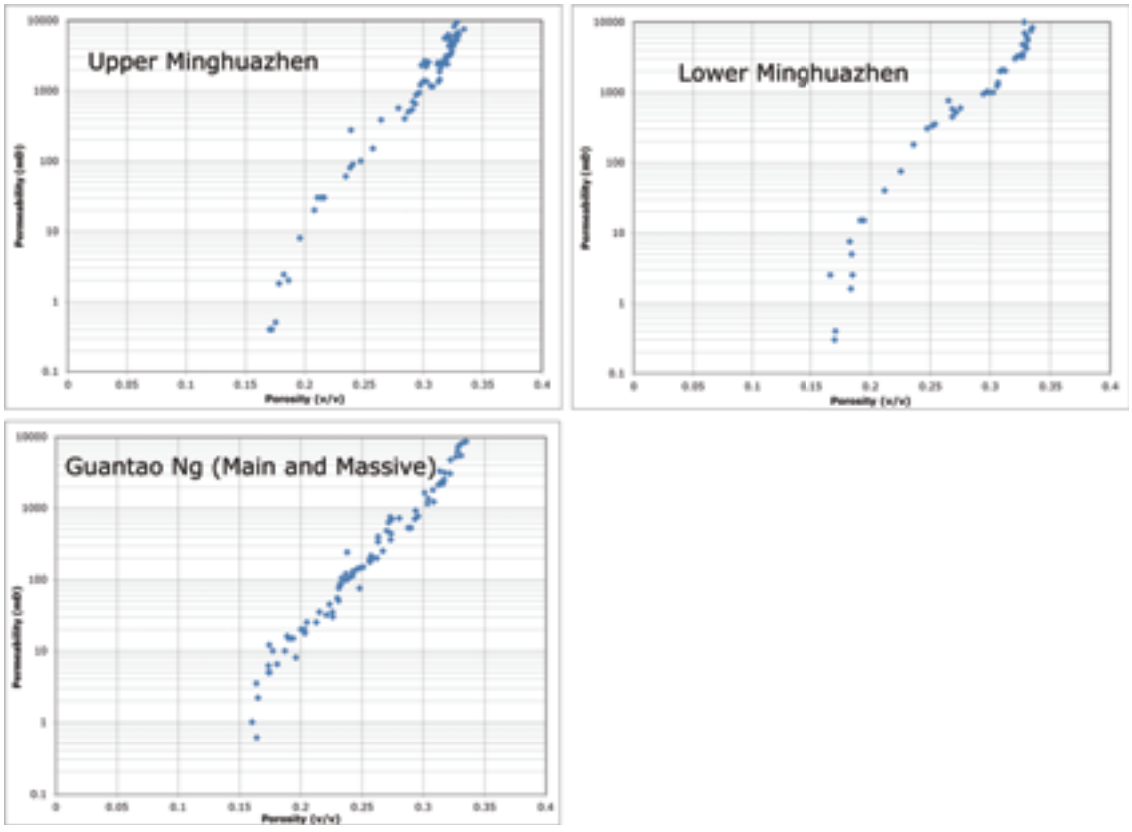


Figure 6.3.2-2 – CFD 11-6 Core Porosity and Permeability Cross Plot

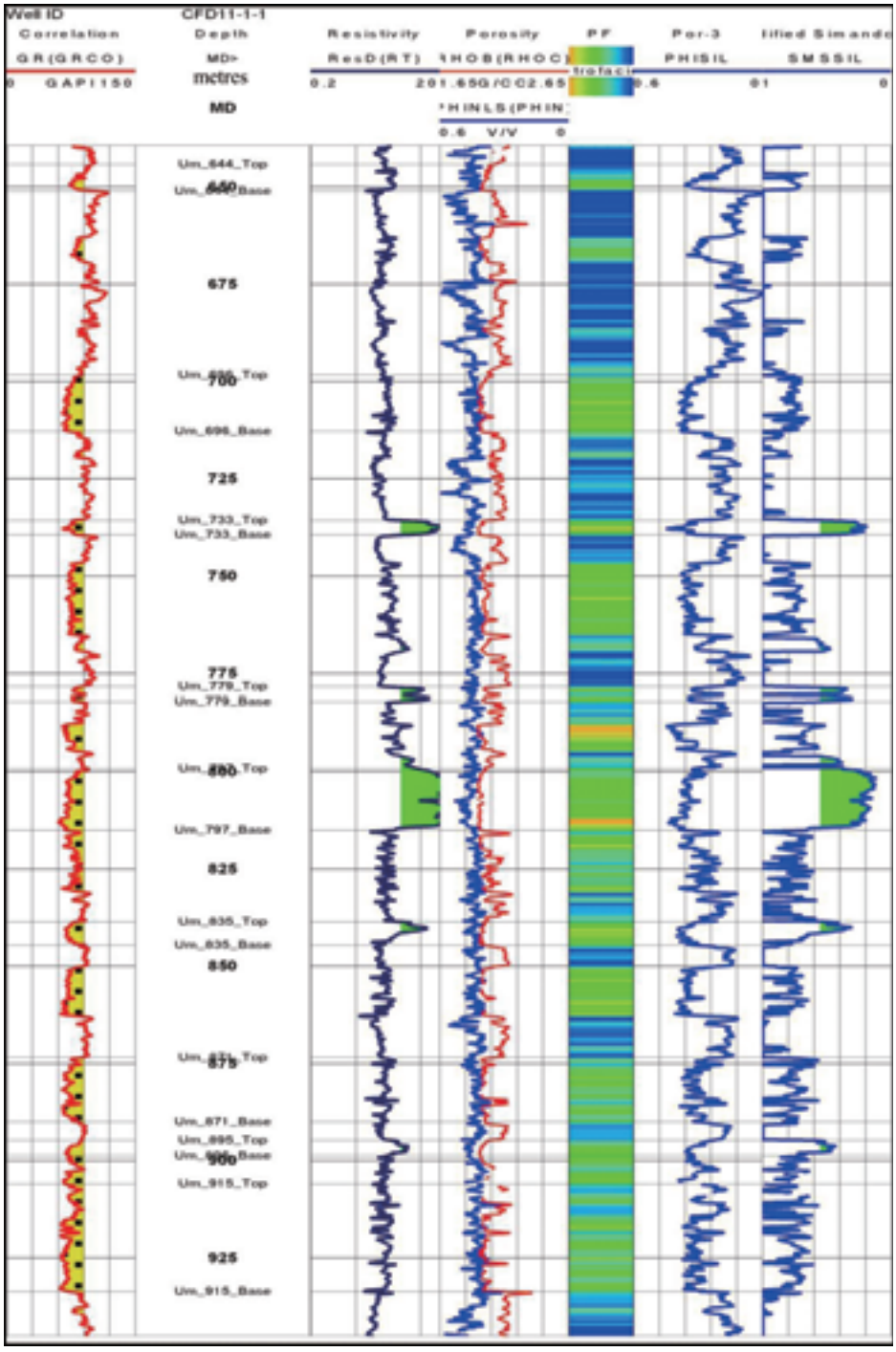


Figure 6.3.2-3 – CFD 11-1 Upper Minghuazhen Type Log

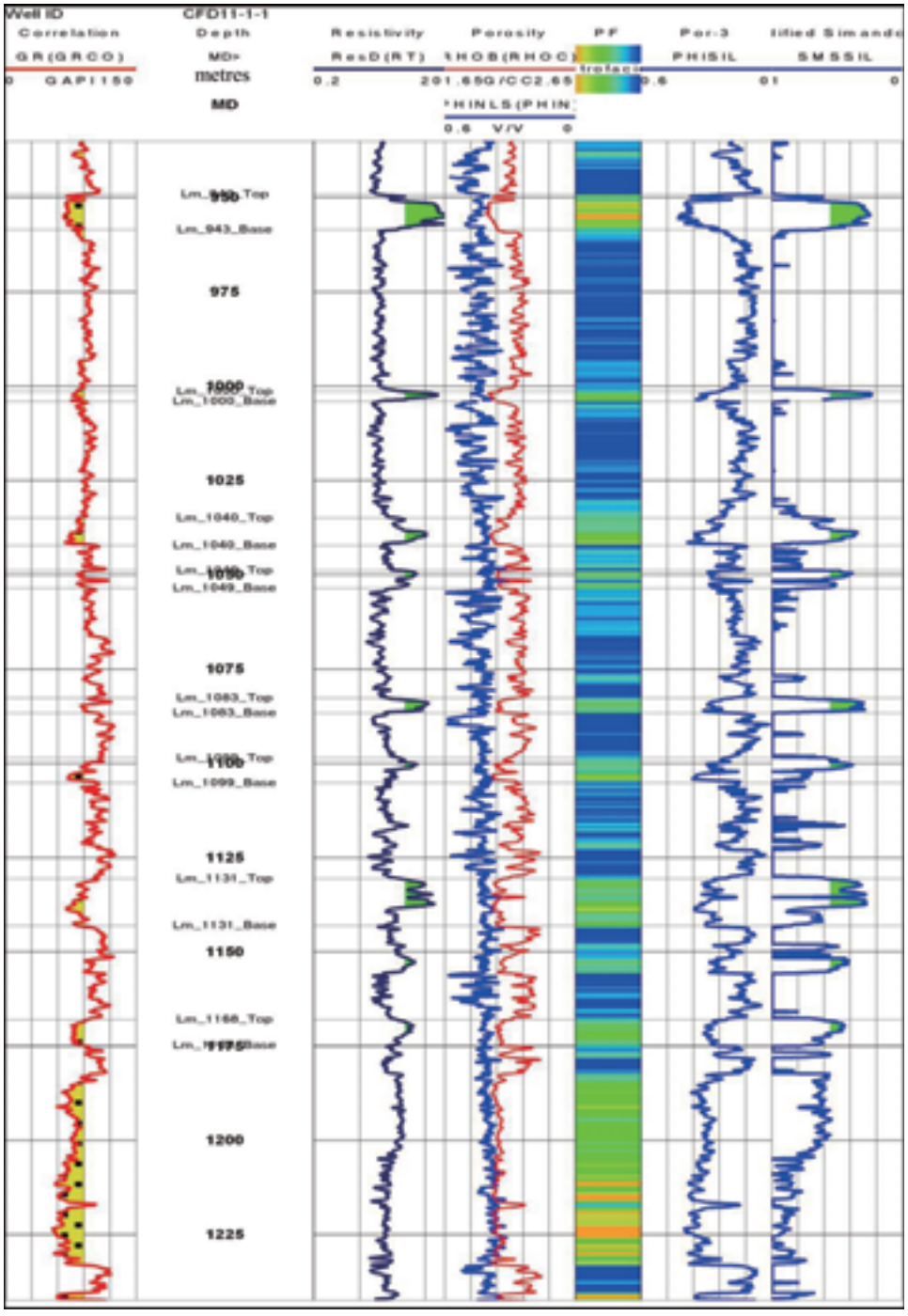


Figure 6.3.2-4 – CFD 11-1 Lower Minghuazhen Type Log

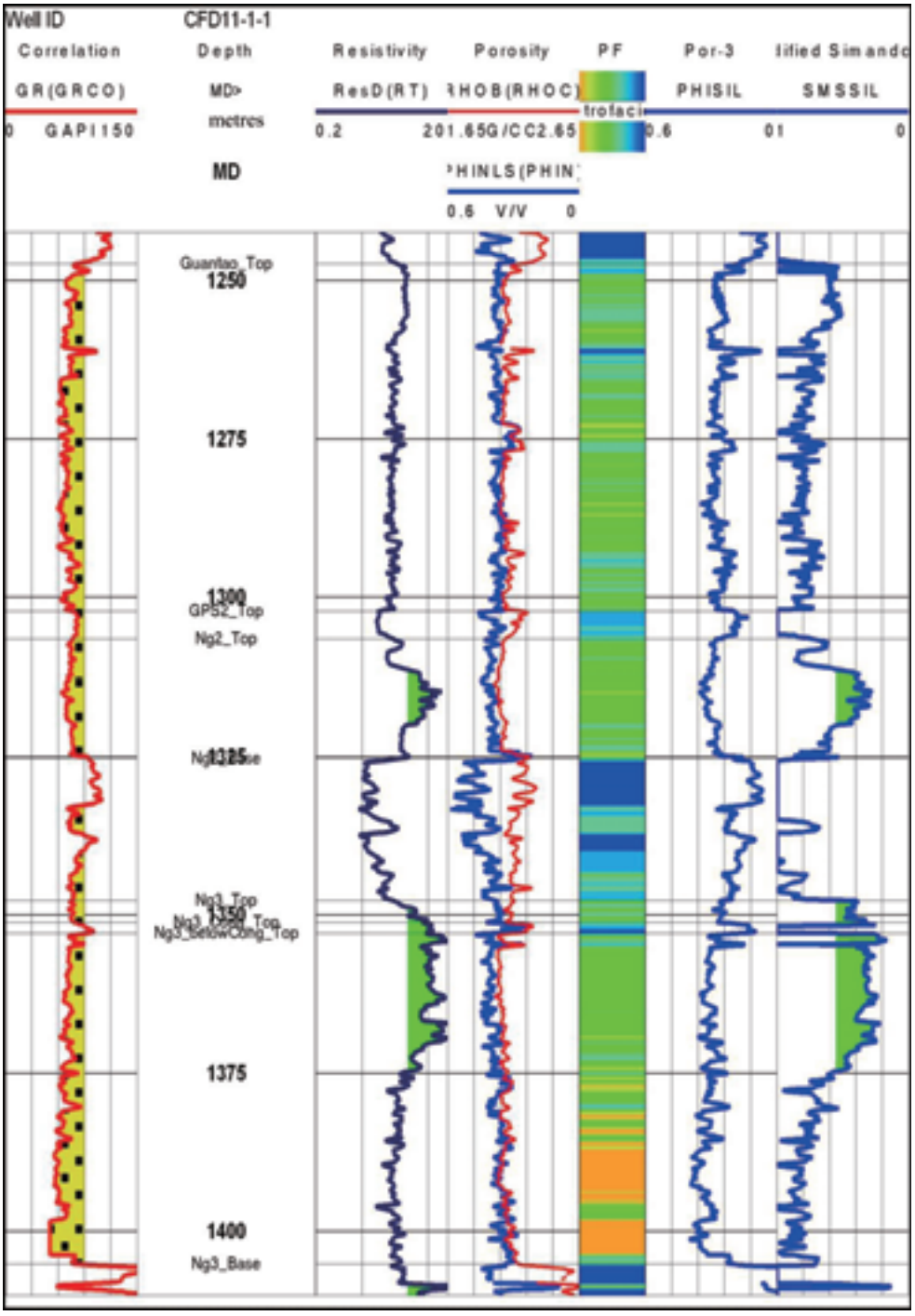


Figure 6.3.2-5 – CFD 11-1 Guantao Type Log

6.3.3 Exploration

Exploration and appraisal activities in Contract Area 04/36 resulted in four commercial oil discoveries: CFD 11-1 (November 1999), CFD 11-2 (May 2001), CFD 11-3 (May 2002) and CFD 11-5 (May 2003). Exploration and appraisal activities in Contract Area 05/36 resulted in three commercial oil discoveries: CFD 11-6 (August 2003), CFD 12-1 (May 2001) and CFD 12-1S (May 2002).

6.4 PRODUCTION

6.4.1 Production Commencement

Contract Area 04/36 consists of four producing oil fields; CFD 11-1, CFD 11-2, CFD 11-3 and CFD 11-5. Production commenced from the CFD 11-1 and CFD 11-2 oil fields in August 2004. CFD 11-3/5 followed in July 2005.

Contract Area 5/36 commenced production in 2006. The Unit contains oil fields CFD 11-6, 12-1 and 12-1S, which straddle the boundary between Contract Area 04/36 and Contract Area 5/36. The oil fields were combined into a unit in October 2005 with a unique petroleum sharing contract containing provisions from both contract areas.

6.4.2 Extraction Methods

Contract Area 04/36 and the Unit are developed with horizontal oil wells targeting single reservoirs. Vertical pilot wells have been drilled as stratigraphic test wells. The reservoir drive mechanism is predominantly either strong bottom or edge water.

6.4.3 Production Schedule

Table 6.4.3-1 shows the Project gross (100 percent working interest) proved and proved plus probable production schedule for Bohai Bay (Contract Area 04/36 plus the Unit).

Table 6.4.3-1 – Summary of Project Gross Technical Production Forecasts

Project Gross[1] Technical[2] Production Forecasts

	Bohai Bay			
	Proved		Proved Plus Probable	
Year	Daily Production Rate (bopd)	Production Volume (MMbbl)	Daily Production Rate (bopd)	Production Volume (MMbbl)
2014	26,029	9.5	27,534	10.0
2015	51,830	18.9	67,877	24.8
2016	40,818	14.9	70,965	26.0
2017	29,513	10.8	53,022	19.4
2018	19,976	7.3	38,355	14.0
2019	14,185	5.2	29,286	10.7
2020	10,171	3.7	23,020	8.4
2021	6,375	2.3	18,638	6.8
2022	3,378	1.2	15,222	5.6
2023	2,689	1.0	12,500	4.6
2024	1,785[3]	0.7[3]	8,832[3]	3.2[3]
2025	986[3]	0.4[3]	3,996[3]	1.5[3]
2026 (1 month)	919[3]	0.0[3]	3,482[3]	0.1[3]
Total (MMbbl)		75.9		135.0

1. Project Gross means 100 percent interest

2. Technical production truncated due to PSC terms, excludes truncation due to economics

3. Technical production from Contract Area 04/36 truncated due to PSC terms

The production forecasts prepared by KMCPL are similar to Sproule's in 2013 and 2014. In 2015, KMCPL's forecast is similar to Sproule's proved case and lower than Sproule's proved plus probable case. In 2016, KMCPL's forecast is higher than Sproule's proved case and lower than Sproule's proved plus probable case. In 2017, KMCPL's forecast is higher than Sproule's proved case and similar to Sproule's proved plus probable case. After 2017, KMCPL's forecast remains higher than Sproule's proved and proved plus probable cases. The difference between the production forecasts prepared by KMCPL and Sproule is related to the difference in the type well assumptions.

KMCPL has developed two type wells for the asset with technical recoverable volumes of approximately 800 Mbbl and 950 Mbbl. Sproule has developed four type wells, discussed in Section 6.6.3. In general, Sproule's highest type wells have a higher initial rate compared to KMCPL's type wells, but have a higher initial decline rate. Sproule has assumed that the best locations will be drilled first, and has scheduled the undeveloped well locations with the highest recoverable volumes and initial rates in 2015 and 2016.

6.4.3.1 Swivel Repair on Single Point Mooring System

Various issues related to a production swivel in the single point mooring (SPM) system have resulted in restricted production since 2011. At the effective date of the report, repair of the production swivel was expected to begin in May 2014 and take approximately four months. After the effective date and prior to the preparation date of the report, the Company confirmed that the SPM repair had commenced on May 10, 2014. Production has been forecast to cease during the repair process. Non-producing wells and undeveloped well locations scheduled to commence production in 2014 have been scheduled after the completion of the SPM repair. Repair costs associated with the SPM repair in 2014 have been included in the economic evaluation as operating costs, discussed in Section 8.3.4.

6.5 OVERALL DEVELOPMENT PLAN

The Existing Overall Development Plan ("Existing ODP") was approved in 2005 and includes 14 undeveloped well locations in the Unit planned for 2014 after completion of the SPM repair ("Existing ODP undeveloped well locations").

The New Overall Development Plan ("New ODP") for Contract Area 04/36 and the Unit is being negotiated at the as of date of the report. According to the Company, the most likely field development plan will include 79 undeveloped well locations ("New ODP undeveloped well locations") drilled between 2015 and 2017. The New ODP undeveloped well locations will be drilled in CFD 11-1 field within Contract Area 04/36 and in CFD 11-6 field within the Unit.

Each undeveloped well location within the field development plan targets a single reservoir. Consideration of well recompletions to additional reservoir sands was not included as it was not part of the New ODP.

A summary of the specific reservoir sand accumulations (identified as reservoir sand units) with assigned undeveloped well locations is shown in Table 6.5-1 for CFD 11-1 and Table 6.5-2 for CFD 11-6.

Table 6.5-1 – Summary of Undeveloped Well Locations by Formation – CFD 11-1

Field	Formation	Oil Group	Sand	Reservoir Sand Unit	New ODP Undeveloped Well Locations	
					1P	2P
CFD11-1	Upper Minghuazhen	II	UM797 (W1)	4	9	9
	Lower Minghuazhen	I	LM 943(W1)	17	7	11
		II	LM1040(W2)	29	1	1
		I	LM985(1H)	21	6	8
	Guantao		G3-2(W1)	38	13	16
			G3-2(W3)	39	0	1
			TOTAL CFD 11-1		36	46

Table 6.5-2 – Summary of Undeveloped Well Locations by Formation – CFD 11-6

Field	Fm	Oil Group	Sand	Unit	Existing Undeveloped Well Locations		New ODP Undeveloped Well Locations	
					1P	2P	1P	2P
CFD11-6	Upper Minghuazhen	I	Um745	3	0	0	0	4
	Lower Minghuazhen	I	Lm1076	9	0	0	0	2
			Lm1093	10	0	0	0	1
			Lm1094	11	0	0	0	1
			Lm1144	14	0	1	0	4
	Guantao	I Lower		20	0	0	0	3
				21	0	0	0	3
		III Upper	Main	24	4	4	3	4
		III Lower	Massive	25	5	6	0	0
	Guantao	III Upper	Main	28	0	0	7	7
		III Lower	Massive	29	3	3	0	4
			TOTAL CFD 11-6		12	14	10	33

Tables 6.5-1 and 6.5-2 only show the reservoir sand units where undeveloped well locations have been assigned. The development forecast presented in this evaluation was based on capital budgets and a development program as presented by the Company under the scope of this evaluation and engagement. The development forecast presented in this report may not represent the full development potential of the lands evaluated.

Table 6.5-3 summarizes the total number of undeveloped well locations drilled by year.

Table 6.5-3 – Number of Undeveloped Well Locations Assigned per Year

	2014[1]	2015	2016	2017
Existing ODP				
Proved	12	0	0	0
Proved Plus Probable	14	0	0	0
New ODP				
Proved	0	25	15	6
Proved Plus Probable	0	33	36	10

1. Undeveloped well locations scheduled after completion of the SPM repair

6.6 METHODS OF ESTIMATION

The technical recoverable oil volumes were estimated volumetrically, from production decline curve analyses (DCA) and analogy techniques.

6.6.1 Volumetric Estimation Method

Seven reservoir sand units where the majority of the undeveloped well locations are planned in the New ODP were considered for volumetrics using net pay encountered at the wellbore coupled with estimates of porosity and water saturation from petrophyiscal analyses. Fluid property data were obtained from data supplied by the Company (as obtained from KMCPL).

6.6.1.1 Recovery Factor

The recovery factor considered for reservoir sand units where undeveloped well locations were targeted was estimated at 29 percent based on production decline analysis from the currently producing wells, core analyses, numerical simulation, and Sproule's experience in analogous reservoirs.

6.6.2 Decline Curve Analysis Estimation Method

DCA was completed on all producing and non-producing oil wells with significant history to estimate the recoverable volumes. Production up to December 31, 2013 was reviewed on an individual well basis. Non-producing wells with assigned reserves were scheduled after the completion of the SPM repair in 2014. The DCA results were considered reasonable considering other analytical techniques and numerical simulation work audited by Sproule.

6.6.3 Analogy Estimation Method (Type Wells)

Type wells were created based on the production profiles of the producing wells from DCA. A type well represents the average production profile expected from an undeveloped well location. Four different type well tiers were considered for the development of Contract Area 04/36 and the Unit given the different production performance from each reservoir where undeveloped well locations have been assigned. A summary of the type wells is shown in Table 6.6.3-1.

Table 6.6.3-1 – Summary of Type Wells

		Type Well Tier			
		1	**2**	**3**	**4**
Estimated Ultimate Recoverable Volume (Mbbl)	1P	700	600	500	350
	2P	1,100	900	700	500
Instantaneous Initial Rate (bopd)	1P 2P	1,500	1,250	1,000	800
Initial Decline Exponent	1P 2P		1		
Initial Segment Time (years)	1P 2P		1		
Second Decline Exponent	1P		0.3		
	2P		0.5		

The average estimated ultimate recoverable volume (EUR) per undeveloped well location for the Existing ODP and New ODP wells is 485/700 Mbbl for the proved and proved plus probable cases, respectively, in CFD 11-1 in Contract Area 04/36. In CFD 11-6, in the Unit, the average EUR per undeveloped well location is 700/900 Mbbl for the proved and proved plus probable cases, respectively.

6.6.2. Technical Volume Estimates

The technical recoverable volumes were estimated by adding the EUR of the producing and non-producing oil wells estimated through DCA with the EUR of the undeveloped well locations estimated by analogy (type wells).

The recovery factor associated with the technical recoverable volume was calculated for reservoir sand units where undeveloped well locations were assigned. This recovery factor was considered when assigning undeveloped well locations.

A summary of the estimated technical volumes is included in Appendix C.

7 GENERAL BUSINESS DISCUSSION

7.1 GENERAL DESCRIPTION OF THE COMPANY

The Company and its subsidiaries are principally engaged in four business sectors along the oil and gas value chain, namely Upstream Exploration and Production, International Trading and Bunkering, Oil Storage and Terminal Facilities and Marine Transportation.

The Company currently holds working interests and operates the Xinjiang Tarim Basin Dina 1 and Tuzi Luoke gas fields in China, with China National Petroleum Corporation. The Dina 1 Gas Field is currently producing at a rate of approximately 43 MMcfpd and 65 tonnes condensate per day (500 to 600 bcpd). The Tuzi Gas Field is producing approximately 57 MMcfpd from nine of sixteen planned gas wells.

According to the Company, in addition to the Upstream business, it is also one of the largest marine bunkering service providers in China and supplies four lines of petroleum products including fuel oil, crude oil, gas oil and petrochemicals. It is currently developing large-scale oil storage and terminal facilities in the Chinese ports in Zhejiang and Liaoning provinces, with total storage capacity of 10 million cubic metres (63 MMbbl) of oil with accommodation for up to 300,000 dead weight tonnage vessels. The Company currently operates four Aframax oil tankers and five very large crude carriers with marine transportation capacity in excess of two million tonnes.

7.2 STATEMENT OF LONG TERM PROSPECTS

According to the Company, if KMCPL's assets are acquired, the Company will investigate and implement field expansion plans to improve overall recovery.

It will also continue to identify merger and acquisition opportunities of good quality and commercially viable upstream assets, with a goal to generate over 50 percent of its net profits from the upstream oil and gas business.

7.3 ASSESSMENT OF TECHNICAL STAFF

According to the Company, it currently operates two Upstream natural gas projects in the Tarim Basin and has a professional operating team to manage the drilling operations. The technical management team in Hong Kong provides oversight and assurances on all upstream activities.

8 ECONOMIC EVALUATION DISCUSSION

8.1 DISCOUNTED NET PRESENT VALUES

The net present values of the reserves are presented in millions of United States dollars and are based on annual projections of the future net revenue. Table 8.1-1 summarizes the net present values of KMCPL's assets at various discount rates before and after deduction of income taxes.

Table 8.1-1 – Summary of Net Present Value Before and After Income Taxes
As of January 1, 2014 (Forecast Prices and Costs)

	KMCPL Net Present Values of Future Net Revenue									
	Before Income Taxes Discounted at (%/Year)					After Income Taxes Discounted at (%/Year)				
Reserves Category	0 (MM$US)	5 (MM$US)	10 (MM$US)	15 (MM$US)	20 (MM$US)	0 (MM$US)	5 (MM$US)	10 (MM$US)	15 (MM$US)	20 (MM$US)
China										
Total Proved	1,199	1,048	927	829	748	936	818	723	647	584
Total Proved Plus Probable	2,488	2,062	1,745	1,502	1,312	1,920	1,592	1,348	1,162	1,016

8.2 FISCAL TERMS

8.2.1 Ownership

China National Offshore Oil Corporation (CNOOC) holds a 51 percent interest in both Contract Area 04/36 and the Unit. KMCPL holds an 81.8182 percent interest in the remaining 49 percent of Contract Area 04/36, which equates to an overall interest of 40.0909 percent. KMCPL also holds a 59.5455 percent interest in the remaining 49 percent of the Unit, which equates to an overall interest of 29.1773 percent.

8.2.2 Petroleum Sharing Contracts, Royalties and Taxes

A petroleum sharing contract for Contract Area 04/36 was signed on August 17, 1994. Article 4.5 of this contract stipulates a production period of 15 years from the commencement of oil production of August 2004. Article 4.5 was amended on September 6, 2002 by Article 9 of the Supplemental Development Agreement for CFD 11-1 and CFD 11-2. The Supplemental Development Agreement extended the production period to September 30, 2024; unless an earlier date is specified in the ODP.

A petroleum sharing contract for Contract Area 05/36 was signed on January 23, 1996. Article 4.5 of this contract stipulates that the production term shall be 15 years from the commencement of commercial production of October 2006 and includes provisions for extensions with approval from the Chinese government. Article 4.7 of this contract stipulates that the term of the contract shall not exceed 30 years. An agreement for the unitized development of CFD 11-6, CFD 12-1, and CFD 12-1S was signed on May 27,

2005. Article 4.4 of this agreement states that the production period for the Unit will be stipulated in the approved ODP. The Company has indicated the current production term for the Unit expires January 31, 2026.

The petroleum sharing contracts stipulate that royalties and profit sharing terms shall be applied at the field level. Sproule estimated the difference between royalties and profit sharing calculated at the contract area level versus the field level was immaterial.

Government oil royalties for Contract Area 04/36 and the Unit were calculated based on the project gross annual production, as summarized in Table 8.2.2-1.

Table 8.2.2-1 – Summary of Oil Royalty Rate for Contract Area 04/36 and the Unit

Annual Project Gross Production (Thousands of Tonnes[1])		Royalty Rate
From	**To**	
0	1,000	0%
1,000	1,500	4%
1,500	2,000	6%
2,000	3,000	8%
3,000	4,000	10%
Above 4,000		12.50%

1. Oil density 20.7°API

The maximum cost recovery revenue is calculated as 62.5 percent of gross annual oil revenue. Operating costs are recovered first, followed by exploration and development costs. Unrecovered costs are carried forward until they are recovered and interest is applied at a rate of nine percent against any unrecovered development costs. The Company informed us that KMCPL supplied a project gross (100% interest) cost recovery balance of $US 6,128,705 for Contract Area 04/36 at January 1, 2014, and indicated that all historical costs for the Unit have been recovered.

Value Added Tax (VAT) has been applied to the gross annual production at a rate of 5 percent. Additionally, a 7 percent surplus has been applied to the VAT. The VAT surplus and the windfall tax are included in the total production taxes.

The windfall tax, a special oil gain levy, is added when the average weighted monthly oil price received by KMCPL is greater than $US 55.00 per barrel. The windfall tax is calculated by multiplying the difference between the weighted monthly average oil price received and $US 55.00 per barrel by the rate of levy and subtracting the quick calculation deduction. The relevant rate of levy and quick calculation deduction values is summarized in Table 8.2.2-2.

Table 8.2.2-2 – Windfall Tax Parameters as of November 1, 2011

Crude Oil Price ($US/bbl)	Rate of Levy	Quick Calculation Deduction ($US/bbl)
55-60 (inclusive)	20%	0
60-65 (inclusive)	25%	0.25
65-70 (inclusive)	30%	0.75
70-75 (inclusive)	35%	1.5
Above 75	40%	2.5

Profit oil revenue remaining after cost recovery, VAT, and royalties is allocated to the working interest holders as contractor profit oil revenue based on the profit share rate, which varies depending on the annual project gross production volume, shown in Table 8.2.2-3.

Table 8.2.2-3 – Summary of Profit Share Rate for Contract Area 04/36 and the Unit

Annual Project Gross Production (Thousands of Tonnes[1])	Contractor Profit Share Rate
Equal to or less than 500	98%
Over 500 to 1,000	96%
Over 1,000 to 2,000	92%
Over 2,000 to 3,000	80%
Over 3,000 to 5,000	72%
Over 5,000 to 7,500	55%
Over 7,500 to 10,000	45%
Over 10,000	30%

1. Oil density 20.7°API

The contractor profit oil revenue is allocated to KMCPL based on KMCPL's working interest in each area.

8.3 ECONOMIC ASSUMPTIONS

8.3.1 Production Term

8.3.1.1 Contract Area 04/36

Production from Contract Area 04/36 was terminated in August 2021 for the proved case due to economics and September 2024 for the proved plus probable case based on the fiscal terms of the production contract.

8.3.1.2 Unit

Production from the Unit was terminated due to economics in August 2021 for the proved case and February 2025 for the proved plus probable case.

It was assumed that all FPSO costs must be supported by the Unit once Contract Area 04/36 is uneconomic. Contract Area 04/36 was determined to be uneconomic in August 2021 for the proved case and February 2025 for the proved plus probable case. All FPSO costs were applied to the Unit after these dates and it was determined the Unit is unable to support the additional FPSO costs once Contract Area 04/36 is shut in. It was assumed that CNOOC would continue to operate Contract Area 04/36 from the contract termination date (September 2024) until the economic limit.

8.3.2 Pricing

The forecast of oil prices used in this evaluation were based on Sproule's December 31, 2013 price forecast for Indonesia Minas crude oil. The Minas price forecast was reduced by $US0.80 per barrel based on the actual price received by KMCPL during the latter half of 2013.

Sproule develops a proprietary forecast for a range of international oil and gas benchmarks and marker prices. The outlook for Indonesian Minas oil price is shown in Table 8.3.2-1. Sproule's approach is based on a combination of shorter-term market based methods and long-term forecasts based on Sproule's view on market fundamentals.

The first two years (2014 and 2015) are based on the forward curve of contracts traded for delivery of current pipeline export quality Brent blend at Sullom Voe ("Brent"). Brent Futures is a deliverable contract based on Exchange for Physical delivery with an option to cash settle and is sufficiently liquid to allow for efficient price discovery during this period. Sproule's forecast for Minas during this two-year period is based on Sproule's assessment of the offset to Brent based on their historical relationship and fundamentals.

Sproule's forecast for subsequent years is based on Sproule's assessment of long-term fundamentals for oil and gas commodity prices, the forward curve, the relationship between Minas and Brent and other relevant factors. Sproule's view on Brent calls for a price of **$US100.00** in 2017 (in 2013 dollars).

Sproule's assumptions regarding long-term prices, inflation rates, and exchange rates, together with estimates of transportation costs and prices of competing fuels are used to forecast wellhead prices. The actual wellhead price of oil will vary with the quality of the crude and the cost of the transportation from the wellhead to the trading hub.

Table 8.3.2-1 – Summary of Pricing Forecast and Assumptions as of December 31, 2013

Year	Indonesia Minas 33.9°API *($US/bbl)*	Cost Inflation Rate *(%/year)*
Historical		
2009	63.72	2.0
2010	81.71	1.2
2011	114.24	1.6
2012	116.63	1.3
2013	108.16	0.8
Forecast		
2014	107.56	1.5
2015	102.21	1.5
2016	94.19	1.5
2017	105.61	1.5
2018	107.19	1.5
2019	108.80	1.5
2020	110.43	1.5
2021	112.09	1.5
2022	113.77	1.5
2023	115.47	1.5
2024	117.21	1.5
Escalation rate of 1.5% thereafter		

8.3.3 Capital Costs

The Company provided estimates from KMCPL of the capital costs required to develop Contract Area 04/36 and the Unit. These estimates are summarized in Tables 8.3.3-1 and 8.3.3-2 for Contract Area 04/36 and the Unit, respectively.

Table 8.3.3-1 – Summary of Project Gross[1] Capital Costs in 2014 Dollars for Contract Area 04/36 (MM$US)

	Proved					Proved Plus Probable				
Year	Number of Wells Drilled	Number of Platforms Added	Facility Capital	Well Drilling Capital	Total Capital[2]	Number of Wells Drilled	Number of Platforms Added	Facility Capital	Well Drilling Capital	Total Capital[2]
2014			47		47			47		47
2015	18	1	110	146	256	18	1	110	146	256
2016	12			97	97	18			146	146
2017	6			49	49	10			81	81
Total[2]	36		157	292	450	46		157	374	531

1. Project Gross means 100 percent interest

2. Values may not add due to rounding

Table 8.3.3-2 – Summary of Project Gross[1] Capital Costs in 2014 Dollars for the Unit (MM$US)

	Proved					Proved Plus Probable				
Year	Number of Wells Drilled	Number of Platforms Added	Facility Capital	Well Drilling Capital	Total Capital[2]	Number of Wells Drilled	Number of Platforms Added	Facility Capital	Well Drilling Capital	Total Capital[2]
2014	12		64	97	161	14		64	114	178
2015	7	2	149	57	206	15	2	149	122	271
2016	3			24	24	18			146	146
Total[2]	22		213	179	392	47		213	382	595

1. Project Gross means 100 percent interest

2. Values may not add due to rounding

8.3.4 Operating Costs

The Company (as obtained from KMCPL) provided Sproule with full year operating statements in United States dollars for 2009, 2010, 2011 and 2012. The operating statement provided for 2013 included actual costs for two months and forecast costs for ten months. The operating statements were used to calculate the operating costs used for the evaluation, shown in Table 8.3.4-1.

Table 8.3.4-1 – Summary of Project Gross[1] Operating Cost Assumptions in 2014 Dollars

	Cost Unit	Contract Area 04/36	Unit
FPSO fixed cost	MM$US/year	50.5	1.6
Fixed cost per platform[2]	MM$US/year	8.7	8.2
Single Point Mooring Repair[3]	MM$US	65	–
Variable per well	M$US/year	154	227
Variable per barrel of oil	$US/bbl	1.14	0.68
FPSO tariff[4]	$US/bbl	–	2.06

1. Project Gross means 100 percent interest

2. Six platforms currently exist in Contact Area 04/36 and the Unit. Three additional platforms are required for the Existing ODP and New ODP undeveloped well locations in both the proved and proved plus probable cases.

3. One time cost to repair fluid swivel in single point mooring system scheduled in 2014. See Section 6.4.3.1.

4. Unit pays a tariff to Contract Area 04/36 for oil processing at the FPSO. See Section 8.3.4.1

8.3.4.1 FPSO Tariff

Contract Area 04/36 has a production processing contract with the FPSO. Consequently, the Unit pays a tariff to Contract Area 04/36 of $US2.06 per barrel of oil for processing at the FPSO. These fees have been used to reduce the FPSO operating costs in Contract Area 04/36.

8.3.5 Abandonment Costs

Platform and well abandonment disconnect costs were included in this report at the property level in the form of an abandonment fund. The Project gross (100 percent interest) abandonment fund contained an outstanding balance of MM$US40.8 for Contract Area 04/36 and MM$US26.0 for the Unit at January 1, 2014. It has been assumed that the outstanding abandonment fund balance will be paid by KMCPL to the Buyer prior to the transaction closing date.

Abandonment and disconnect costs were applied to all producing oil wells, fifteen additional suspended wells and all platforms at costs of M$US313 per well and M$US9,066 per platform. No allowances for reclamation or salvage values were made. Table 8.3.5-1 presents the total number of wells and platforms with scheduled abandonment costs for each reserve category.

Table 8.3.5-1 – Summary of Wells and Platforms Requiring Abandonment Capital

Reserves Category	Proved Developed Producing	Proved Developed	Total Proved	Proved Plus Probable Developed Producing	Proved Plus Probable	Total Proved Plus Probable
Wells:						
Contract Area 04/36	88	110	146	88	110	156
Unit	45	57	79	45	57	104
Total	133	167	225	133	167	260
Platforms:						
Contract Area 04/36	3	3	4	3	3	4
Unit	3	3	5	3	3	5
Total	6	6	9	6	6	9

8.3.6 Sensitivity Analysis

Sproule performed sensitivity analyses of key assumptions of price and costs, the results of which are presented in Table 8.3.6-1.

Table 8.3.6-1 – Summary of Sensitivity Analyses

Variable	Sensitivity	Asset Value Impact[(1)] *$USMM*
Commodity Price	+/- 5%	67
Operating Costs	+/- 20%	63
Capital Costs	+/- 20%	53

(1) Relative to the discount rate of 11 percent

9 SOCIAL AND ENVIRONMENTAL DISCUSSION

Bohai Bay has a long history of petroleum exploration and production activities and is governed by a mature petroleum regulation system covering both social and environmental issues.

According to the Company, CNOOC, as the Operator of Contract Area 04/36 and the Unit, is proficient and professional in both technical and administrative aspects of the exploration and production activities of the areas and the Bohai Bay region. Additionally, CNOOC's Health, Safety and Environment (HSE) policies emphasize sound HSE performance as one of the foundations for sustainable development.

10 BASIS OF OPINION

10.1 EVALUATION RESULTS

The accuracy of reserves estimates and associated economic analysis is, in part, a function of the quality and quantity of available data and of engineering and geological interpretation and judgment. Given the data provided at the time this report was prepared, the estimates presented herein are considered reasonable. However, they should be accepted with the understanding that reservoir and financial performance subsequent to the date of the estimates may necessitate revision. These revisions may be material.

The net present values of the reserves presented in this report simply represent discounted future cash flow values at several discount rates. Though net present values form an integral part of fair market value estimations, without consideration for other economic criteria, they are not to be construed as Sproule's opinion of fair market value.

The Competent Person's Report has been prepared within the context of the Competent Person's understanding of the effects of petroleum legislation, taxation and other regulations.

Interests, burdens, and other data provided by the Company were accepted as represented, without any further investigation by Sproule. Sproule has no reason to believe the data supplied by the Company is inaccurate or misleading. A Representation Letter to confirm the accuracy, completeness, and availability of data furnished to Sproule during the preparation of this report was not provided by the Company, the Buyer, Anadarko, KMCPL or the operator.

The Competent Person's Report represents an independent opinion based on the information provided by the Company.

The Competent Person's Report was performed under a Master Services Consulting Agreement that contains standard clauses pertaining to indemnification and liability. Sproule is indemnified by the Company for misstatements owing to the reliance by Sproule on data and interpretations provided by the Company or the Buyer, whether directly or indirectly from third parties. Sproule is not indemnified for acts of willful misconduct performed by its management or staff.

10.2 RISKS

This report may contain forward-looking statements including expectations of future production revenues and capital expenditures. Information concerning reserves may also be deemed to be forward-looking as estimates involve the implied assessment that the reserves described can be profitably produced in the future. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated.

These risks include, but are not limited to:

- the underlying risks of the oil and gas industry (i.e., corporate commitment, regulatory approval, operational risks in development and production);

- potential delays or changes in plans with respect to development projects or capital expenditures;
- the uncertainty of reserves estimations;
- the uncertainty of estimates and projections relating to production;
- costs and expenses;
- health, safety and environmental factors;
- commodity prices;
- exchange rate fluctuation.

10.2.1 Guidance Note 7

In accordance with Guidance Note 7 of the Stock Exchange of Hong Kong Limited (SEHKL), Sproule has completed a risk analysis addressing the areas of risk along with an assessment of the degree of risk for the proved and probable reserves evaluated in this report. These assessments are necessarily subjective and qualitative. The SEHKL has classified risk from minor to major, which can be further clarified as:

- Major Risk: the factor poses an immediate danger of a failure, which if uncorrected, will have a material effect (>15% to 20%) on the project cash flow and performance and could potentially lead to project failure.
- Moderate Risk: the factor, if uncorrected, could have a significant effect (10% to 15%) on the project cash flow and performance unless mitigated by some corrective action.
- Minor Risk: the factor, if uncorrected, will have little or no effect (<10%) on project cash flow and performance.

The likelihood of a risk occurring within a 7-year time frame has been assessed as follows:

- Likely: will probably occur
- Possible: may occur
- Unlikely: unlikely to occur

The degree or consequence of a risk and its likelihood are combined into an overall risk assessment matrix by the SEHKL as presented in Table 10.2.1-1.

Table 10.2.1-1 – Overall Risk Assessment Matrix

Likelihood of Risk (within 7 years)	Consequence Rating		
	Minor	**Moderate**	**Major**
Likely	Medium	High	High
Possible	Low	Medium	High
Unlikely	Low	Low	Medium

A summary of the main risks associated with the proved and probable reserves evaluated in this report are show below in Table 10.2.1-2.

Table 10.2.1-2 – Project Risk Assessment

Hazard/Risk Issue	Likelihood of Risk Occurring	Consequence Rating	Risk
Geological			
Lack of Significant Source	Unlikely	Minor*	Low
Lack of Significant Migration Timing and Preservation	Unlikely	Minor*	Low
Lack of Significant Trap	Unlikely	Minor*	Low
Lack of Significant Reservoir	Unlikely	Minor*	Low
Engineering			
Reduction in reserves significantly outside of the certainty levels of SPE-PRMS	Unlikely	Major	Medium
Reduction in production forecasts significantly outside of the certainty levels of SPE-PRMS	Unlikely	Major	Medium
Economic Conditions			
Decrease in oil prices	Possible	Moderate	Medium
Increase in Inflation	Possible	Minor	Low
Exchange Rate Fluctuation	Possible	Minor	Low
Reduced Market	Unlikely	Moderate	Low
Commercial			
Change in Corporate Commitment	Unlikely	Moderate	Low
Delays in Development Plan	Possible	Moderate	Medium
Regulatory Approval	Unlikely	Major	Medium
Country Risk	Unlikely	Moderate	Low
Capital and Operating Costs			
Increased Capital Cost	Possible	Moderate	Medium
Underestimation of Operating Costs	Possible	Moderate	Medium
Environment			
Oil Spill	Unlikely	Major	Medium
Abandonment Fund Insufficient	Possible	Minor	Low

* Consequence Rating classified as Minor, as Risk is already mitigated.

Geological

The overall chance of geological success is the aggregation of the chance of encountering all the individual geological aspects required for the formation of a hydrocarbon accumulation (reservoir, trap, source, migration timing and preservation). The oil assets in Bohai Bay, offshore northeast China consisting of Contract Area 04/36 and a Unit that extends from Contract Area 05/36 into Contract Area 04/36, evaluated by Sproule, were categorized as proved and probable reserves. These assets are geologically well defined by seismic and well logs, and are on production. The petroleum system related to the evaluated assets is discussed in Section 5.2. The chance of encountering the individual geological aspects in these assets is very high and hence the overall geological risk is assessed to be very low.

Engineering

Proved reserves are those quantities of petroleum which, by analysis of geological 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.

Probable reserves are those additional reserves which are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves. When probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves.

Economic Conditions

Sproule considered several economic risk factors in its assessment. Short-term market volatility in the price of crude oil continues to represent commodity price risk. However, long-term fundamentals point to continued demand growth in China for crude oil in the absence of a major international recession, which should help support prices. The inflation risk is largely offset by the upward pressure this may have on commodity prices. Exchange rate fluctuations should not be a major issue as the majority of costs and revenue are in US dollars. The chance of a reduced market for crude oil in China is highly unlikely, particularly in light of the Chinese government's focus on reducing China's reliance on imported crude oil in favour of domestic production.

Commercial

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.

The overall commercial risks are tied to corporate commitment, development plan delays, regulatory approval and country risk. The corporate commitment is likely to remain strong given the nature of the operator and the political will to optimize production of domestic petroleum assets. A delay in the

development plan may be possible and could have a moderate impact on cash flows, which at a minimum would be shifted out with the associated impact on the net present value of project cash flows. The New Overall Development Plan ("New ODP") for Contract Area 04/36 and the Unit is being negotiated at the as of date of the report. If the project did not get regulatory approval, it could have major consequences for the project, but this is unlikely given the history of approvals and political support for offshore development in China.

Country risk is a broad-based term to cover off any other market risks associated with investing in a particular country, such as a change in government policy, nationalization of assets or similar events. Typical indicators of country risk, such as credit default swap spreads to mature markets, suggest that the overall country risk in China is relatively low.

Capital and Operating Costs

It is possible that the project may suffer from increased capital and operating costs, which will have an impact on project cash flows and returns. Based on a sensitivity analysis of the impact of increases to capital and operating costs, respectively, quite significant changes would be required before this would have even a moderate impact on cash flows.

Environmental

The consequences of a significant oil spill in offshore areas can be major, as has been witnessed by the industry in recent years by events such as the 2010 Deepwater Horizon semi-submersible drilling rig explosion in the Gulf of Mexico. The oil and gas industry has a strong track record of responsible development in offshore areas and the probability of such an event occurring is viewed as unlikely. The development in Bohai Bay is also in shallow water, which makes development and responding to potential issues less technically challenging than in deepwater areas.

There is a chance that the abandonment fund will have a shortfall, but in the context of the overall likely impact on cash flows, this risk is viewed as low.

10.3 EXCLUSIVITY

This report has been prepared for the exclusive use of Brightoil Petroleum (Holdings) Limited and Win Business Energy Limited. It may not be reproduced, distributed, or made available to any other company or person, regulatory body, or organization without the knowledge and written consent of Sproule, and without the complete contents of the report being made available to that party.

10.4 REPORT PREPARATION

The report entitled "Independent Competent Person's Report of Certain P&NG Reserves in Bohai Bay, China of Kerr-McGee China Petroleum Limited for Brightoil Petroleum (Holdings) Limited and Win Business Energy Limited (As of January 1, 2014)" was prepared by the following Sproule personnel:

Original Signed by Scott W. Pennell, P.Eng.

Scott W. Pennell, P.Eng.
Project Leader;
Manager, Engineering and Director
23/6/2014 dd/mm/yr

Original Signed by Barrie F. Jose, P.Geoph.

Barrie F. Jose, P.Geoph.
Vice-President, Geoscience International and Partner
23/6/2014 dd/mm/yr

10.4.1 Sproule Executive Endorsement

This report has been reviewed and endorsed by the following Executive of Sproule:

Original Signed by Greg D. Robinson, P.Eng.

Greg D. Robinson, P.Eng.
Vice-President, International and Director
23/6/2014 dd/mm/yr

10.4.2 Permit to Practice

Sproule International Limited is a member of the Association of Professional Engineers and Geoscientists of Alberta and our permit number is P06151.

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APPENDIX A – RESERVES DEFINITIONS

SOCIETY OF PETROLEUM ENGINEERS (SPE) RESERVES DEFINITIONS

PROVED RESERVES

Proved reserves are those quantities of petroleum which, by analysis of geological 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. Proved reserves can be categorized as developed or undeveloped.

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.

Evaluators must clearly identify the assumptions on commercial conditions utilized in the evaluation and must document the basis for these assumptions.

The economic evaluation underlying the project is based on the entity's reasonable forecast of future conditions, including costs and prices, which will exist during the life of the project (forecast case). Such forecasts are based on projected changes to current conditions; SPE defines current conditions as the average of those existing during the previous 12 months.

In general, reserves are considered proved if the commercial producibility of the reservoir is supported by actual production or formation tests. In this context, the term proved refers to the actual quantities of petroleum reserves and not just the productivity of the well or reservoir. In certain cases, proved reserves may be assigned on the basis of well logs and/or core analysis that indicate 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.

The area of the reservoir considered as proved includes (1) the area delineated by drilling and defined by fluid contacts, if any, and (2) the undrilled portions of the reservoir that can reasonably be judged as commercially productive on the basis of available geological and engineering data. In the absence of data on fluid contacts, the lowest known occurrence of hydrocarbons controls the proved limit unless otherwise indicated by definitive geological, engineering or performance data.

Reserves may be classified as proved if facilities to process and transport those reserves to market are operational at the time of the estimate or there is a reasonable expectation that such facilities will be installed. Reserves in undeveloped locations may be classified as proved undeveloped provided (1) the locations are direct offsets to wells that have indicated commercial production in the objective formation, (2) it is reasonably certain such locations are within the known proved productive limits of the objective formation, (3) the locations conform to existing well spacing regulations where applicable, and (4) it is reasonably certain the locations will be developed. Reserves from other locations are categorized as proved undeveloped only where interpretations of geological and engineering data from wells indicate with reasonable certainty that the objective formation is laterally continuous and contains commercially recoverable petroleum at locations beyond direct offsets.

Reserves which are to be produced through the application of established improved recovery methods are included in the proved classification when (1) successful testing by a pilot project or favorable response of an installed program in the same or an analogous reservoir with similar rock and fluid properties provides support for the analysis on which the project was based, and, (2) it is reasonably certain that the project will proceed. Reserves to be recovered by improved recovery methods that have yet to be established through commercially successful applications are included in the proved classification only (1) after a favorable production response from the subject reservoir from either (a) a representative pilot or (b) an installed program where the response provides support for the analysis on which the project is based and (2) it is reasonably certain the project will proceed.

UNPROVED RESERVES

Unproved reserves are based on geologic and/or engineering data similar to that used in estimates of proved reserves; but technical, contractual, economic, or regulatory uncertainties preclude such reserves being classified as proved. Unproved reserves may be further classified as probable reserves and possible reserves.

Unproved reserves should be estimated assuming the defined economic conditions. The effect of possible future improvements in economic conditions and technological developments can be expressed by allocating appropriate quantities of reserves to the probable and possible classifications.

PROBABLE RESERVES

Probable reserves are those additional reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves.

In general, probable reserves may include (1) reserves anticipated to be proved by normal step-out drilling where sub-surface control is inadequate to classify these reserves as proved, (2) reserves in formations that appear to be productive based on well log characteristics but lack core data or definitive tests and which are not analogous to producing or proved reservoirs in the area, (3) incremental reserves attributable to infill drilling that could have been classified as proved if closer statutory spacing had been approved at the time of the estimate, (4) reserves attributable to improved recovery methods that have been established by repeated commercially successful applications when (a) a project or pilot is planned but not in operation and (b) rock, fluid, and reservoir characteristics appear favorable for commercial application, (5) reserves in an area of the formation that appears to be separated from the proved area by faulting and the geologic interpretation indicates the subject area is structurally higher than the proved area, (6) reserves attributable to a future workover, treatment, re-treatment, change of equipment, or other mechanical procedures, where such procedure has not been proved successful in wells which exhibit similar behavior in analogous reservoirs, and (7) incremental reserves in proved reservoirs where an alternative interpretation of performance or volumetric data indicates more reserves than can be classified as proved.

POSSIBLE RESERVES

Possible reserves are those additional reserves which analysis of geological and engineering data suggests 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) reserves, which is equivalent to the high estimate scenario. In this context, when probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable plus possible reserves.

In general, possible reserves may include (1) reserves which, based on geological interpretations, could possibly exist beyond areas classified as probable, (2) reserves in formations that appear to be petroleum bearing based on log and core analysis but may not be productive at commercial rates, (3) incremental reserves attributed to infill drilling that are subject to technical uncertainty, (4) reserves attributed to improved recovery methods when (a) a project or pilot is planned but not in operation and (b) rock, fluid, and reservoir characteristics are such that a reasonable doubt exists that the project will be commercial, and (5) reserves in an area of the formation that appears to be separated from the proved area by faulting and geological interpretation indicates the subject area is structurally lower than the proved area.

RESERVES STATUS CATEGORIES

Reserves status categories define the development and producing status of wells and reservoirs.

Developed: Developed reserves are expected to be recovered from existing wells including reserves behind pipe. Improved recovery reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor. Developed reserves may be sub-categorized as producing or non-producing.

Producing: Reserves subcategorized as producing are expected to be recovered from completion intervals which 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.

Non-producing: Reserves subcategorized as non-producing 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 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 recompletion prior to the start of production.

Undeveloped Reserves: Undeveloped reserves are expected to be recovered: (1) from new wells on undrilled acreage, (2) from deepening existing wells to a different reservoir, or (3) where a relatively large expenditure is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

Approved by the Board of Directors, Society of Petroleum Engineers (SPE) Inc., in June 2007, by 2007 SPE/World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG)/ Society of Petroleum Evaluation Engineers (SPEE).

APPENDIX B — ABBREVIATIONS, UNITS AND CONVERSION FACTORS

This appendix contains a list of abbreviations found in Sproule reports, a table comparing Imperial and Metric units, and conversion tables used to prepare this report.

ABBREVIATIONS

$US	United States dollars
AFE	authority for expenditure
AOF	absolute open flow
APO	after pay out
B_g	gas formation volume factor
B_o	oil formation volume factor
Bbl	barrels
bcpd	barrels of condensate per day
Bcm	billion cubic metres
bopd	barrels of oil per day
bfpd	barrels of fluid per day
BPO	before pay out
BS&W	basic sediment and water
BTU	British thermal unit
bwpd	barrels of water per day
CF	casing flange
CFD	Caofeidian
CGR	condensate gas ratio
CNOOC	China National Offshore Oil Corporation
D&A	dry and abandoned
DCA	decline curve analysis
DCQ	daily contract quantity
DSU	drilling spacing unit
DST	drill stem test
EOR	enhanced oil recovery
EPSA	exploration and production sharing agreement
EUR	estimated ultimate recoverable volume
FPSO	Floating Production Storage and Offloading Vessel
FVF	formation volume factor
GOR	gas oil ratio
GORR	gross overriding royalty
GWC	gas-water-contact
HCPV	hydrocarbon pore volume
HSE	Health, Safety and Environment
ID	inside diameter
IOR	improved oil recovery
IPR	inflow performance relationship
IRR	internal rate of return
k	permeability
KB	kelly bushing

LKH	lowest known hydrocarbons
LNG	liquefied natural gas
LPG	liquefied petroleum gas
M	thousand
MM	million
mD	millidarcies
MDT	modular formation dynamics tester
MPR	maximum permissive rate
MRL	maximum rate limitation
NGL	natural gas liquids
NORR	net overriding royalty
NPI	net profits interest
NPV	net present value
OD	outside diameter
ODP	overall development plan
OGIP	original gas in place
OOIP	original oil in place
ORRI	overriding royalty interest
OWC	oil-water-contact
P1	proved
P2	probable
P3	possible
P&NG	petroleum and natural gas
PI	productivity index
ppm	parts per million
PSU	production spacing unit
PSA	production sharing agreement
PSC	production sharing contract
PVT	pressure-volume-temperature
RFT	repeat formation tester
RT	rotary table
SCAL	special core analysis
scfpd	standard cubic feet per day
SPM	single point mooring
SS	subsea
TVD	true vertical depth
WGR	water gas ratio
WI	working interest
WOR	water oil ratio
2D	two-dimensional
3D	three-dimensional
4D	four-dimensional
1P	proved
2P	proved plus probable
3P	proved plus probable plus possible
^{o}API	degrees API (American Petroleum Institute)
^{o}C	degrees Celsius

IMPERIAL AND METRIC UNITS

Imperial Units			Metric Units	
M (10^3)	one thousand	**Prefixes**	k (10^3)	one thousand
MM (10^6)	Million		M (10^6)	million
B (10^9)	one billion		T (10^{12})	one billion
T (10^{12})	one trillion		E (10^{18})	one trillion
			G (10^9)	one milliard
in.	Inches	**Length**	cm	centimetres
ft	Feet		m	metres
mi	Mile		km	kilometres
ft^2	square feet	**Area**	m^2	square metres
ac	Acres		ha	hectares
cf or ft^3	cubic feet	**Volume**	m^3	cubic metres
scf	Standard cubic feet			
gal	Gallons		L	litres
Mcf	Thousand cubic feet			
Mcfpd	Thousand cubic feet per day			
MMcf	million cubic feet			
MMcfpd	million cubic feet per day			
Bcf	billion cubic feet (10^9)			
bbl	Barrels		m^3	cubic metre
Mbbl	Thousand barrels			
stb	stock tank barrel		stm^3	stock tank cubic metres
bbl/d	barrels per day		m^3/d	cubic metre per day
bbl/mo	barrels per month			
Btu	British thermal units	**Energy**	J	joules
			MJ/m^3	megajoules per cubic metre (10^6)
			TJ/d	terajoule per day (10^{12})
oz	ounce	**Mass**	g	gram
lb	pounds		kg	kilograms
ton	ton		t	tonne
lt	long tons			
Mlt	thousand long tons			
psi	pounds per square inch	**Pressure**	Pa	pascals
			kPa	kilopascals (10^3)
psia	pounds per square inch absolute			
psig	pounds per square inch gauge			
°F	degrees Fahrenheit	**Temperature**	°C	degrees Celsius
°R	degrees Rankine		K	Kelvin
M$	thousand dollars	**Dollars**	k$	thousand dollars
sec	second	**Time**	s	second
min	minute		min	minute
hr	hour		h	hour
day	day		d	day
wk	week			week
mo	month			month
yr	year		a	annum

CONVERSION TABLES

Conversion Factors — Metric to Imperial

cubic metres (m^3) (@15°C)	x 6.29010	= barrels (bbl) (@60°F), water
m^3 (@15°C)	x 6.3300	= bbl (@60°F), Ethane
m^3 (@15°C)	x 6.30001	= bbl (@60°F), Propane
m^3 (@15°C)	x 6.29683	= bbl (@60°F), Butanes
m^3 (@15°C)	x 6.29287	= bbl (@60°F), oil, Pentanes Plus
m^3 (@101.325 kPaa, 15°C)	x 0.0354937	= thousands of cubic feet (Mcf) (@14.65 psia, 60°F)
1,000 cubic metres ($103m^3$) (@101.325 kPaa, 15°C)	x 35.49373	= Mcf (@14.65 psia, 60°F)
hectares (ha)	x 2.4710541	= acres
1,000 square metres (10^3m^2)	x 0.2471054	= acres
10,000 cubic metres (ha.m)	x 8.107133	= acre feet (ac-ft)
$m^3/103m^3$ (@101.325 kPaa, 15°C)	x 0.0437809	= Mcf/Ac.ft. (@14.65 psia, 60°F)
joules (j)	x 0.000948213	= Btu
megajoules per cubic metre (MJ/m^3) (@101.325 kPaa, 15°C)	x 26.714952	= British thermal units per standard cubic foot (Btu/scf) (@14.65 psia, 60°F)
dollars per gigajoule ($/GJ)	x 1.054615	= $/Mcf (1,000 Btu gas)
metres (m)	x 3.28084	= feet (ft)
kilometres (km)	x 0.6213712	= miles (mi)
dollars per 1,000 cubic metres ($/10^3m^3$)	x 0.0288951	= dollars per thousand cubic feet ($/Mcf) (@15.025 psia) B.C.
($/10^3m^3$)	x 0.02817399	= $/Mcf (@14.65 psia) Alta.
dollars per cubic metre ($/m^3$)	x 0.158910	= dollars per barrel ($/bbl)
gas/oil ratio (GOR) (m^3/m^3)	x 5.640309	= GOR (scf/bbl)
kilowatts (kW)	x 1.341022	= horsepower
kilopascals (kPa)	x 0.145038	= psi
tonnes (t)	x 0.9842064	= long tons (LT)
kilograms (kg)	x 2.204624	= pounds (lb)
litres (L)	x 0.2199692	= gallons (Imperial)
litres (L)	x 0.264172	= gallons (U.S.)
cubic metres per million cubic metres ($m^3/10^6m^3$) (C_3)	x 0.177496	= barrels per million cubic feet (bbl/MMcf) (@14.65 psia)
$m^3/10^6m^3$ (C_4)	x 0.1774069	= bbl/MMcf (@14.65 psia)
$m^3/10^6m^3$ (C_{5+})	x 0.1772953	= bbl/MMcf (@14.65 psia)
tonnes per million cubic metres ($t/10^6m^3$) (sulphur)	x 0.0277290	= LT/MMcf (@14.65 psia)
millilitres per cubic meter (mL/m^3) (C_{5+})	x 0.0061974	= gallons (Imperial) per thousand cubic feet (gal (Imp)/Mcf)
(mL/m^3) (C_{5+})	x 0.0074428	= gallons (U.S.) per thousand cubic feet (gal (U.S.)/Mcf)
Kelvin (K)	x 1.8	= degrees Rankine (°R)
millipascal seconds (mPa.s)	x 1.0	= centipoise

Conversion Factors — Imperial to Metric

barrels (bbl) (@60°F)	x 0.15898	= cubic metres (m^3) (@15°C), water
bbl (@60°F)	x 0.15798	= m^3 (@15°C), Ethane
bbl (@60°F)	x 0.15873	= m^3 (@15°C), Propane
bbl (@60°F)	x 0.15881	= m^3 (@15°C), Butanes
bbl (@60°F)	x 0.15891	= m^3 (@15°C), oil, Pentanes Plus
thousands of cubic feet (Mcf) (@14.65 psia, 60°F)	x 28.17399	= m^3 (@101.325 kPaa, 15°C)
Mcf (@14.65 psia, 60°F)	x 0.02817399	= 1,000 cubic metres (10^3m^3) (@101.325 kPaa, 15°C)
acres	x 0.4046856	= hectares (ha)
acres	x 4.046856	= 1,000 square metres (10^3m^2)
acre feet (ac-ft)	x 0.123348	= 10,000 cubic metres (10^4m^3) (ha.m)
Mcf/ac-ft (@14.65 psia, 60°F)	x 22.841028	= $10^3m^3/m^3$ (@101.325 kPaa, 15°C)
Btu	x 1054.615	= joules (J)
British thermal units per standard cubic foot (Btu/Scf) (@14.65 psia, 60°F)	x 0.03743222	= megajoules per cubic metre (MJ/m^3) (@101.325 kPaa, 15°C)
$/Mcf (1,000 Btu gas)	x 0.9482133	= dollars per gigajoule ($/GJ)
$/Mcf (@14.65 psia, 60°F) Alta.	x 35.49373	= $/$10^3m^3$ (@101.325 kPaa, 15°C)
$/Mcf (@15.025 psia, 60°F), B.C.	x 34.607860	= $/$10^3m^3$ (@101.325 kPaa, 15°C)
feet (ft)	x 0.3048	= metres (m)
miles (mi)	x 1.609344	= kilometres (km)
$/bbl	x 6.29287	= $/$m^3$ (average for 30°-50°API)
GOR (scf/bbl)	x 0.177295	= gas/oil ratio (GOR) (m^3/m^3)
horsepower	x 0.7456999	= kilowatts (kW)
psi	x 6.894757	= kilopascals (kPa)
long tons (LT)	x 1.016047	= tonnes (t)
pounds (lb)	x 0.453592	= kilograms (kg)
gallons (Imperial)	x 4.54609	= litres (L) (.001 m^3)
gallons (U.S.)	x 3.785412	= litres (L) (.001 m^3)
barrels per million cubic feet (bbl/MMcf) (@14.65 psia) (C_3)	x 5.6339198	= cubic metres per million cubic metres ($m^3/10^6m^3$)
bbl/MMcf (C_4)	x 5.6367593	= ($m^3/10^6m^3$)
bbl/MMcf (C_{5+})	x 5.6403087	= ($m^3/10^6m^3$)
LT/MMcf (sulphur)	x 36.063298	= tonnes per million cubic metres ($t/10^6m^3$)
gallons (Imperial) per thousand cubic feet (gal (Imp)/Mcf) (C_{5+})	x 161.3577	= millilitres per cubic meter (mL/m^3)
gallons (U.S.) per thousand cubic feet (gal (U.S.)/Mcf) (C_{5+})	x 134.3584	= (mL/m^3)
degrees Rankine (°R)	x 0.555556	= Kelvin (K)
centipoises	x 1.0	= millipascal seconds (mPa.s)

APPENDIX C — VOLUMETRIC RESERVOIR DATA AND TECHNICAL RECOVERABLE VOLUMES

Table C-1 contains a summary of the volumetric reservoir data and technical recoverable volumes.

Table C-1 Volumetric Reservoir Data and Technical Recoverable Oil Volumes Contract Area 04/36 and Unit Production Licenses, Bohai Bay, China (As of January 1, 2014)

Production License/Field/Formation & Reservoir Sand Unit	Drainage Area acres	Average Net Pay[1] feet	Porosity percent	Water Saturation percent	Oil FVF rb/stb	Oil Initially In Place Mbbl	Recovery Factor percent	Original Recoverable Oil Mbbl	Cumulative Production to Date Mbbl	Remaining Recoverable Oil[2] Mbbl
Contract Area 04/36										
CFD 11-1 Field										
Ng3 - Reservoir Sand Units 38, 39										
Proved										
Proved Developed Producing								28,814	24,095	4,719
Proved Developed Non-Producing								3,365	2,977	387
Proved Developed								32,179	27,073	5,106
Proved Undeveloped								6,300	0	6,300
Total Proved	4,176	32	25	36	1.04	159,696	24	38,479	27,073	11,406
Proved plus Probable										
Proved Plus Probable Developed Producing								30,327	24,095	6,232
Proved Plus Probable Developed Non-Producing								3,479	2,977	501
Proved Plus Probable Developed								33,806	27,073	6,734
Proved Plus Probable Undeveloped								11,782	0	11,782
Total Proved Plus Probable	4,176	32	25	36	1.04	159,696	29	45,588	27,073	18,516
LM 1040 N - Reservoir Sand Unit 29										
Proved										
Proved Developed Producing								4,267	2,804	1,463
Proved Developed								4,267	2,804	1,463
Proved Undeveloped								500	0	500
Total Proved	1,266	11	32	39	1.07	19,874	24	4,767	2,804	1,963
Proved plus Probable										
Proved Plus Probable Developed Producing								4,852	2,804	2,048
Proved Plus Probable Developed								4,852	2,804	2,048
Proved Plus Probable Undeveloped								700	0	700
Total Proved Plus Probable	1,266	11	32	39	1.07	19,874	28	5,552	2,804	2,748
LM 985 - Reservoir Sand Unit 21										
Proved										
Proved Developed Producing								4,907	3,253	1,654
Proved Developed Non-Producing								315	279	37
Proved Developed								5,222	3,531	1,691
Proved Undeveloped								2,950	0	2,950
Total Proved	1,332	20	31	32	1.07	40,998	20	8,172	3,531	4,641
Proved plus Probable										
Proved Plus Probable Developed Producing								5,673	3,253	2,420
Proved Plus Probable Developed Non-Producing								330	279	52
Proved Plus Probable Developed								6,003	3,531	2,471
Proved Plus Probable Undeveloped								5,540	0	5,540
Total Proved Plus Probable	1,332	20	31	32	1.07	40,998	28	11,543	3,531	8,011

Production License/Field/Formation & Reservoir Sand Unit	Drainage Area acres	Average Net Pay[1] feet	Porosity percent	Water Saturation percent	Oil FVF rb/stb	Oil Initially In Place Mbbl	Recovery Factor percent	Original Recoverable Oil Mbbl	Cumulative Production to Date Mbbl	Remaining Recoverable Oil[2] Mbbl
LM 943 - Reservoir Sand Unit 17										
Proved										
Proved Developed Producing								36,161	30,278	5,883
Proved Developed								36,161	30,278	5,883
Proved Undeveloped								3,400	0	3,400
Total Proved	4,905	20	33	32	1.09	158,411	25	39,561	30,278	9,283
Proved plus Probable										
Proved Plus Probable Developed Producing								38,550	30,278	8,272
Proved Plus Probable Developed								38,550	30,278	8,272
Proved Plus Probable Undeveloped								7,561	0	7,561
Total Proved Plus Probable	4,905	20	33	32	1.09	158,411	29	46,111	30,278	15,833
UM 797 - Reservoir Sand Unit 4										
Proved										
Proved Developed Producing								8,357	5,977	2,380
Proved Developed								8,357	5,977	2,380
Proved Undeveloped								4,350	0	4,350
Total Proved	1,994	30	31	24	1.09	99,794	13	12,707	5,977	6,730
Proved plus Probable										
Proved Plus Probable Developed Producing								9,088	5,977	3,111
Proved Plus Probable Developed								9,088	5,977	3,111
Proved Plus Probable Undeveloped								6,257	0	6,257
Total Proved Plus Probable	1,994	30	31	24	1.09	99,794	15	15,345	5,977	9,368
CFD 11-1 (Remaining Reservoir Sand Units), CFD 11-2, CFD 11-3, and CFD 11-5 Fields										
Proved										
Proved Developed Producing			- Production Decline Analysis Used -					36,602	30,076	6,526
Proved Developed Non-Producing			- Production Decline Analysis Used -					8,209	6,873	1,336
Proved Developed			- Production Decline Analysis Used -					44,811	36,949	7,863
Proved Undeveloped			- Analogy Used -					0	0	0
Total Proved								44,811	36,949	7,863
Proved plus Probable										
Proved Plus Probable Developed Producing			- Production Decline Analysis Used -					38,396	30,076	8,320
Proved Plus Probable Developed Non-Producing			- Production Decline Analysis Used -					8,872	6,873	1,999
Proved Plus Probable Developed			- Production Decline Analysis Used -					47,268	36,949	10,319
Proved Plus Probable Undeveloped			- Analogy Used -					0	0	0
Total Proved Plus Probable								47,268	36,949	10,319
Total Contract Area 04/36										
Proved										
Proved Developed Producing								119,107	96,483	22,625
Proved Developed Non-Producing								11,889	10,129	1,760
Proved Developed								130,996	106,612	24,385
Proved Undeveloped								17,500	0	17,500
Total Proved								148,496	106,612	41,885
Proved plus Probable										
Proved Plus Probable Developed Producing								126,886	96,483	30,403
Proved Plus Probable Developed Non-Producing								12,681	10,129	2,552
Proved Plus Probable Developed								139,567	106,612	32,955
Proved Plus Probable Undeveloped								31,840	0	31,840
Total Proved Plus Probable								171,407	106,612	64,795

Production License/Field/Formation & Reservoir Sand Unit	Drainage Area acres	Average Net Pay[1] feet	Porosity percent	Water Saturation percent	Oil FVF rb/stb	Oil Initially In Place Mbbl	Recovery Factor percent	Original Recoverable Oil Mbbl	Cumulative Production to Date Mbbl	Remaining Recoverable Oil[2] Mbbl
Unit										
CFD 11-6 Field										
Ng3 Massive - Reservoir Sand Units 25, 29										
Proved										
Proved Developed Producing								27,540	18,400	9,140
Proved Developed Non-Producing								1,787	1,646	141
Proved Developed								29,327	20,046	9,281
Proved Undeveloped								4,800	0	4,800
Total Proved	4,600	35	24	44	1.10	148,964	23	34,127	20,046	14,081
Proved plus Probable										
Proved Plus Probable Developed Producing								30,142	18,400	11,742
Proved Plus Probable Developed Non-Producing								1,835	1,646	189
Proved Plus Probable Developed								31,977	20,046	11,931
Proved Plus Probable Undeveloped								11,672	0	11,672
Total Proved Plus Probable	4,600	35	24	44	1.10	148,964	29	43,649	20,046	23,603
Ng3 Main - Reservoir Sand Units 24, 28										
Proved										
Proved Developed Producing								10,333	7,627	2,706
Proved Developed								10,333	7,627	2,706
Proved Undeveloped								8,400	0	8,400
Total Proved	4,883	19	24	46	1.10	87,450	21	18,733	7,627	11,106
Proved plus Probable										
Proved Plus Probable Developed Producing								11,194	7,627	3,567
Proved Plus Probable Developed								11,194	7,627	3,567
Proved Plus Probable Undeveloped								13,460	0	13,460
Total Proved Plus Probable	4,883	19	24	46	1.10	87,450	28	24,654	7,627	17,027
CFD 11-6 (Remaining Reservoir Sand Units), CFD 12-1, CFD 12-1S Fields										
Proved										
Proved Developed Producing			- Production Decline Analysis Used -					28,679	20,079	8,600
Proved Developed Non-Producing								1,173	940	233
Proved Developed			- Production Decline Analysis Used -					29,852	21,019	8,833
Proved Undeveloped			- Analogy Used -					0	0	0
Total Proved								29,852	21,019	8,833
Proved plus Probable										
Proved Plus Probable Developed Producing			- Production Decline Analysis Used -					32,092	20,079	12,013
Proved Plus Probable Developed Non-Producing								1,499	940	559
Proved Plus Probable Developed			- Production Decline Analysis Used -					33,591	21,019	12,572
Proved Plus Probable Undeveloped			- Analogy Used -					16,989	0	16,989
Total Proved Plus Probable								50,580	21,019	29,561
Total Unit										
Proved										
Proved Developed Producing								66,552	46,106	20,446
Proved Developed Non-Producing								2,960	2,586	374
Proved Developed								69,512	48,692	20,820
Proved Undeveloped								13,200	0	13,200
Total Proved								82,712	48,692	34,020

Production License/Field/Formation & Reservoir Sand Unit	Drainage Area acres	Average Net Pay[(1)] feet	Porosity percent	Water Saturation percent	Oil FVF rb/stb	Oil Initially In Place Mbbl	Recovery Factor percent	Original Recoverable Oil Mbbl	Cumulative Production to Date Mbbl	Remaining Recoverable Oil[(2)] Mbbl
Proved plus Probable										
Proved Plus Probable Developed Producing								73,428	46,106	27,322
Proved Plus Probable Developed Non-Producing								3,334	2,586	748
Proved Plus Probable Developed								76,762	48,692	28,070
Proved Plus Probable Undeveloped								42,121	0	42,121
Total Proved Plus Probable								118,883	48,692	70,191
Total Bohai Bay										
Proved										
Proved Developed Producing								185,659	142,589	43,070
Proved Developed Non-Producing								14,849	12,715	2,134
Proved Developed Producing								200,508	155,304	45,205
Proved Undeveloped								30,700	0	30,700
Total Proved								231,208	155,304	75,905
Proved plus Probable										
Proved Plus Probable Developed Producing								200,314	142,589	57,725
Proved Plus Probable Developed Non-Producing								16,015	12,715	3,300
Proved Plus Probable Developed								216,329	155,304	61,025
Proved Plus Probable Undeveloped								73,961	0	73,961
Total Proved Plus Probable								290,290	155,304	134,986

1 Average net pay over drainage area; calculated from gross rock volume divided by drainage area

2 Recoverable oil volumes truncated at production contract expiry date; not adjusted for economic factors

3 Numbers may not add due to rounding

APPENDIX D — CASH FLOW REPORTS

In this appendix, the Company refers to Kerr-McGee China Petroleum Limited.

This appendix contains detailed cash flow reports containing summaries of reserves and net present values for KMCPL's working interests in Contract Area 04/36 and the Unit and consolidated cash flow reports for KMCPL's working interests in Bohai Bay (Contract Area 04/36 plus the Unit). KMCPL's interests in South China Sea Exploration Block 43/11 has not been included in the evaluation at the request of Brightoil Petroleum (Holdings) Limited and Win Business Energy Limited.

Discussion of the fiscal terms and economic assumptions are included in Section 8.0

The cash flow report tables include four pages for each reserve category including the economic summary, production detail, PSC (Petroleum Sharing Contract) detail and Company tax detail reports.

The Economic Summary report (first page) contains the following:

a. Company Description, including relevant working interests and evaluation dates;

b. Company Economic Indicators detailing the net present values before and after income tax at various discount rates;

c. Company Economics (per unit);

d. Company Production and Investments, including the Company interest volumes and capital costs;

e. Cash Flow, including yearly values of revenue, operating and capital costs, production taxes, abandonment capital, income taxes, and before and after income tax cash flow.

The Production Detail report (second page) contains yearly summaries of the following:

a. Project gross number of producing wells;

b. Project gross (100 percent working interest) petroleum rate and volume;

c. Company Gross and Company Net petroleum volume;

d. Oil price received.

The PSC Detail report (third page) contains yearly summaries of the following:

a. Project gross revenue based on petroleum volume;

b. Value Added Tax (VAT);

c. Project gross royalty rate and cost;

d. Project Gross cost recovery limit, eligible costs, applicable operating and capital costs for cost recovery;

e. Project gross revenue after cost recovery;

f. Contractor (all parties excluding government portion) profit share rate;

g. Project gross profit revenue;

h. Company gross cost recovery revenue, profit revenue and PSC revenue.

The Company Tax Detail report (fourth page) contains yearly summaries of the KMCPL (the "Company") working interest of the following:

a. Cost recovery, profit and taxable revenue;

b. Operating costs;

c. Income tax deductions including windfall tax and capital depreciation;

d. Taxable income;

e. Income tax rate and cost;

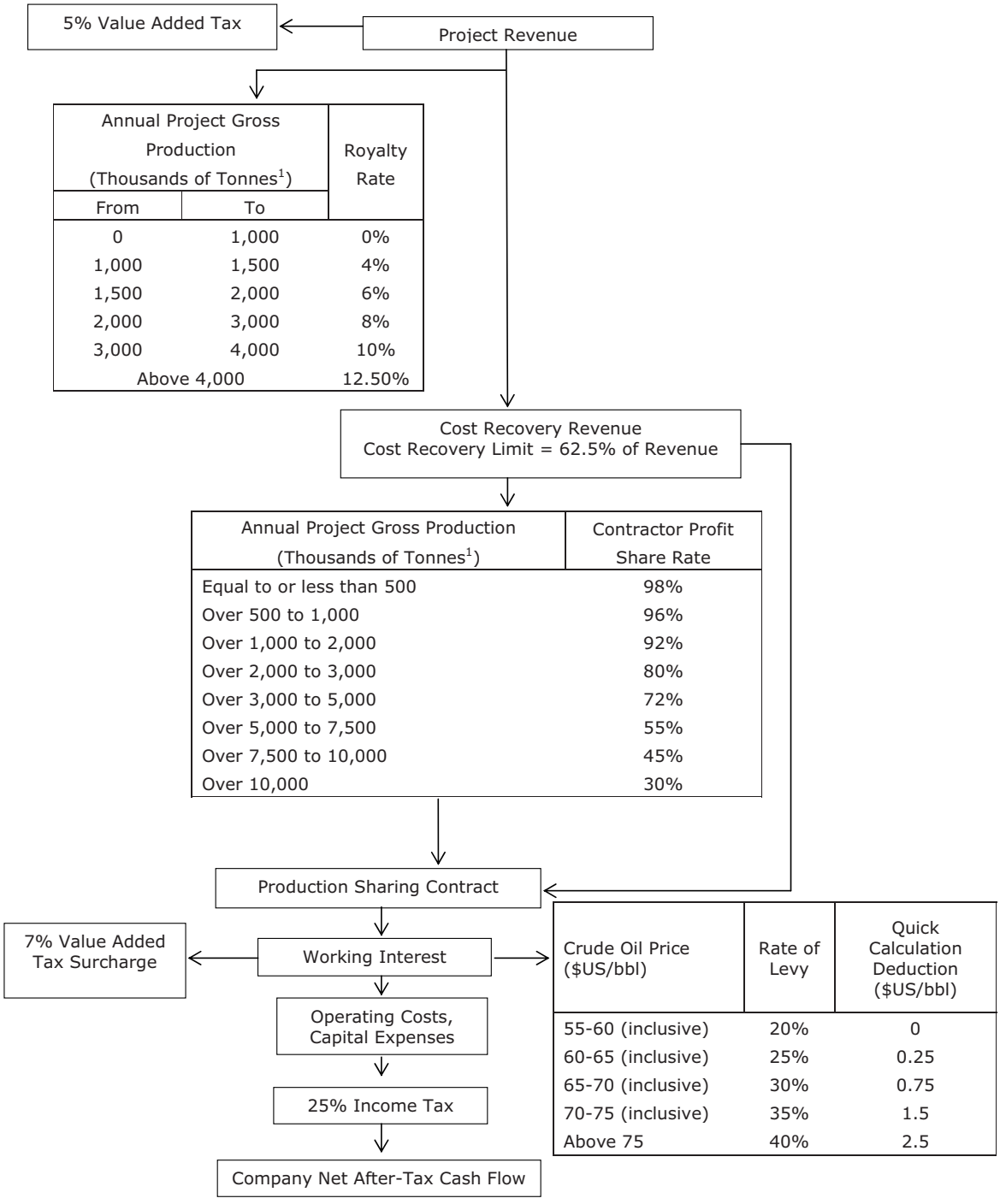
f. Capital cost and depreciation;

g. Abandonment capital;

h. Oil price details for calculation of windfall tax and quick calculation deduction, as discussed in Section 8.2.2;

i. Company windfall tax volumes.

A flow chart highlighting the calculations included in the production sharing contract is included as Figure D-1.



1. Oil gravity 27° API

Figure D-1 – Flow Chart Highlighting Petroleum Sharing Contract

Cash flow reports are presented before and after deductions of income taxes at the Company level for Bohai Bay. As income taxes are calculated at Company level for Bohai Bay, the cash flow reports for Contract Area 04/36 and the Unit only show values before deduction of income taxes.

The following summary of reserves and net present value cash flow report tables for KMCPL's interest in the assets are included in this appendix:

BOHAI BAY

Table D-1	Summary of Reserves and Net Present Values Total Proved Plus Probable Reserves Before and After Income Tax
Table D-1A	Summary of Reserves and Net Present Values Total Proved Reserves Before and After Income Tax
Table D-1B	Summary of Reserves and Net Present Values Total Proved Developed Reserves Before and After Income Tax
Table D-1C	Summary of Reserves and Net Present Values Total Proved Developed Producing Reserves Before and After Income Tax
Table D-1D	Summary of Reserves and Net Present Values Total Proved Developed Non-Producing Reserves Before and After Income Tax
Table D-1E	Summary of Reserves and Net Present Values Total Proved Undeveloped Reserves Before and After Income Tax
Table D-1F	Summary of Reserves and Net Present Values Total Probable Reserves Before and After Income Tax

CONTRACT AREA 04/36

Table D-2	Summary of Reserves and Net Present Values Total Proved Plus Probable Reserves Before Income Tax
Table D-2A	Summary of Reserves and Net Present Values Total Proved Reserves Before Income Tax
Table D-2B	Summary of Reserves and Net Present Values Total Proved Developed Reserves Before Income Tax
Table D-2C	Summary of Reserves and Net Present Values Total Proved Developed Producing Reserves Before Income Tax
Table D-2D	Summary of Reserves and Net Present Values Total Proved Developed Non-Producing Reserves Before Income Tax
Table D-2E	Summary of Reserves and Net Present Values Total Proved Undeveloped Reserves Before Income Tax
Table D-2F	Summary of Reserves and Net Present Values Total Probable Reserves Before Income Tax

UNIT

Table D-3	Summary of Reserves and Net Present Values Total Proved Plus Probable Reserves Before Income Tax
Table D-3A	Summary of Reserves and Net Present Values Total Proved Reserves Before Income Tax
Table D-3B	Summary of Reserves and Net Present Values Total Proved Developed Reserves Before Income Tax
Table D-3C	Summary of Reserves and Net Present Values Total Proved Developed Producing Reserves Before Income Tax
Table D-3D	Summary of Reserves and Net Present Values Total Proved Developed Non-Producing Reserves Before Income Tax
Table D-3E	Summary of Reserves and Net Present Values Total Proved Undeveloped Reserves Before Income Tax
Table D-3F	Summary of Reserves and Net Present Values Total Probable Reserves Before Income Tax

Table D-1

Total Bohai Bay 2P: <Unnamed Sensitivity>

Economic Summary

Bohai Bay, China – Total Proved plus Probable

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of December 31, 2013
Escalation Date	2014/01
Discount Date	2014/01
Economic Limit	2025/02

Company Economic Indicators

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	AT NPV	BT PIR	AT PIR
Company (% of Total)	31.47	0.00	34.35	35.25	(%)	(M$US)	(M$US)	(fraction)	(fraction)
Company (% of Contr)	70.36	0.00	70.09	71.93	0	2,487,667	1,920,433	5.76	4.44
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	2,062,172	1,592,332	5.25	3.69
Contr	44.73	0.00	49.00	49.00	10.0	1,744,854	1,348,161	4.84	3.74
NOC	46.55	0.00	51.00	51.00	15.0	1,502,020	1,161,700	4.51	3.22
					20.0	1,311,965	1,016,059	4.23	2.82
					25.0	1,160,275	900,031	4.00	2.50

AT ROR (%)	>800.00	Contr Take (%)	25.62
AT Payout (yrs)	0.75	NOC Take (%)	35.12
F&D ($US/BOE)	9.37	Gov't Take (%)	39.26

Company Economics (per Unit)

	(M$US)	(%)	($US/BOE)
Net Revenue	4,382,488	100.00	104.27
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	722,645	16.49	17.19
Tariffs	0	0.00	0.00
Prod & Asset Taxes	740,087	16.89	17.61
Capital Costs	432,089	9.86	10.28
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	2,487,667	56.76	59.19
Less Income Tax	567,235	12.94	13.50
After Tax Cash Flow	1,920,433	43.82	45.69

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	133,721	46,088	42,029
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	133,721	46,088	42,029

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	1,146,075	393,632
Abandonment	(M$US)	112,571	38,457
Total	(M$US)	1,258,645	432,089

Cash Flow

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US	Income Taxes M$US	ATCF M$US
2014(12)	145,169	198,150	343,319	71,970	70,742	59,822	3,361	137,425	36,701	100,724
2015(12)	248,289	521,730	770,019	63,755	184,535	124,988	3,361	393,381	125,628	267,753
2016(12)	171,550	567,136	738,686	67,236	104,315	104,595	3,361	459,180	120,292	338,888
2017(12)	101,469	537,067	638,537	67,428	34,041	108,625	3,361	425,082	94,990	330,092
2018(12)	66,666	411,380	478,045	66,666	0	82,945	3,361	325,074	62,705	262,369
2019(12)	66,292	306,004	372,296	66,292	0	65,864	3,361	236,780	42,872	193,908
2020(12)	65,605	232,733	298,337	65,605	0	53,783	3,361	175,589	29,537	146,052
2021(12)	65,680	179,335	245,015	65,680	0	44,981	3,361	130,993	19,215	111,778
2022(12)	65,701	137,025	202,726	65,701	0	37,881	3,361	95,783	14,045	81,738
2023(12)	65,246	103,218	168,465	65,246	0	32,022	3,361	67,836	12,792	55,043
2024(12)	55,155	62,130	117,285	53,605	0	22,666	3,361	37,653	8,459	29,195
2025(12)	4,111	5,646	9,758	3,462	0	1,916	1,487	2,893	0	2,893
Total	1,120,933	3,261,555	4,382,488	722,645	393,632	740,087	38,457	2,487,667	567,235	1,920,433

Table D-1

Total Bohai Bay 2P: <Unnamed Sensitivity>

Production Detail

Bohai Bay, China – Total Proved plus Probable

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	96	27,534	10,050	3,438	3,216	106.76	0.0	0	0	0	0	0.00
2015(12)	185	67,877	24,775	8,483	7,593	101.41	0.0	0	0	0	0	0.00
2016(12)	218	70,965	25,973	8,914	7,910	93.39	0.0	0	0	0	0	0.00
2017(12)	219	53,022	19,353	6,756	6,093	104.81	0.0	0	0	0	0	0.00
2018(12)	213	38,355	14,000	4,872	4,493	106.39	0.0	0	0	0	0	0.00
2019(12)	205	29,286	10,689	3,713	3,447	108.00	0.0	0	0	0	0	0.00
2020(12)	189	23,020	8,425	2,919	2,721	109.63	0.0	0	0	0	0	0.00
2021(12)	182	18,638	6,803	2,352	2,202	111.29	0.0	0	0	0	0	0.00
2022(12)	173	15,222	5,556	1,915	1,795	112.97	0.0	0	0	0	0	0.00
2023(12)	157	12,500	4,562	1,566	1,469	114.67	0.0	0	0	0	0	0.00
2024(12)	118	8,832	3,232	1,072	1,008	116.41	0.0	0	0	0	0	0.00
2025(12)	63	5,109	301	88	83	118.16	0.0	0	0	0	0	0.00
Total	—	—	133,721	46,088	42,029	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	10,050	3,438	3,216
2015(12)	0.0	0	0	0	0	0.00	24,775	8,483	7,593
2016(12)	0.0	0	0	0	0	0.00	25,973	8,914	7,910
2017(12)	0.0	0	0	0	0	0.00	19,353	6,756	6,093
2018(12)	0.0	0	0	0	0	0.00	14,000	4,872	4,493
2019(12)	0.0	0	0	0	0	0.00	10,689	3,713	3,447
2020(12)	0.0	0	0	0	0	0.00	8,425	2,919	2,721
2021(12)	0.0	0	0	0	0	0.00	6,803	2,352	2,202
2022(12)	0.0	0	0	0	0	0.00	5,556	1,915	1,795
2023(12)	0.0	0	0	0	0	0.00	4,562	1,566	1,469
2024(12)	0.0	0	0	0	0	0.00	3,232	1,072	1,008
2025(12)	0.0	0	0	0	0	0.00	301	88	83
Total	—	0	0	0	0	—	133,721	46,088	42,029

Table D-1

Total Bohai Bay 2P: <Unnamed Sensitivity>

PSC Detail

Bohai Bay, China – Total Proved plus Probable

Bohai Bay, China – Total Proved plus Probable

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	1,485	0	1,072,890	0	0	1,072,890	53,644	0.00	0.00	0.00	0	0	0	0
2015(12)	3,662	0	2,512,457	0	0	2,512,457	125,623	1.88	4.31	0.00	54,692	0	0	54,692
2016(12)	3,839	0	2,425,570	0	0	2,425,570	121,279	2.13	4.71	0.00	57,461	0	0	57,461
2017(12)	2,860	0	2,028,293	0	0	2,028,293	101,415	1.34	2.40	0.00	24,441	0	0	24,441
2018(12)	2,069	0	1,489,421	0	0	1,489,421	74,471	0.25	0.26	0.00	1,993	0	0	1,993
2019(12)	1,580	0	1,154,416	0	0	1,154,416	57,721	0.00	0.00	0.00	0	0	0	0
2020(12)	1,245	0	923,670	0	0	923,670	46,183	0.00	0.00	0.00	0	0	0	0
2021(12)	1,006	0	757,067	0	0	757,067	37,853	0.00	0.00	0.00	0	0	0	0
2022(12)	821	0	627,640	0	0	627,640	31,382	0.00	0.00	0.00	0	0	0	0
2023(12)	674	0	523,198	0	0	523,198	26,160	0.00	0.00	0.00	0	0	0	0
2024(12)	303	0	376,267	0	0	376,267	18,813	0.00	0.00	0.00	0	0	0	0
2025(12)	0	0	35,619	0	0	35,619	1,781	0.00	0.00	0.00	0	0	0	0
Total	19,545	0	13,926,507	0	0	13,926,507	696,325	—	—	—	138,587	0	0	138,587

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	670,556	417,708	199,036	224,800	0	423,836	595,409	1,485	97.46	579,606	145,169	198,150	343,319
2015(12)	1,515,593	720,794	185,625	535,169	0	720,794	1,611,347	3,662	94.94	1,526,402	248,289	521,730	770,019
2016(12)	1,458,521	497,394	196,198	301,197	0	497,394	1,749,437	3,839	94.76	1,653,376	171,550	567,136	738,686
2017(12)	1,243,242	278,273	193,363	84,909	0	278,273	1,624,165	2,860	95.33	1,551,157	101,469	537,067	638,537
2018(12)	928,895	189,808	189,808	0	0	189,808	1,223,148	2,069	96.69	1,184,427	66,666	411,380	478,045
2019(12)	721,510	187,859	187,859	0	0	187,859	908,837	1,580	97.24	883,992	66,292	306,004	372,296
2020(12)	577,294	185,357	185,357	0	0	185,357	692,129	1,245	97.60	675,561	65,605	232,733	298,337
2021(12)	473,167	185,031	185,031	0	0	185,031	534,183	1,006	98.00	523,412	65,680	179,335	245,015
2022(12)	392,275	184,851	184,851	0	0	184,851	411,406	821	98.00	403,178	65,701	137,025	202,726
2023(12)	326,999	183,331	183,331	0	0	183,331	313,708	674	98.00	307,434	65,246	103,218	168,465
2024(12)	235,167	154,038	157,904	0	0	157,904	199,550	303	98.00	195,559	55,155	62,130	117,285
2025(12)	22,262	11,864	14,091	0	0	14,091	19,747	0	98.00	19,352	4,111	5,646	9,758
Total	8,565,480	3,196,308	2,062,454	1,146,075	0	3,208,528	9,883,067	19,545	—	9,503,456	1,120,933	3,261,555	4,382,488

Table D-1

Total Bohai Bay 2P: <Unnamed Sensitivity>

Comp Tax Detail

Bohai Bay, China – Total Proved plus Probable

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Comp Tax detail 1

Date	WI Cost Rec Revenue Total M$US	WI Profit Revenue Total M$US	WI Taxable Revenue M$US	WI Operating Costs Total M$US	WI Windfall Tax M$US	WI Capital Depreciation Total M$US	WI Income Tax Deductions Total M$US	WI Taxable Income M$US	Income Tax Rate %	Income Taxes Total M$US
2014(12)	145,169	198,150	343,319	71,970	58,537	66,008	196,514	146,804	25	36,701
2015(12)	248,289	521,730	770,019	63,755	121,977	81,776	267,508	502,511	25	125,628
2016(12)	171,550	567,136	738,686	67,236	101,681	88,603	257,520	481,166	25	120,292
2017(12)	101,469	537,067	638,537	67,428	106,147	85,001	258,576	379,961	25	94,990
2018(12)	66,666	411,380	478,045	66,666	81,131	79,430	227,227	250,819	25	62,705
2019(12)	66,292	306,004	372,296	66,292	64,461	70,058	200,810	171,486	25	42,872
2020(12)	65,605	232,733	298,337	65,605	52,663	61,923	180,191	118,147	25	29,537
2021(12)	65,680	179,335	245,015	65,680	44,065	58,409	168,153	76,862	25	19,215
2022(12)	65,701	137,025	202,726	65,701	37,124	43,722	146,547	56,179	25	14,045
2023(12)	65,246	103,218	168,465	65,246	31,393	20,655	117,295	51,170	25	12,792
2024(12)	55,155	62,130	117,285	53,605	22,229	7,616	83,450	33,835	25	8,459
2025(12)	4,111	5,646	0	3,462	1,880	1,487	0	0	0	0
Total	1,120,933	3,261,555	4,372,730	722,645	723,287	664,688	2,103,792	2,268,939	—	567,235

Comp Tax detail 2

Date	WI Capital Costs Total M$US	WI Depreciation Development M$US	WI Capital Aband Total M$US	Oil Price $US/Bbl	Oil Price less US$55 $US/Bbl	Windfall Tax Rate %	Quick Deduction $US/Bbl	Proj PSC Oil Volumes MSTB	Proj Windfall Tax M$US	Comp Windfall Tax M$US
2014(12)	70,742	62,647	3,361	106.76	51.76	40.0	5.0	9,399	171,090	58,537
2015(12)	184,535	78,415	3,361	101.41	46.41	40.0	5.0	22,159	355,973	121,977
2016(12)	104,315	85,242	3,361	93.39	38.39	40.0	5.0	23,031	296,057	101,681
2017(12)	34,041	81,640	3,361	104.81	49.81	40.0	5.0	17,455	304,113	106,147
2018(12)	0	76,069	3,361	106.39	51.39	40.0	5.0	12,917	233,228	81,131
2019(12)	0	66,697	3,361	108.00	53.00	40.0	5.0	9,925	185,584	64,461
2020(12)	0	58,562	3,361	109.63	54.63	40.0	5.0	7,853	151,969	52,663
2021(12)	0	55,048	3,361	111.29	56.29	40.0	5.0	6,366	127,411	44,065
2022(12)	0	40,361	3,361	112.97	57.97	40.0	5.0	5,205	107,682	37,124
2023(12)	0	17,294	3,361	114.67	59.67	40.0	5.0	4,280	91,454	31,393
2024(12)	0	4,255	3,361	116.41	61.41	40.0	4.4	3,036	66,992	22,229
2025(12)	0	0	1,487	118.16	63.16	40.0	2.5	283	6,443	1,880
Total	393,632	626,231	38,457	—	—	—	—	121,910	2,097,996	723,287

Table D-1A

Total Bohai Bay 1P: <Unnamed Sensitivity>

Economic Summary

Bohai Bay, China – Total Proved

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of December 31, 2013
Escalation Date	2014/01
Discount Date	2014/01
Economic Limit	2021/08

Company Economic Indicators

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	AT NPV	BT PIR	AT PIR
Company (% of Total)	32.64	0.00	35.04	35.89	(%)	(M$US)	(M$US)	(fraction)	(fraction)
Company (% of Contr)	71.98	0.00	71.50	73.25	0	1,198,816	936,006	3.61	2.82
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	1,048,158	817,705	3.43	2.46
Contr	45.35	0.00	49.00	49.00	10.0	927,327	723,313	3.27	2.55
NOC	47.21	0.00	51.00	51.00	15.0	828,928	646,792	3.14	2.28
					20.0	747,697	583,873	3.02	2.06
					25.0	679,816	531,477	2.91	1.88

AT ROR (%)	>800.00	Contr Take (%)	25.23
AT Payout (yrs)	0.75	NOC Take (%)	34.52
F&D ($US/BOE)	12.73	Gov't Take (%)	40.25

Company Economics (per Unit)

	(M$US)	(%)	($US/BOE)
Net Revenue	2,412,107	100.00	102.62
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	483,332	20.04	20.56
Tariffs	0	0.00	0.00
Prod & Asset Taxes	398,078	16.50	16.94
Capital Costs	331,881	13.76	14.12
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	1,198,816	49.70	51.00
Less Income Tax	262,810	10.90	11.18
After Tax Cash Flow	936,006	38.80	39.82

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	72,022	25,418	23,506
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	72,022	25,418	23,506

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	854,187	299,285
Abandonment	(M$US)	94,623	32,596
Total	(M$US)	948,811	331,881

Cash Flow

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US	Income Taxes M$US	ATCF M$US
2014(12)	140,329	186,005	326,334	71,887	65,985	56,861	4,075	127,526	33,170	94,356
2015(12)	227,924	385,541	613,465	62,628	165,296	99,533	4,075	281,933	93,542	188,391
2016(12)	111,048	344,634	455,682	63,469	47,580	64,464	4,075	276,095	62,566	213,529
2017(12)	83,444	292,956	376,400	63,019	20,425	63,988	4,075	224,893	44,222	180,671
2018(12)	61,866	195,873	257,739	61,866	0	44,709	4,075	147,090	20,945	126,145
2019(12)	61,003	124,570	185,573	61,003	0	32,824	4,075	87,672	8,365	79,306
2020(12)	60,376	74,490	134,866	60,376	0	24,309	4,075	46,106	0	46,106
2021(12)	37,235	24,813	62,048	39,083	0	11,390	4,075	7,501	0	7,501
Total	783,226	1,628,880	2,412,107	483,332	299,285	398,078	32,596	1,198,816	262,810	936,006

Table D-1A

Total Bohai Bay 1P: <Unnamed Sensitivity>

Production Detail

Bohai Bay, China – Total Proved

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	96	26,029	9,501	3,266	3,057	106.76	0.0	0	0	0	0	0.00
2015(12)	175	51,830	18,918	6,638	6,049	101.41	0.0	0	0	0	0	0.00
2016(12)	183	40,818	14,939	5,320	4,879	93.39	0.0	0	0	0	0	0.00
2017(12)	177	29,513	10,772	3,864	3,591	104.81	0.0	0	0	0	0	0.00
2018(12)	162	19,976	7,291	2,595	2,423	106.39	0.0	0	0	0	0	0.00
2019(12)	145	14,185	5,178	1,834	1,718	108.00	0.0	0	0	0	0	0.00
2020(12)	129	10,171	3,723	1,310	1,230	109.63	0.0	0	0	0	0	0.00
2021(12)	96	6,997	1,700	592	558	111.29	0.0	0	0	0	0	0.00
Total	—	—	72,022	25,418	23,506	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	9,501	3,266	3,057
2015(12)	0.0	0	0	0	0	0.00	18,918	6,638	6,049
2016(12)	0.0	0	0	0	0	0.00	14,939	5,320	4,879
2017(12)	0.0	0	0	0	0	0.00	10,772	3,864	3,591
2018(12)	0.0	0	0	0	0	0.00	7,291	2,595	2,423
2019(12)	0.0	0	0	0	0	0.00	5,178	1,834	1,718
2020(12)	0.0	0	0	0	0	0.00	3,723	1,310	1,230
2021(12)	0.0	0	0	0	0	0.00	1,700	592	558
Total	—	0	0	0	0	—	72,022	25,418	23,506

Table D-1A

Total Bohai Bay 1P: <Unnamed Sensitivity>

PSC Detail

Bohai Bay, China – Total Proved

Bohai Bay, China – Total Proved

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	1,404	0	1,014,253	0	0	1,014,253	50,713	0.00	0.00	0.00	0	0	0	0
2015(12)	2,796	0	1,918,472	0	0	1,918,472	95,924	1.38	2.26	0.00	22,045	0	0	22,045
2016(12)	2,208	0	1,395,152	0	0	1,395,152	69,758	0.93	0.93	0.00	7,630	0	0	7,630
2017(12)	1,592	0	1,128,980	0	0	1,128,980	56,449	0.00	0.00	0.00	0	0	0	0
2018(12)	1,078	0	775,732	0	0	775,732	38,787	0.00	0.00	0.00	0	0	0	0
2019(12)	765	0	559,170	0	0	559,170	27,959	0.00	0.00	0.00	0	0	0	0
2020(12)	550	0	408,096	0	0	408,096	20,405	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	189,210	0	0	189,210	9,460	0.00	0.00	0.00	0	0	0	0
Total	10,394	0	7,389,065	0	0	7,389,065	369,453	—	—	—	29,674	0	0	29,674

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	633,908	400,830	198,461	208,498	0	406,958	556,582	1,404	97.49	542,240	140,329	186,005	326,334
2015(12)	1,177,000	647,918	178,696	469,222	0	647,918	1,152,586	2,796	95.30	1,101,645	227,924	385,541	613,465
2016(12)	864,340	304,699	179,177	125,523	0	304,699	1,013,066	2,208	95.84	976,512	111,048	344,634	455,682
2017(12)	705,612	227,585	176,639	50,945	0	227,585	844,946	1,592	97.02	821,861	83,444	292,956	376,400
2018(12)	484,833	172,942	172,942	0	0	172,942	564,003	1,078	97.58	551,337	61,866	195,873	257,739
2019(12)	349,481	170,105	170,105	0	0	170,105	361,106	765	98.00	353,884	61,003	124,570	185,573
2020(12)	255,060	168,119	168,119	0	0	168,119	219,572	550	98.00	215,181	60,376	74,490	134,866
2021(12)	118,256	108,657	104,824	0	0	104,824	74,925	0	98.00	73,427	37,235	24,813	62,048
Total	4,588,491	2,200,855	1,348,963	854,187	0	2,203,151	4,786,786	10,394	—	4,636,088	783,226	1,628,880	2,412,107

Table D-1A

Total Bohai Bay 1P: <Unnamed Sensitivity>

Comp Tax Detail

Bohai Bay, China – Total Proved

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Comp Tax detail 1

Date	WI Cost Rec Revenue Total M$US	WI Profit Revenue Total M$US	WI Taxable Revenue M$US	WI Operating Costs Total M$US	WI Windfall Tax M$US	WI Capital Depreciation Total M$US	WI Income Tax Deductions Total M$US	WI Taxable Income M$US	Income Tax Rate %	Income Taxes Total M$US
2014(12)	140,329	186,005	326,334	71,887	55,641	66,127	193,655	132,679	25	33,170
2015(12)	227,924	385,541	613,465	62,628	97,177	79,490	239,296	374,169	25	93,542
2016(12)	111,048	344,634	455,682	63,469	62,725	79,225	205,419	250,263	25	62,566
2017(12)	83,444	292,956	376,400	63,019	62,570	73,922	199,511	176,888	25	44,222
2018(12)	61,866	195,873	257,739	61,866	43,742	68,350	173,959	83,781	25	20,945
2019(12)	61,003	124,570	185,573	61,003	32,131	58,978	152,112	33,461	25	8,365
2020(12)	60,376	74,490	134,866	60,376	23,807	50,843	135,026	-160	25	0
2021(12)	37,235	24,813	0	39,083	11,159	81,701	0	0	0	0
Total	783,226	1,628,880	2,350,059	483,332	388,953	558,637	1,298,978	1,051,080	—	262,810

Comp Tax detail 2

Date	WI Capital Costs Total M$US	WI Depreciation Development M$US	WI Capital Aband Total M$US	Oil Price $US/Bbl	Oil Price less US$55 $US/Bbl	Windfall Tax Rate %	Quick Deduction $US/Bbl	Proj PSC Oil Volumes MSTB	Proj Windfall Tax M$US	Comp Windfall Tax M$US
2014(12)	65,985	62,052	4,075	106.76	51.76	40.0	5.0	8,891	161,841	55,641
2015(12)	165,296	75,416	4,075	101.41	46.41	40.0	5.0	17,252	277,144	97,177
2016(12)	47,580	75,151	4,075	93.39	38.39	40.0	5.0	13,719	176,361	62,725
2017(12)	20,425	69,847	4,075	104.81	49.81	40.0	5.0	10,013	174,454	62,570
2018(12)	0	64,276	4,075	106.39	51.39	40.0	5.0	6,808	122,921	43,742
2019(12)	0	54,903	4,075	108.00	53.00	40.0	5.0	4,852	90,725	32,131
2020(12)	0	46,769	4,075	109.63	54.63	40.0	5.0	3,496	67,660	23,807
2021(12)	0	77,627	4,075	111.29	56.29	40.0	5.0	1,602	32,058	11,159
Total	299,285	526,041	32,596	—	—	—	—	66,634	1,103,164	388,953

Table D-1B

Total Bohai Bay PD: <Unnamed Sensitivity>

Economic Summary

Bohai Bay, China – Proved Developed

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of December 31, 2013
Escalation Date	2014/01
Discount Date	2014/01
Economic Limit	2021/04

Company Economic Indicators

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	AT NPV	BT PIR	AT PIR
Company (% of Total)	32.86	0.00	0.00	36.09	(%)	(M$US)	(M$US)	(fraction)	(fraction)
Company (% of Contr)	71.88	0.00	0.00	73.65	0	828,179	677,144	53.63	43.85
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	739,160	607,058	57.53	39.31
Contr	45.72	0.00	0.00	49.00	10.0	666,956	550,104	61.18	50.46
NOC	47.58	0.00	0.00	51.00	15.0	607,491	503,114	64.53	46.15
					20.0	557,850	463,820	67.59	42.54
					25.0	515,908	430,563	70.35	39.49

AT ROR (%)	>800.00	Contr Take (%)	28.05
AT Payout (yrs)	0.00	NOC Take (%)	36.84
F&D ($US/BOE)	0.00	Gov't Take (%)	35.11

Company Economics (per Unit)

	(M$US)	(%)	($US/BOE)
Net Revenue	1,385,869	100.00	103.01
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	312,315	22.54	23.21
Tariffs	0	0.00	0.00
Prod & Asset Taxes	229,932	16.59	17.09
Capital Costs	15,443	1.11	1.15
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	828,179	59.76	61.56
Less Income Tax	151,035	10.90	11.23
After Tax Cash Flow	677,144	48.86	50.33

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	40,940	14,422	13,454
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	40,940	14,422	13,454

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	0	0
Abandonment	(M$US)	44,278	15,443
Total	(M$US)	44,278	15,443

Cash Flow

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US	Income Taxes M$US	ATCF M$US
2014(12)	74,117	209,486	283,603	71,660	0	49,419	1,930	160,594	26,963	133,631
2015(12)	41,108	301,891	342,999	41,108	0	55,628	1,930	244,332	49,780	194,552
2016(12)	38,386	188,702	227,088	38,386	0	32,112	1,930	154,660	28,805	125,855
2017(12)	37,190	148,949	186,139	37,190	0	31,640	1,930	115,379	20,910	94,469
2018(12)	37,446	102,336	139,782	37,446	0	24,246	1,930	76,160	12,454	63,706
2019(12)	37,233	68,753	105,986	37,233	0	18,746	1,930	48,076	7,745	40,331
2020(12)	36,860	42,875	79,734	36,860	0	14,372	1,930	26,573	4,378	22,195
2021(12)	11,560	8,978	20,538	12,432	0	3,770	1,930	2,405	0	2,405
Total	313,900	1,071,969	1,385,869	312,315	0	229,932	15,443	828,179	151,035	677,144

Table D-1B

Total Bohai Bay PD: <Unnamed Sensitivity>

Production Detail

Bohai Bay, China – Proved Developed

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	91	22,081	8,060	2,846	2,657	106.76	0.0	0	0	0	0	0.00
2015(12)	138	28,226	10,302	3,648	3,382	101.41	0.0	0	0	0	0	0.00
2016(12)	131	20,166	7,381	2,608	2,432	93.39	0.0	0	0	0	0	0.00
2017(12)	119	14,777	5,393	1,900	1,776	104.81	0.0	0	0	0	0	0.00
2018(12)	104	10,971	4,004	1,404	1,314	106.39	0.0	0	0	0	0	0.00
2019(12)	87	8,212	2,997	1,047	981	108.00	0.0	0	0	0	0	0.00
2020(12)	72	6,102	2,233	774	727	109.63	0.0	0	0	0	0	0.00
2021(12)	52	4,735	568	196	185	111.29	0.0	0	0	0	0	0.00
Total	—	—	40,940	14,422	13,454	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	8,060	2,846	2,657
2015(12)	0.0	0	0	0	0	0.00	10,302	3,648	3,382
2016(12)	0.0	0	0	0	0	0.00	7,381	2,608	2,432
2017(12)	0.0	0	0	0	0	0.00	5,393	1,900	1,776
2018(12)	0.0	0	0	0	0	0.00	4,004	1,404	1,314
2019(12)	0.0	0	0	0	0	0.00	2,997	1,047	981
2020(12)	0.0	0	0	0	0	0.00	2,233	774	727
2021(12)	0.0	0	0	0	0	0.00	568	196	185
Total	—	0	0	0	0	—	40,940	14,422	13,454

Table D-1B

Total Bohai Bay PD: <Unnamed Sensitivity>

PSC Detail

Bohai Bay, China – Proved Developed

Bohai Bay, China – Proved Developed

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	1,191	0	860,410	0	0	860,410	43,021	0.00	0.00	0.00	0	0	0	0
2015(12)	1,523	0	1,044,778	0	0	1,044,778	52,239	0.00	0.00	0.00	0	0	0	0
2016(12)	1,091	0	689,284	0	0	689,284	34,464	0.00	0.00	0.00	0	0	0	0
2017(12)	797	0	565,262	0	0	565,262	28,263	0.00	0.00	0.00	0	0	0	0
2018(12)	592	0	426,011	0	0	426,011	21,301	0.00	0.00	0.00	0	0	0	0
2019(12)	443	0	323,714	0	0	323,714	16,186	0.00	0.00	0.00	0	0	0	0
2020(12)	330	0	244,850	0	0	244,850	12,243	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	63,235	0	0	63,235	3,162	0.00	0.00	0.00	0	0	0	0
Total	5,967	0	4,217,544	0	0	4,217,544	210,877	—	—	—	0	0	0	0

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	537,756	190,443	196,572	0	0	196,572	620,818	1,191	97.49	606,589	74,117	209,486	283,603
2015(12)	652,986	116,055	116,055	0	0	116,055	876,485	1,523	97.15	852,938	41,108	301,891	342,999
2016(12)	430,802	108,349	108,349	0	0	108,349	546,471	1,091	97.62	534,382	38,386	188,702	227,088
2017(12)	353,289	104,728	104,728	0	0	104,728	432,271	797	98.00	423,626	37,190	148,949	186,139
2018(12)	266,257	104,910	104,910	0	0	104,910	299,800	592	98.00	293,804	37,446	102,336	139,782
2019(12)	202,321	103,876	103,876	0	0	103,876	203,652	443	98.00	199,579	37,233	68,753	105,986
2020(12)	153,031	102,656	102,656	0	0	102,656	129,952	330	98.00	127,353	36,860	42,875	79,734
2021(12)	39,522	34,368	32,420	0	0	32,420	27,654	0	98.00	27,101	11,560	8,978	20,538
Total	2,635,965	865,384	869,565	0	0	869,565	3,137,102	5,967	—	3,065,371	313,900	1,071,969	1,385,869

Table D-1B

Total Bohai Bay PD: <Unnamed Sensitivity>

Comp Tax Detail

Bohai Bay, China – Proved Developed

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Comp Tax detail 1

Date	WI Cost Rec Revenue Total M$US	WI Profit Revenue Total M$US	WI Taxable Revenue M$US	WI Operating Costs Total M$US	WI Windfall Tax M$US	WI Capital Depreciation Total M$US	WI Income Tax Deductions Total M$US	WI Taxable Income M$US	Income Tax Rate %	Income Taxes Total M$US
2014(12)	74,117	209,486	283,604	71,660	48,355	55,735	175,750	107,853	25	26,963
2015(12)	41,108	301,891	342,999	41,108	54,334	48,436	143,878	199,121	25	49,780
2016(12)	38,386	188,702	227,088	38,386	31,259	42,224	111,869	115,219	25	28,805
2017(12)	37,190	148,949	186,139	37,190	30,943	34,367	102,499	83,640	25	20,910
2018(12)	37,446	102,336	139,782	37,446	23,723	28,795	89,964	49,818	25	12,454
2019(12)	37,233	68,753	105,986	37,233	18,351	19,423	75,007	30,979	25	7,745
2020(12)	36,860	42,875	79,734	36,860	14,075	11,289	62,223	17,511	25	4,378
2021(12)	11,560	8,978	0	12,432	3,694	1,930	0	0	0	0
Total	313,900	1,071,969	1,365,331	312,315	224,733	242,198	761,190	604,141	—	151,035

Comp Tax detail 2

Date	WI Capital Costs Total M$US	WI Depreciation Development M$US	WI Capital Aband Total M$US	Oil Price $US/Bbl	Oil Price less US$55 $US/Bbl	Windfall Tax Rate %	Quick Deduction $US/Bbl	Proj PSC Oil Volumes MSTB	Proj Windfall Tax M$US	Comp Windfall Tax M$US
2014(12)	0	53,804	1,930	106.76	51.76	40.0	5.0	7,523	136,942	48,355
2015(12)	0	46,506	1,930	101.41	46.41	40.0	5.0	9,555	153,496	54,334
2016(12)	0	40,293	1,930	93.39	38.39	40.0	5.0	6,882	88,473	31,259
2017(12)	0	32,436	1,930	104.81	49.81	40.0	5.0	5,041	87,830	30,943
2018(12)	0	26,865	1,930	106.39	51.39	40.0	5.0	3,748	67,668	23,723
2019(12)	0	17,493	1,930	108.00	53.00	40.0	5.0	2,810	52,541	18,351
2020(12)	0	9,358	1,930	109.63	54.63	40.0	5.0	2,098	40,601	14,075
2021(12)	0	0	1,930	111.29	56.29	40.0	5.0	535	10,705	3,694
Total	0	226,756	15,443	—	—	—	—	38,193	638,255	224,733

Table D-1C

Total Bohai Bay PDP: <Unnamed Sensitivity>

Economic Summary

Bohai Bay, China – Proved Developed Producing

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of December 31, 2013
Escalation Date	2014/01
Discount Date	2014/01
Economic Limit	2021/04

Company Economic Indicators

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	AT NPV	BT PIR	AT PIR
Company (% of Total)	32.73	0.00	0.00	36.00	(%)	(M$US)	(M$US)	(fraction)	(fraction)
Company (% of Contr)	71.56	0.00	0.00	73.48	0	783,198	643,543	70.18	57.67
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	698,781	576,672	75.26	51.67
Contr	45.74	0.00	0.00	49.00	10.0	630,399	522,412	80.01	66.31
NOC	47.61	0.00	0.00	51.00	15.0	574,149	477,706	84.39	60.63
					20.0	527,243	440,370	88.39	55.89
					25.0	487,650	408,807	92.02	51.89

AT ROR (%)	>800.00	Contr Take (%)	28.15
AT Payout (yrs)	0.00	NOC Take (%)	36.85
F&D ($US/BOE)	0.00	Gov't Take (%)	35.00

Company Economics (per Unit)

	(M$US)	(%)	($US/BOE)
Net Revenue	1,312,790	100.00	103.06
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	300,476	22.89	23.59
Tariffs	0	0.00	0.00
Prod & Asset Taxes	217,956	16.60	17.11
Capital Costs	11,160	0.85	0.88
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	783,198	59.66	61.48
Less Income Tax	139,655	10.64	10.96
After Tax Cash Flow	643,543	49.02	50.52

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	38,916	13,647	12,738
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	38,916	13,647	12,738

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	0	0
Abandonment	(M$US)	32,460	11,160
Total	(M$US)	32,460	11,160

Cash Flow

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US	Income Taxes M$US	ATCF M$US
2014(12)	72,095	200,081	272,175	69,637	0	47,427	1,395	153,716	25,233	128,483
2015(12)	38,529	280,591	319,120	38,529	0	51,755	1,395	227,442	45,535	181,907
2016(12)	36,348	176,714	213,062	36,348	0	30,128	1,395	145,192	26,424	118,767
2017(12)	35,744	140,766	176,510	35,744	0	30,003	1,395	109,368	19,398	89,970
2018(12)	36,119	97,296	133,415	36,119	0	23,141	1,395	72,760	11,598	61,161
2019(12)	36,051	65,617	101,668	36,051	0	17,983	1,395	46,239	7,281	38,958
2020(12)	35,896	41,080	76,976	35,896	0	13,875	1,395	25,810	4,185	21,626
2021(12)	11,134	8,729	19,863	12,151	0	3,646	1,395	2,671	0	2,671
Total	301,917	1,010,874	1,312,790	300,476	0	217,956	11,160	783,198	139,655	643,543

Table D-1C

Total Bohai Bay PDP: <Unnamed Sensitivity>

Production Detail

Bohai Bay, China – Proved Developed Producing

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	79	21,245	7,755	2,729	2,550	106.76	0.0	0	0	0	0	0.00
2015(12)	119	26,381	9,629	3,391	3,147	101.41	0.0	0	0	0	0	0.00
2016(12)	115	19,000	6,954	2,445	2,281	93.39	0.0	0	0	0	0	0.00
2017(12)	109	14,073	5,137	1,802	1,684	104.81	0.0	0	0	0	0	0.00
2018(12)	96	10,517	3,839	1,340	1,254	106.39	0.0	0	0	0	0	0.00
2019(12)	81	7,912	2,888	1,004	941	108.00	0.0	0	0	0	0	0.00
2020(12)	68	5,913	2,164	747	702	109.63	0.0	0	0	0	0	0.00
2021(12)	49	4,596	552	190	178	111.29	0.0	0	0	0	0	0.00
Total	—	—	38,916	13,647	12,738	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	7,755	2,729	2,550
2015(12)	0.0	0	0	0	0	0.00	9,629	3,391	3,147
2016(12)	0.0	0	0	0	0	0.00	6,954	2,445	2,281
2017(12)	0.0	0	0	0	0	0.00	5,137	1,802	1,684
2018(12)	0.0	0	0	0	0	0.00	3,839	1,340	1,254
2019(12)	0.0	0	0	0	0	0.00	2,888	1,004	941
2020(12)	0.0	0	0	0	0	0.00	2,164	747	702
2021(12)	0.0	0	0	0	0	0.00	552	190	178
Total	—	0	0	0	0	—	38,916	13,647	12,738

Table D-1C

Total Bohai Bay PDP: <Unnamed Sensitivity>

PSC Detail

Bohai Bay, China – Proved Developed Producing

Bohai Bay, China – Proved Developed Producing

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	1,146	0	827,845	0	0	827,845	41,392	0.00	0.00	0.00	0	0	0	0
2015(12)	1,423	0	976,483	0	0	976,483	48,824	0.00	0.00	0.00	0	0	0	0
2016(12)	1,028	0	649,403	0	0	649,403	32,470	0.00	0.00	0.00	0	0	0	0
2017(12)	759	0	538,335	0	0	538,335	26,917	0.00	0.00	0.00	0	0	0	0
2018(12)	567	0	408,406	0	0	408,406	20,420	0.00	0.00	0.00	0	0	0	0
2019(12)	427	0	311,898	0	0	311,898	15,595	0.00	0.00	0.00	0	0	0	0
2020(12)	320	0	237,262	0	0	237,262	11,863	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	61,376	0	0	61,376	3,069	0.00	0.00	0.00	0	0	0	0
Total	5,671	0	4,011,008	0	0	4,011,008	200,550	—	—	—	0	0	0	0

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	517,403	185,193	191,322	0	0	191,322	595,131	1,146	97.58	581,868	72,095	200,081	272,175
2015(12)	610,302	109,282	109,282	0	0	109,282	818,377	1,423	97.27	797,143	38,529	280,591	319,120
2016(12)	405,877	103,018	103,018	0	0	103,018	513,915	1,028	97.77	503,003	36,348	176,714	213,062
2017(12)	336,459	100,961	100,961	0	0	100,961	410,458	759	98.00	402,248	35,744	140,766	176,510
2018(12)	255,254	101,453	101,453	0	0	101,453	286,533	567	98.00	280,802	36,119	97,296	133,415
2019(12)	194,936	100,852	100,852	0	0	100,852	195,450	427	98.00	191,541	36,051	65,617	101,668
2020(12)	148,288	100,179	100,179	0	0	100,179	125,219	320	98.00	122,715	35,896	41,080	76,976
2021(12)	38,360	33,640	31,332	0	0	31,332	26,976	0	98.00	26,436	11,134	8,729	19,863
Total	2,506,880	834,579	838,399	0	0	838,399	2,972,059	5,671	—	2,905,758	301,917	1,010,874	1,312,790

Table D-1C

Total Bohai Bay PDP: <Unnamed Sensitivity>

Comp Tax Detail

Bohai Bay, China – Proved Developed Producing

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Comp Tax detail 1

Date	WI Cost Rec Revenue Total M$US	WI Profit Revenue Total M$US	WI Taxable Revenue M$US	WI Operating Costs Total M$US	WI Windfall Tax M$US	WI Capital Depreciation Total M$US	WI Income Tax Deductions Total M$US	WI Taxable Income M$US	Income Tax Rate %	Income Taxes Total M$US
2014(12)	72,095	200,081	272,175	69,637	46,407	55,199	171,243	100,932	25	25,233
2015(12)	38,529	280,591	319,120	38,529	50,551	47,901	136,981	182,139	25	45,535
2016(12)	36,348	176,714	213,062	36,348	29,328	41,688	107,364	105,698	25	26,424
2017(12)	35,744	140,766	176,510	35,744	29,342	33,831	98,918	77,592	25	19,398
2018(12)	36,119	97,296	133,415	36,119	22,643	28,260	87,022	46,394	25	11,598
2019(12)	36,051	65,617	101,668	36,051	17,603	18,888	72,542	29,126	25	7,281
2020(12)	35,896	41,080	76,976	35,896	13,588	10,753	60,238	16,739	25	4,185
2021(12)	11,134	8,729	0	12,151	3,572	1,395	0	0	0	0
Total	301,917	1,010,874	1,292,927	300,476	213,034	237,916	734,308	558,620	—	139,655

Comp Tax detail 2

Date	WI Capital Costs Total M$US	WI Depreciation Development M$US	WI Capital Aband Total M$US	Oil Price $US/Bbl	Oil Price less US$55 $US/Bbl	Windfall Tax Rate %	Quick Deduction $US/Bbl	Proj PSC Oil Volumes MSTB	Proj Windfall Tax M$US	Comp Windfall Tax M$US
2014(12)	0	53,804	1,395	106.76	51.76	40.0	5.0	7,243	131,831	46,407
2015(12)	0	46,506	1,395	101.41	46.41	40.0	5.0	8,938	143,585	50,551
2016(12)	0	40,293	1,395	93.39	38.39	40.0	5.0	6,489	83,420	29,328
2017(12)	0	32,436	1,395	104.81	49.81	40.0	5.0	4,801	83,650	29,342
2018(12)	0	26,865	1,395	106.39	51.39	40.0	5.0	3,593	64,874	22,643
2019(12)	0	17,493	1,395	108.00	53.00	40.0	5.0	2,707	50,626	17,603
2020(12)	0	9,358	1,395	109.63	54.63	40.0	5.0	2,033	39,345	13,588
2021(12)	0	0	1,395	111.29	56.29	40.0	5.0	519	10,389	3,572
Total	0	226,756	11,160	—	—	—	—	36,324	607,721	213,034

Table D-1D

Total Bohai Bay PDNP: <Unnamed Sensitivity>

Economic Summary

Bohai Bay, China – Proved Developed Non-Producing

Prod'n Start: 2014/09, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of December 31, 2013
Escalation Date	2014/01
Discount Date	2014/01
Economic Limit	2021/04

Company Economic Indicators

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	AT NPV	BT PIR	AT PIR
Company (% of Total)	35.38	0.00	0.00	38.43	(%)	(M$US)	(M$US)	(fraction)	(fraction)
Company (% of Contr)	78.17	0.00	0.00	78.43	0	44,981	33,601	10.50	7.85
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	40,379	30,386	11.33	7.09
Contr	45.26	0.00	0.00	49.00	10.0	36,557	27,692	12.09	9.16
NOC	47.11	0.00	0.00	51.00	15.0	33,342	25,408	12.77	8.40
					20.0	30,608	23,450	13.37	7.76
					25.0	28,258	21,756	13.89	7.20

AT ROR (%)	>800.00		Contr Take (%)		26.10
AT Payout (yrs)	0.75		NOC Take (%)		36.62
F&D ($US/BOE)	0.00		Gov't Take (%)		37.28

Company Economics (per Unit)

	(M$US)	(%)	($US/BOE)
Net Revenue	73,078	100.00	102.12
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	11,839	16.20	16.54
Tariffs	0	0.00	0.00
Prod & Asset Taxes	11,976	16.39	16.73
Capital Costs	4,283	5.86	5.98
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	44,981	61.55	62.86
Less Income Tax	11,380	15.57	15.90
After Tax Cash Flow	33,601	45.98	46.95

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	2,023	775	716
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	2,023	775	716

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	0	0
Abandonment	(M$US)	11,818	4,283
Total	(M$US)	11,818	4,283

Cash Flow

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US	Income Taxes M$US	ATCF M$US
2014(12)	2,023	9,405	11,428	2,023	0	1,992	535	6,878	1,730	5,148
2015(12)	2,579	21,299	23,878	2,579	0	3,874	535	16,890	4,245	12,645
2016(12)	2,038	11,988	14,026	2,038	0	1,984	535	9,468	2,380	7,088
2017(12)	1,445	8,183	9,628	1,445	0	1,637	535	6,011	1,512	4,499
2018(12)	1,327	5,040	6,367	1,327	0	1,104	535	3,400	856	2,544
2019(12)	1,182	3,136	4,318	1,182	0	764	535	1,837	463	1,374
2020(12)	963	1,795	2,758	963	0	497	535	762	193	569
2021(12)	426	249	675	282	0	124	535	-266	0	-266
Total	11,983	61,095	73,078	11,839	0	11,976	4,283	44,981	11,380	33,601

Table D-1D

Total Bohai Bay PDNP: <Unnamed Sensitivity>

Production Detail

Bohai Bay, China – Proved Developed Non-Producing

Prod'n Start: 2014/09, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	13	836	305	116	107	106.76	0.0	0	0	0	0	0.00
2015(12)	19	1,845	673	257	235	101.41	0.0	0	0	0	0	0.00
2016(12)	16	1,167	427	163	150	93.39	0.0	0	0	0	0	0.00
2017(12)	10	704	257	98	92	104.81	0.0	0	0	0	0	0.00
2018(12)	8	453	165	64	60	106.39	0.0	0	0	0	0	0.00
2019(12)	6	300	109	43	40	108.00	0.0	0	0	0	0	0.00
2020(12)	4	189	69	27	25	109.63	0.0	0	0	0	0	0.00
2021(12)	3	139	17	6	6	111.29	0.0	0	0	0	0	0.00
Total	—	—	2,023	775	716	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	305	116	107
2015(12)	0.0	0	0	0	0	0.00	673	257	235
2016(12)	0.0	0	0	0	0	0.00	427	163	150
2017(12)	0.0	0	0	0	0	0.00	257	98	92
2018(12)	0.0	0	0	0	0	0.00	165	64	60
2019(12)	0.0	0	0	0	0	0.00	109	43	40
2020(12)	0.0	0	0	0	0	0.00	69	27	25
2021(12)	0.0	0	0	0	0	0.00	17	6	6
Total	—	0	0	0	0	—	2,023	775	716

Table D-1D

Total Bohai Bay PDNP: <Unnamed Sensitivity>

PSC Detail

Bohai Bay, China – Proved Developed Non-Producing

Bohai Bay, China – Proved Developed Non-Producing

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	45	0	32,565	0	0	32,565	1,628	0.00	0.00	0.00	0	0	0	0
2015(12)	100	0	68,295	0	0	68,295	3,415	0.00	0.00	0.00	0	0	0	0
2016(12)	63	0	39,881	0	0	39,881	1,994	0.00	0.00	0.00	0	0	0	0
2017(12)	38	0	26,927	0	0	26,927	1,346	0.00	0.00	0.00	0	0	0	0
2018(12)	24	0	17,605	0	0	17,605	880	0.00	0.00	0.00	0	0	0	0
2019(12)	16	0	11,816	0	0	11,816	591	0.00	0.00	0.00	0	0	0	0
2020(12)	10	0	7,589	0	0	7,589	379	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	1,859	0	0	1,859	93	0.00	0.00	0.00	0	0	0	0
Total	297	0	206,537	0	0	206,537	10,327	—	—	—	0	0	0	0

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	20,353	5,250	5,250	0	0	5,250	25,687	45	97.49	24,721	2,023	9,405	11,428
2015(12)	42,685	6,773	6,773	0	0	6,773	58,108	100	97.15	55,794	2,579	21,299	23,878
2016(12)	24,925	5,331	5,331	0	0	5,331	32,555	63	97.62	31,379	2,038	11,988	14,026
2017(12)	16,829	3,767	3,767	0	0	3,767	21,814	38	98.00	21,378	1,445	8,183	9,628
2018(12)	11,003	3,457	3,457	0	0	3,457	13,267	24	98.00	13,002	1,327	5,040	6,367
2019(12)	7,385	3,024	3,024	0	0	3,024	8,202	16	98.00	8,038	1,182	3,136	4,318
2020(12)	4,743	2,477	2,477	0	0	2,477	4,732	10	98.00	4,638	963	1,795	2,758
2021(12)	1,162	727	1,088	0	0	1,088	678	0	98.00	664	426	249	675
Total	129,085	30,806	31,167	0	0	31,167	165,043	297	—	159,613	11,983	61,095	73,078

Table D-1D

Total Bohai Bay PDNP: <Unnamed Sensitivity>

Comp Tax Detail

Bohai Bay, China – Proved Developed Non-Producing

Prod'n Start: 2014/09, As Of: January 1, 2014. Escalated Prices and Costs

Comp Tax detail 1

Date	WI Cost Rec Revenue Total M$US	WI Profit Revenue Total M$US	WI Taxable Revenue M$US	WI Operating Costs Total M$US	WI Windfall Tax M$US	WI Capital Depreciation Total M$US	WI Income Tax Deductions Total M$US	WI Taxable Income M$US	Income Tax Rate %	Income Taxes Total M$US
2014(12)	2,023	9,405	11,428	2,023	1,949	535	4,507	6,922	25	1,730
2015(12)	2,579	21,299	23,878	2,579	3,782	535	6,897	16,982	25	4,245
2016(12)	2,038	11,988	14,026	2,038	1,931	535	4,505	9,522	25	2,380
2017(12)	1,445	8,183	9,628	1,445	1,601	535	3,581	6,047	25	1,512
2018(12)	1,327	5,040	6,367	1,327	1,080	535	2,942	3,424	25	856
2019(12)	1,182	3,136	4,318	1,182	748	535	2,465	1,853	25	463
2020(12)	963	1,795	2,758	963	487	535	1,985	773	25	193
2021(12)	426	249	0	282	121	535	0	0	0	0
Total	11,983	61,095	72,403	11,839	11,699	4,283	26,882	45,521	—	11,380

Comp Tax detail 2

Date	WI Capital Costs Total M$US	WI Depreciation Development M$US	WI Capital Aband Total M$US	Oil Price $US/Bbl	Oil Price less US$55 $US/Bbl	Windfall Tax Rate %	Quick Deduction $US/Bbl	Proj PSC Oil Volumes MSTB	Proj Windfall Tax M$US	Comp Windfall Tax M$US
2014(12)	0	0	535	106.76	51.76	40.0	0.0	283	5,110	1,949
2015(12)	0	0	535	101.41	46.41	40.0	0.0	617	9,911	3,782
2016(12)	0	0	535	93.39	38.39	40.0	0.0	393	5,053	1,931
2017(12)	0	0	535	104.81	49.81	40.0	0.0	240	4,180	1,601
2018(12)	0	0	535	106.39	51.39	40.0	0.0	155	2,793	1,080
2019(12)	0	0	535	108.00	53.00	40.0	0.0	102	1,915	748
2020(12)	0	0	535	109.63	54.63	40.0	0.0	65	1,256	487
2021(12)	0	0	535	111.29	56.29	40.0	0.0	16	315	121
Total	0	0	4,283	—	—	—	—	1,870	30,534	11,699

Table D-1E

Total Bohai Bay PUD: <Unnamed Sensitivity>

Economic Summary

Bohai Bay, China – Proved Undeveloped

Prod'n Start: 2014/09, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of December 31, 2013
Escalation Date	2014/01
Discount Date	2014/01
Economic Limit	2021/08

Company Economic Indicators

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	AT NPV	BT PIR	AT PIR
Company (% of Total)	32.36	0.00	35.04	35.53	(%)	(M$US)	(M$US)	(fraction)	(fraction)
Company (% of Contr)	72.11	0.00	71.50	72.52	0	370,637	258,862	1.17	0.82
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	308,998	210,647	1.06	0.67
Contr	44.87	0.00	49.00	49.00	10.0	260,372	173,210	0.96	0.64
NOC	46.70	0.00	51.00	51.00	15.0	221,437	143,678	0.87	0.53
					20.0	189,847	120,054	0.79	0.44
					25.0	163,908	100,914	0.73	0.37

AT ROR (%)	119.91	Contr Take (%)	20.01
AT Payout (yrs)	1.17	NOC Take (%)	30.22
F&D ($US/BOE)	29.77	Gov't Take (%)	49.76

Company Economics (per Unit)

	(M$US)	(%)	($US/BOE)
Net Revenue	1,026,238	100.00	102.09
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	171,017	16.66	17.01
Tariffs	0	0.00	0.00
Prod & Asset Taxes	168,146	16.38	16.73
Capital Costs	316,438	30.83	31.48
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	370,637	36.12	36.87
Less Income Tax	111,775	10.89	11.12
After Tax Cash Flow	258,862	25.22	25.75

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	31,082	10,996	10,052
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	31,082	10,996	10,052

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	854,187	299,285
Abandonment	(M$US)	50,346	17,153
Total	(M$US)	904,533	316,438

Cash Flow

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US	Income Taxes M$US	ATCF M$US
2014(12)	66,212	-23,481	42,731	227	65,985	7,443	2,144	-33,068	6,206	-39,275
2015(12)	186,816	83,650	270,466	21,520	165,296	43,905	2,144	37,601	43,762	-6,161
2016(12)	72,662	155,932	228,594	25,082	47,580	32,353	2,144	121,435	33,761	87,674
2017(12)	46,254	144,007	190,261	25,830	20,425	32,348	2,144	109,514	23,312	86,202
2018(12)	24,421	93,537	117,958	24,421	0	20,463	2,144	70,930	8,491	62,439
2019(12)	23,770	55,817	79,587	23,770	0	14,077	2,144	39,596	621	38,975
2020(12)	23,517	31,615	55,132	23,517	0	9,937	2,144	19,534	-4,378	23,911
2021(12)	25,675	15,835	41,510	26,650	0	7,620	2,144	5,096	0	5,096
Total	469,327	556,912	1,026,238	171,017	299,285	168,146	17,153	370,637	111,775	258,862

Table D-1E

Total Bohai Bay PUD: <Unnamed Sensitivity>

Production Detail

Bohai Bay, China – Proved Undeveloped

Prod'n Start: 2014/09, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	4	3,948	1,441	420	400	106.76	0.0	0	0	0	0	0.00
2015(12)	37	23,604	8,615	2,990	2,667	101.41	0.0	0	0	0	0	0.00
2016(12)	52	20,652	7,559	2,712	2,448	93.39	0.0	0	0	0	0	0.00
2017(12)	58	14,736	5,379	1,964	1,815	104.81	0.0	0	0	0	0	0.00
2018(12)	58	9,006	3,287	1,192	1,109	106.39	0.0	0	0	0	0	0.00
2019(12)	58	5,973	2,180	787	737	108.00	0.0	0	0	0	0	0.00
2020(12)	57	4,068	1,489	536	503	109.63	0.0	0	0	0	0	0.00
2021(12)	70	4,658	1,132	396	373	111.29	0.0	0	0	0	0	0.00
Total	—	—	31,082	10,996	10,052	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	1,441	420	400
2015(12)	0.0	0	0	0	0	0.00	8,615	2,990	2,667
2016(12)	0.0	0	0	0	0	0.00	7,559	2,712	2,448
2017(12)	0.0	0	0	0	0	0.00	5,379	1,964	1,815
2018(12)	0.0	0	0	0	0	0.00	3,287	1,192	1,109
2019(12)	0.0	0	0	0	0	0.00	2,180	787	737
2020(12)	0.0	0	0	0	0	0.00	1,489	536	503
2021(12)	0.0	0	0	0	0	0.00	1,132	396	373
Total	—	0	0	0	0	—	31,082	10,996	10,052

Table D-1E

Total Bohai Bay PUD: <Unnamed Sensitivity>

PSC Detail

Bohai Bay, China – Proved Undeveloped

Bohai Bay, China – Proved Undeveloped

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	213	0	153,843	0	0	153,843	7,692	0.00	0.00	0.00	0	0	0	0
2015(12)	1,273	0	873,694	0	0	873,694	43,685	1.38	2.26	0.00	22,045	0	0	22,045
2016(12)	1,117	0	705,868	0	0	705,868	35,293	0.93	0.93	0.00	7,630	0	0	7,630
2017(12)	795	0	563,718	0	0	563,718	28,186	0.00	0.00	0.00	0	0	0	0
2018(12)	486	0	349,721	0	0	349,721	17,486	0.00	0.00	0.00	0	0	0	0
2019(12)	322	0	235,457	0	0	235,457	11,773	0.00	0.00	0.00	0	0	0	0
2020(12)	220	0	163,246	0	0	163,246	8,162	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	125,974	0	0	125,974	6,299	0.00	0.00	0.00	0	0	0	0
Total	4,427	0	3,171,521	0	0	3,171,521	158,576	—	—	—	29,674	0	0	29,674

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	96,152	210,386	1,889	208,498	0	210,386	-64,236	213	97.49	-64,349	66,212	-23,481	42,731
2015(12)	524,014	531,863	62,641	469,222	0	531,863	276,101	1,273	95.30	248,708	186,816	83,650	270,466
2016(12)	433,538	196,350	70,827	125,523	0	196,350	466,595	1,117	95.84	442,130	72,662	155,932	228,594
2017(12)	352,324	122,857	71,912	50,945	0	122,857	412,675	795	97.02	398,235	46,254	144,007	190,261
2018(12)	218,576	68,032	68,032	0	0	68,032	264,203	486	97.58	257,533	24,421	93,537	117,958
2019(12)	147,160	66,229	66,229	0	0	66,229	157,455	322	98.00	154,305	23,770	55,817	79,587
2020(12)	102,029	65,463	65,463	0	0	65,463	89,620	220	98.00	87,828	23,517	31,615	55,132
2021(12)	78,734	74,290	72,404	0	0	72,404	47,272	0	98.00	46,326	25,675	15,835	41,510
Total	1,952,526	1,335,471	479,398	854,187	0	1,333,585	1,649,685	4,427	—	1,570,717	469,327	556,912	1,026,238

Table D-1E

Total Bohai Bay PUD: <Unnamed Sensitivity>

Comp Tax Detail

Bohai Bay, China – Proved Undeveloped

Prod'n Start: 2014/09, As Of: January 1, 2014. Escalated Prices and Costs

Comp Tax detail 1

Date	WI Cost Rec Revenue Total M$US	WI Profit Revenue Total M$US	WI Taxable Revenue M$US	WI Operating Costs Total M$US	WI Windfall Tax M$US	WI Capital Depreciation Total M$US	WI Income Tax Deductions Total M$US	WI Taxable Income M$US	Income Tax Rate %	Income Taxes Total M$US
2014(12)	66,212	-23,481	42,731	227	7,286	10,392	17,905	24,826	25	6,206
2015(12)	186,816	83,650	270,466	21,520	42,844	31,054	95,418	175,048	25	43,762
2016(12)	72,662	155,932	228,594	25,082	31,466	37,002	93,550	135,043	25	33,761
2017(12)	46,254	144,007	190,261	25,830	31,628	39,555	97,012	93,249	25	23,312
2018(12)	24,421	93,537	117,958	24,421	20,019	39,555	83,995	33,963	25	8,491
2019(12)	23,770	55,817	79,587	23,770	13,780	39,555	77,105	2,482	25	621
2020(12)	23,517	31,615	55,132	23,517	9,732	39,555	72,803	-17,672	25	-4,378
2021(12)	25,675	15,835	0	26,650	7,465	79,771	0	0	0	0
Total	469,327	556,912	984,728	171,017	164,220	316,438	537,789	446,939	—	111,775

Comp Tax detail 2

Date	WI Capital Costs Total M$US	WI Depreciation Development M$US	WI Capital Aband Total M$US	Oil Price $US/Bbl	Oil Price less US$55 $US/Bbl	Windfall Tax Rate %	Quick Deduction $US/Bbl	Proj PSC Oil Volumes MSTB	Proj Windfall Tax M$US	Comp Windfall Tax M$US
2014(12)	65,985	8,248	2,144	106.76	51.76	40.0	0.0	1,359	24,900	7,286
2015(12)	165,296	28,910	2,144	101.41	46.41	40.0	0.0	7,697	123,648	42,844
2016(12)	47,580	34,858	2,144	93.39	38.39	40.0	0.0	6,837	87,888	31,466
2017(12)	20,425	37,411	2,144	104.81	49.81	40.0	0.0	4,972	86,623	31,628
2018(12)	0	37,411	2,144	106.39	51.39	40.0	0.0	3,060	55,253	20,019
2019(12)	0	37,411	2,144	108.00	53.00	40.0	0.0	2,042	38,184	13,780
2020(12)	0	37,411	2,144	109.63	54.63	40.0	0.0	1,398	27,059	9,732
2021(12)	0	77,627	2,144	111.29	56.29	40.0	5.0	1,067	21,353	7,465
Total	299,285	299,285	17,153	—	—	—	—	28,432	464,909	164,220

Table D-1F

Total Bohai Bay PB: <Unnamed Sensitivity>

Economic Summary

Bohai Bay, China – Total Probable

Prod'n Start: 2014/09, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of December 31, 2013
Escalation Date	2014/01
Discount Date	2014/01
Economic Limit	2025/02

Company Economic Indicators

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	AT NPV	BT PIR	AT PIR
Company (% of Total)	30.14	0.00	32.32	34.01	(%)	(M$US)	(M$US)	(fraction)	(fraction)
Company (% of Contr)	68.47	0.00	65.97	69.42	0	1,288,851	984,427	12.86	9.82
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	1,014,014	774,626	11.65	7.73
Contr	44.02	0.00	49.00	49.00	10.0	817,526	624,848	10.63	8.13
NOC	45.81	0.00	51.00	51.00	15.0	673,091	514,907	9.79	6.70
					20.0	564,268	432,186	9.09	5.62
					25.0	480,458	368,554	8.51	4.79

AT ROR (%)	>800.00	Contr Take (%)	25.98
AT Payout (yrs)	0.83	NOC Take (%)	35.67
F&D ($US/BOE)	5.09	Gov't Take (%)	38.35

Company Economics (per Unit)

	(M$US)	(%)	($US/BOE)
Net Revenue	1,970,381	100.00	106.37
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	239,313	12.15	12.92
Tariffs	0	0.00	0.00
Prod & Asset Taxes	342,009	17.36	18.46
Capital Costs	100,208	5.09	5.41
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	1,288,851	65.41	69.58
Less Income Tax	304,424	15.45	16.43
After Tax Cash Flow	984,427	49.96	53.15

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	61,699	20,669	18,523
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	61,699	20,669	18,523

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	291,887	94,347
Abandonment	(M$US)	17,947	5,861
Total	(M$US)	309,834	100,208

Cash Flow

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US	Income Taxes M$US	ATCF M$US
2014(12)	4,839	12,145	16,984	82	4,757	2,960	-714	9,899	3,531	6,367
2015(12)	20,365	136,189	156,555	1,127	19,239	25,454	-714	111,448	32,086	79,363
2016(12)	60,502	222,502	283,004	3,767	56,735	40,131	-714	183,085	57,726	125,359
2017(12)	18,025	244,112	262,137	4,409	13,616	44,637	-714	200,188	50,768	149,420
2018(12)	4,799	215,507	220,306	4,799	0	38,237	-714	177,984	41,760	136,224
2019(12)	5,289	181,435	186,723	5,289	0	33,040	-714	149,108	34,506	114,602
2020(12)	5,229	158,243	163,471	5,229	0	29,474	-714	129,483	29,537	99,946
2021(12)	28,445	154,522	182,967	26,597	0	33,592	-714	123,492	19,215	104,276
2022(12)	65,701	137,025	202,726	65,701	0	37,881	3,361	95,783	14,045	81,738
2023(12)	65,246	103,218	168,465	65,246	0	32,022	3,361	67,836	12,792	55,043
2024(12)	55,155	62,130	117,285	53,605	0	22,666	3,361	37,653	8,459	29,195
2025(12)	4,111	5,646	9,758	3,462	0	1,916	1,487	2,893	0	2,893
Total	337,706	1,632,675	1,970,381	239,313	94,347	342,009	5,861	1,288,851	304,424	984,427

Table D-1F

Total Bohai Bay PB: <Unnamed Sensitivity>

Production Detail

Bohai Bay, China – Total Probable

Prod'n Start: 2014/09, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	1	1,505	549	172	159	106.76	0.0	0	0	0	0	0.00
2015(12)	10	16,047	5,857	1,845	1,544	101.41	0.0	0	0	0	0	0.00
2016(12)	35	30,147	11,034	3,594	3,030	93.39	0.0	0	0	0	0	0.00
2017(12)	42	23,509	8,581	2,892	2,501	104.81	0.0	0	0	0	0	0.00
2018(12)	51	18,379	6,708	2,276	2,071	106.39	0.0	0	0	0	0	0.00
2019(12)	60	15,100	5,512	1,879	1,729	108.00	0.0	0	0	0	0	0.00
2020(12)	60	12,849	4,703	1,610	1,491	109.63	0.0	0	0	0	0	0.00
2021(12)	118	13,980	5,103	1,761	1,644	111.29	0.0	0	0	0	0	0.00
2022(12)	173	15,222	5,556	1,915	1,795	112.97	0.0	0	0	0	0	0.00
2023(12)	157	12,500	4,562	1,566	1,469	114.67	0.0	0	0	0	0	0.00
2024(12)	118	8,832	3,232	1,072	1,008	116.41	0.0	0	0	0	0	0.00
2025(12)	63	5,109	301	88	83	118.16	0.0	0	0	0	0	0.00
Total	—	—	61,699	20,669	18,523	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	549	172	159
2015(12)	0.0	0	0	0	0	0.00	5,857	1,845	1,544
2016(12)	0.0	0	0	0	0	0.00	11,034	3,594	3,030
2017(12)	0.0	0	0	0	0	0.00	8,581	2,892	2,501
2018(12)	0.0	0	0	0	0	0.00	6,708	2,276	2,071
2019(12)	0.0	0	0	0	0	0.00	5,512	1,879	1,729
2020(12)	0.0	0	0	0	0	0.00	4,703	1,610	1,491
2021(12)	0.0	0	0	0	0	0.00	5,103	1,761	1,644
2022(12)	0.0	0	0	0	0	0.00	5,556	1,915	1,795
2023(12)	0.0	0	0	0	0	0.00	4,562	1,566	1,469
2024(12)	0.0	0	0	0	0	0.00	3,232	1,072	1,008
2025(12)	0.0	0	0	0	0	0.00	301	88	83
Total	—	0	0	0	0	—	61,699	20,669	18,523

Table D-1F

Total Bohai Bay PB: <Unnamed Sensitivity>

PSC Detail

Bohai Bay, China – Total Probable

Bohai Bay, China – Total Probable

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	81	0	58,637	0	0	58,637	2,932	0.00	0.00	0.00	0	0	0	0
2015(12)	866	0	593,985	0	0	593,985	29,699	1.88	2.06	0.00	32,648	0	0	32,648
2016(12)	1,631	0	1,030,418	0	0	1,030,418	51,521	2.13	3.78	0.00	49,831	0	0	49,831
2017(12)	1,268	0	899,313	0	0	899,313	44,966	1.34	2.40	0.00	24,441	0	0	24,441
2018(12)	992	0	713,689	0	0	713,689	35,684	0.25	0.26	0.00	1,993	0	0	1,993
2019(12)	815	0	595,246	0	0	595,246	29,762	0.00	0.00	0.00	0	0	0	0
2020(12)	695	0	515,574	0	0	515,574	25,779	0.00	0.00	0.00	0	0	0	0
2021(12)	1,006	0	567,857	0	0	567,857	28,393	0.00	0.00	0.00	0	0	0	0
2022(12)	821	0	627,640	0	0	627,640	31,382	0.00	0.00	0.00	0	0	0	0
2023(12)	674	0	523,198	0	0	523,198	26,160	0.00	0.00	0.00	0	0	0	0
2024(12)	303	0	376,267	0	0	376,267	18,813	0.00	0.00	0.00	0	0	0	0
2025(12)	0	0	35,619	0	0	35,619	1,781	0.00	0.00	0.00	0	0	0	0
Total	9,152	0	6,537,443	0	0	6,537,443	326,872	—	—	—	108,912	0	0	108,912

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	36,648	16,878	575	16,302	0	16,878	38,828	81	97.46	37,366	4,839	12,145	16,984
2015(12)	338,593	72,876	6,929	65,947	0	72,876	458,762	866	94.94	424,756	20,365	136,189	156,555
2016(12)	594,181	192,695	17,021	175,674	0	192,695	736,371	1,631	94.76	676,864	60,502	222,502	283,004
2017(12)	537,630	50,688	16,724	33,964	0	50,688	779,218	1,268	95.33	729,295	18,025	244,112	262,137
2018(12)	444,062	16,866	16,866	0	0	16,866	659,145	992	96.69	633,090	4,799	215,507	220,306
2019(12)	372,029	17,753	17,753	0	0	17,753	547,730	815	97.24	530,108	5,289	181,435	186,723
2020(12)	322,233	17,238	17,238	0	0	17,238	472,557	695	97.60	460,380	5,229	158,243	163,471
2021(12)	354,911	76,374	80,207	0	0	80,207	459,257	1,006	98.00	449,985	28,445	154,522	182,967
2022(12)	392,275	184,851	184,851	0	0	184,851	411,406	821	98.00	403,178	65,701	137,025	202,726
2023(12)	326,999	183,331	183,331	0	0	183,331	313,708	674	98.00	307,434	65,246	103,218	168,465
2024(12)	235,167	154,038	157,904	0	0	157,904	199,550	303	98.00	195,559	55,155	62,130	117,285
2025(12)	22,262	11,864	14,091	0	0	14,091	19,747	0	98.00	19,352	4,111	5,646	9,758
Total	3,976,989	995,452	713,490	291,887	0	1,005,378	5,096,280	9,152	—	4,867,368	337,706	1,632,675	1,970,381

Table D-1F

Total Bohai Bay PB: <Unnamed Sensitivity>

Comp Tax Detail

Bohai Bay, China – Total Probable

Prod'n Start: 2014/09, As Of: January 1, 2014. Escalated Prices and Costs

Comp Tax detail 1

Date	WI Cost Rec Revenue Total M$US	WI Profit Revenue Total M$US	WI Taxable Revenue M$US	WI Operating Costs Total M$US	WI Windfall Tax M$US	WI Capital Depreciation Total M$US	WI Income Tax Deductions Total M$US	WI Taxable Income M$US	Income Tax Rate %	Income Taxes Total M$US
2014(12)	4,839	12,145	16,984	82	2,896	-119	2,859	14,125	25	3,531
2015(12)	20,365	136,189	156,555	1,127	24,799	2,286	28,212	128,342	25	32,086
2016(12)	60,502	222,502	283,004	3,767	38,956	9,378	52,101	230,903	25	57,726
2017(12)	18,025	244,112	262,137	4,409	43,576	11,080	59,065	203,072	25	50,768
2018(12)	4,799	215,507	220,306	4,799	37,389	11,080	53,268	167,038	25	41,760
2019(12)	5,289	181,435	186,723	5,289	32,330	11,080	48,698	138,025	25	34,506
2020(12)	5,229	158,243	163,471	5,229	28,856	11,080	45,164	118,307	25	29,537
2021(12)	28,445	154,522	245,015	26,597	32,906	-23,293	168,153	76,862	25	19,215
2022(12)	65,701	137,025	202,726	65,701	37,124	43,722	146,547	56,179	25	14,045
2023(12)	65,246	103,218	168,465	65,246	31,393	20,655	117,295	51,170	25	12,792
2024(12)	55,155	62,130	117,285	53,605	22,229	7,616	83,450	33,835	25	8,459
2025(12)	4,111	5,646	0	3,462	1,880	1,487	0	0	0	0
Total	337,706	1,632,675	2,022,671	239,313	334,335	106,051	804,813	1,217,858	—	304,424

Comp Tax detail 2

Date	WI Capital Costs Total M$US	WI Depreciation Development M$US	WI Capital Aband Total M$US	Oil Price $US/Bbl	Oil Price less US$55 $US/Bbl	Windfall Tax Rate %	Quick Deduction $US/Bbl	Proj PSC Oil Volumes MSTB	Proj Windfall Tax M$US	Comp Windfall Tax M$US
2014(12)	4,757	595	-714	106.76	51.76	40.0	0.0	510	9,249	2,896
2015(12)	19,239	2,999	-714	101.41	46.41	40.0	0.0	4,907	78,829	24,799
2016(12)	56,735	10,091	-714	93.39	38.39	40.0	0.0	9,311	119,696	38,956
2017(12)	13,616	11,793	-714	104.81	49.81	40.0	0.0	7,442	129,660	43,576
2018(12)	0	11,793	-714	106.39	51.39	40.0	0.0	6,109	110,307	37,389
2019(12)	0	11,793	-714	108.00	53.00	40.0	0.0	5,073	94,858	32,330
2020(12)	0	11,793	-714	109.63	54.63	40.0	0.0	4,357	84,309	28,856
2021(12)	0	-22,579	-714	111.29	56.29	40.0	5.0	4,764	95,353	32,906
2022(12)	0	40,361	3,361	112.97	57.97	40.0	5.0	5,205	107,682	37,124
2023(12)	0	17,294	3,361	114.67	59.67	40.0	5.0	4,280	91,454	31,393
2024(12)	0	4,255	3,361	116.41	61.41	40.0	4.4	3,036	66,992	22,229
2025(12)	0	0	1,487	118.16	63.16	40.0	2.5	283	6,443	1,880
Total	94,347	100,190	5,861	—	—	—	—	55,278	994,832	334,335

Table D-2

04/36 2P_Dec 2013: <Unnamed Sensitivity>

Economic Summary

Contract Area 04/36, Bohai Bay, China – Total Proved plus Probable

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of December 31, 2013
Escalation Date	2014/01
Discount Date	2014/01
Economic Limit	2024/09

Company Economic Indicators_BT

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	BT PIR
Company (% of Total)	36.66	0.00	40.09	40.09	(%)	(M$US)	(fraction)
Company (% of Contr)	81.82	0.00	81.82	81.82	0	1,360,860	5.71
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	1,132,835	5.29
Contr	44.80	0.00	49.00	49.00	10.0	961,211	4.94
NOC	46.63	0.00	51.00	51.00	15.0	828,946	4.65
					20.0	724,882	4.41
					25.0	641,504	4.22

		Contr Take (%)	25.58
		NOC Take (%)	34.76
F&D ($US/BOE)	9.17	Gov't Take (%)	39.66

Company Economics (per Unit)_BT

	(M$US)	(%)	($US/BOE)
Net Revenue	2,473,992	100.00	104.27
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	457,135	18.48	19.27
Tariffs	0	0.00	0.00
Prod & Asset Taxes	417,773	16.89	17.61
Capital Costs	238,225	9.63	10.04
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	1,360,860	55.01	57.36

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	64,795	25,977	23,726
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	64,795	25,977	23,726

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	542,791	217,610
Abandonment	(M$US)	51,422	20,615
Total	(M$US)	594,212	238,225

Cash Flow_BT

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US
2014(12)	78,996	106,666	185,662	57,616	18,923	32,350	1,874	74,898
2015(12)	139,522	280,533	420,055	35,244	104,278	68,175	1,874	210,484
2016(12)	97,069	311,237	408,306	36,701	60,368	57,808	1,874	251,556
2017(12)	74,486	310,342	384,828	40,445	34,041	65,467	1,874	243,002
2018(12)	41,454	241,700	283,154	41,454	0	49,132	1,874	190,694
2019(12)	42,172	176,618	218,790	42,172	0	38,706	1,874	136,037
2020(12)	42,328	130,858	173,185	42,328	0	31,221	1,874	97,763
2021(12)	42,953	97,780	140,733	42,953	0	25,836	1,874	70,070
2022(12)	43,224	71,222	114,446	43,224	0	21,385	1,874	47,963
2023(12)	43,183	49,657	92,839	43,183	0	17,646	1,874	30,136
2024(12)	33,365	18,629	51,994	31,815	0	10,047	1,874	8,257
Total	678,752	1,795,241	2,473,992	457,135	217,610	417,773	20,615	1,360,860

Table D-2

04/36 2P_Dec 2013: <Unnamed Sensitivity>

Production Detail

Contract Area 04/36, Bohai Bay, China – Total Proved plus Probable

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	61	12,698	4,635	1,858	1,739	106.76	0.0	0	0	0	0	0.00
2015(12)	110	31,478	11,490	4,606	4,142	101.41	0.0	0	0	0	0	0.00
2016(12)	125	33,436	12,237	4,906	4,372	93.39	0.0	0	0	0	0	0.00
2017(12)	129	27,850	10,165	4,075	3,672	104.81	0.0	0	0	0	0	0.00
2018(12)	125	19,756	7,211	2,891	2,661	106.39	0.0	0	0	0	0	0.00
2019(12)	119	14,907	5,441	2,181	2,026	108.00	0.0	0	0	0	0	0.00
2020(12)	107	11,543	4,225	1,694	1,580	109.63	0.0	0	0	0	0	0.00
2021(12)	103	9,226	3,367	1,350	1,265	111.29	0.0	0	0	0	0	0.00
2022(12)	95	7,380	2,694	1,080	1,013	112.97	0.0	0	0	0	0	0.00
2023(12)	83	5,887	2,149	862	810	114.67	0.0	0	0	0	0	0.00
2024(12)	64	4,311	1,181	474	447	116.41	0.0	0	0	0	0	0.00
Total	—	—	64,795	25,977	23,726	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	4,635	1,858	1,739
2015(12)	0.0	0	0	0	0	0.00	11,490	4,606	4,142
2016(12)	0.0	0	0	0	0	0.00	12,237	4,906	4,372
2017(12)	0.0	0	0	0	0	0.00	10,165	4,075	3,672
2018(12)	0.0	0	0	0	0	0.00	7,211	2,891	2,661
2019(12)	0.0	0	0	0	0	0.00	5,441	2,181	2,026
2020(12)	0.0	0	0	0	0	0.00	4,225	1,694	1,580
2021(12)	0.0	0	0	0	0	0.00	3,367	1,350	1,265
2022(12)	0.0	0	0	0	0	0.00	2,694	1,080	1,013
2023(12)	0.0	0	0	0	0	0.00	2,149	862	810
2024(12)	0.0	0	0	0	0	0.00	1,181	474	447
Total	—	0	0	0	0	—	64,795	25,977	23,726

Table D-2

04/36 2P_Dec 2013: <Unnamed Sensitivity>

PSC Detail

Contract Area 04/36, Bohai Bay, China – Total Proved plus Probable

Contract Area 04/36, Bohai Bay, China – Total Proved plus Probable

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	685	0	494,776	0	0	494,776	24,739	0.00	0.00	0.00	0	0	0	0
2015(12)	1,698	0	1,165,157	0	0	1,165,157	58,258	1.88	1.88	0.00	21,882	0	0	21,882
2016(12)	1,809	0	1,142,825	0	0	1,142,825	57,141	2.13	2.13	0.00	24,342	0	0	24,342
2017(12)	1,502	0	1,065,386	0	0	1,065,386	53,269	1.34	1.34	0.00	14,288	0	0	14,288
2018(12)	1,066	0	767,164	0	0	767,164	38,358	0.25	0.25	0.00	1,895	0	0	1,895
2019(12)	804	0	587,601	0	0	587,601	29,380	0.00	0.00	0.00	0	0	0	0
2020(12)	624	0	463,161	0	0	463,161	23,158	0.00	0.00	0.00	0	0	0	0
2021(12)	498	0	374,748	0	0	374,748	18,737	0.00	0.00	0.00	0	0	0	0
2022(12)	398	0	304,306	0	0	304,306	15,215	0.00	0.00	0.00	0	0	0	0
2023(12)	318	0	246,421	0	0	246,421	12,321	0.00	0.00	0.00	0	0	0	0
2024(12)	0	0	137,513	0	0	137,513	6,876	0.00	0.00	0.00	0	0	0	0
Total	9,402	0	6,749,059	0	0	6,749,059	337,453	—	—	—	62,406	0	0	62,406

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	309,235	190,914	149,843	47,200	0	197,043	272,994	685	97.46	266,059	78,996	106,666	185,662
2015(12)	706,341	348,015	87,911	260,104	0	348,015	737,002	1,698	94.94	699,742	139,522	280,533	420,055
2016(12)	689,924	242,122	91,544	150,578	0	242,122	819,221	1,809	94.76	776,329	97,069	311,237	408,306
2017(12)	651,579	185,793	100,884	84,909	0	185,793	812,036	1,502	95.33	774,096	74,486	310,342	384,828
2018(12)	477,583	103,400	103,400	0	0	103,400	623,511	1,066	96.69	602,881	41,454	241,700	283,154
2019(12)	367,251	105,190	105,190	0	0	105,190	453,031	804	97.24	440,544	42,172	176,618	218,790
2020(12)	289,475	105,579	105,579	0	0	105,579	334,423	624	97.60	326,402	42,328	130,858	173,185
2021(12)	234,218	107,138	107,138	0	0	107,138	248,873	498	98.00	243,895	42,953	97,780	140,733
2022(12)	190,191	107,815	107,815	0	0	107,815	181,276	398	98.00	177,650	43,224	71,222	114,446
2023(12)	154,013	107,712	107,712	0	0	107,712	126,388	318	98.00	123,860	43,183	49,657	92,839
2024(12)	85,946	79,357	83,223	0	0	83,223	47,415	0	98.00	46,466	33,365	18,629	51,994
Total	4,155,756	1,683,036	1,150,240	542,791	0	1,693,031	4,656,169	9,402	—	4,477,924	678,752	1,795,241	2,473,992

Table D-2A

04/36 1P_Dec 2013: <Unnamed Sensitivity>

Economic Summary

Contract Area 04/36, Bohai Bay, China – Total Proved

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of December 31, 2013
Escalation Date	2014/01
Discount Date	2014/01
Economic Limit	2021/08

Company Economic Indicators_BT

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	BT PIR	
Company (% of Total)	37.01	0.00	40.09	40.09	(%)	(M$US)	(fraction)	
Company (% of Contr)	81.82	0.00	81.82	81.82	0	743,837	3.68	
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	650,253	3.53	
Contr	45.24	0.00	49.00	49.00	10.0	575,022	3.40	
NOC	47.08	0.00	51.00	51.00	15.0	513,656	3.29	
					20.0	462,940	3.20	
					25.0	420,530	3.12	
							Contr Take (%)	24.92
							NOC Take (%)	34.10
					F&D ($US/BOE)	12.32	Gov't Take (%)	40.98

Company Economics (per Unit)_BT

	(M$US)	(%)	($US/BOE)
Net Revenue	1,530,377	100.00	102.52
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	332,120	21.70	22.25
Tariffs	0	0.00	0.00
Prod & Asset Taxes	252,217	16.48	16.90
Capital Costs	202,202	13.21	13.55
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	743,837	48.60	49.83

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	40,357	16,180	14,928
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	40,357	16,180	14,928

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	458,660	183,881
Abandonment	(M$US)	45,700	18,321
Total	(M$US)	504,359	202,202

Cash Flow_BT

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US
2014(12)	79,310	102,100	181,410	57,931	18,922	31,609	2,290	70,658
2015(12)	142,821	235,508	378,329	38,532	104,289	61,388	2,290	171,830
2016(12)	81,351	219,357	300,708	41,105	40,245	42,547	2,290	174,520
2017(12)	62,599	195,278	257,877	42,175	20,425	43,840	2,290	149,147
2018(12)	41,901	128,600	170,501	41,901	0	29,576	2,290	96,733
2019(12)	41,771	78,304	120,075	41,771	0	21,238	2,290	54,775
2020(12)	41,597	43,002	84,599	41,597	0	15,248	2,290	25,463
2021(12)	24,429	12,449	36,879	27,108	0	6,769	2,290	711
Total	515,780	1,014,597	1,530,377	332,120	183,881	252,217	18,321	743,837

Table D-2A

04/36 1P_Dec 2013: <Unnamed Sensitivity>

Production Detail

Contract Area 04/36, Bohai Bay, China – Total Proved

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	61	12,401	4,526	1,815	1,699	106.76	0.0	0	0	0	0	0.00
2015(12)	110	28,067	10,244	4,107	3,731	101.41	0.0	0	0	0	0	0.00
2016(12)	118	24,066	8,808	3,531	3,220	93.39	0.0	0	0	0	0	0.00
2017(12)	115	18,111	6,610	2,650	2,461	104.81	0.0	0	0	0	0	0.00
2018(12)	103	11,744	4,287	1,719	1,603	106.39	0.0	0	0	0	0	0.00
2019(12)	91	8,104	2,958	1,186	1,112	108.00	0.0	0	0	0	0	0.00
2020(12)	79	5,593	2,047	821	772	109.63	0.0	0	0	0	0	0.00
2021(12)	55	3,605	876	351	331	111.29	0.0	0	0	0	0	0.00
Total	—	—	40,357	16,180	14,928	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	4,526	1,815	1,699
2015(12)	0.0	0	0	0	0	0.00	10,244	4,107	3,731
2016(12)	0.0	0	0	0	0	0.00	8,808	3,531	3,220
2017(12)	0.0	0	0	0	0	0.00	6,610	2,650	2,461
2018(12)	0.0	0	0	0	0	0.00	4,287	1,719	1,603
2019(12)	0.0	0	0	0	0	0.00	2,958	1,186	1,112
2020(12)	0.0	0	0	0	0	0.00	2,047	821	772
2021(12)	0.0	0	0	0	0	0.00	876	351	331
Total	—	0	0	0	0	—	40,357	16,180	14,928

Table D-2A

04/36 1P_Dec 2013: <Unnamed Sensitivity>

PSC Detail

Contract Area 04/36, Bohai Bay, China – Total Proved

Contract Area 04/36, Bohai Bay, China – Total Proved

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	669	0	483,200	0	0	483,200	24,160	0.00	0.00	0.00	0	0	0	0
2015(12)	1,514	0	1,038,885	0	0	1,038,885	51,944	1.38	1.38	0.00	14,306	0	0	14,306
2016(12)	1,302	0	822,568	0	0	822,568	41,128	0.93	0.93	0.00	7,630	0	0	7,630
2017(12)	977	0	692,814	0	0	692,814	34,641	0.00	0.00	0.00	0	0	0	0
2018(12)	634	0	456,049	0	0	456,049	22,802	0.00	0.00	0.00	0	0	0	0
2019(12)	437	0	319,466	0	0	319,466	15,973	0.00	0.00	0.00	0	0	0	0
2020(12)	303	0	224,428	0	0	224,428	11,221	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	97,496	0	0	97,496	4,875	0.00	0.00	0.00	0	0	0	0
Total	5,836	0	4,134,906	0	0	4,134,906	206,745	—	—	—	21,935	0	0	21,935

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	302,000	191,696	150,627	47,198	0	197,825	261,215	669	97.49	254,671	79,310	102,100	181,410
2015(12)	634,998	356,243	96,111	260,132	0	356,243	616,392	1,514	95.30	587,435	142,821	235,508	378,329
2016(12)	506,475	202,915	102,530	100,385	0	202,915	570,895	1,302	95.84	547,149	81,351	219,357	300,708
2017(12)	433,009	156,143	105,198	50,945	0	156,143	502,030	977	97.02	487,087	62,599	195,278	257,877
2018(12)	285,031	104,516	104,516	0	0	104,516	328,731	634	97.58	320,770	41,901	128,600	170,501
2019(12)	199,666	104,192	104,192	0	0	104,192	199,301	437	98.00	195,315	41,771	78,304	120,075
2020(12)	140,267	103,756	103,756	0	0	103,756	109,450	303	98.00	107,261	41,597	43,002	84,599
2021(12)	60,935	67,617	60,935	0	0	60,935	31,686	0	98.00	31,053	24,429	12,449	36,879
Total	2,562,381	1,287,078	827,865	458,660	0	1,286,525	2,619,700	5,836	—	2,530,740	515,780	1,014,597	1,530,377

Table D-2B

04/36 PD_Dec 2013: <Unnamed Sensitivity>

Economic Summary

Contract Area 04/36, Bohai Bay, China – Total Proved Developed

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of December 31, 2013
Escalation Date	2014/01
Discount Date	2014/01
Economic Limit	2021/04

Company Economic Indicators_BT

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	BT PIR	
Company (% of Total)	37.39	0.00	0.00	40.09	(%)	(M$US)	(fraction)	
Company (% of Contr)	81.82	0.00	0.00	81.82	0	499,660	53.90	
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	447,111	57.97	
Contr	45.70	0.00	0.00	49.00	10.0	404,150	61.75	
NOC	47.57	0.00	0.00	51.00	15.0	368,527	65.21	
					20.0	338,613	68.34	
					25.0	313,210	71.15	
							Contr Take (%)	27.91
							NOC Take (%)	36.30
					F&D ($US/BOE)	0.00	Gov't Take (%)	35.80

Company Economics (per Unit)_BT

	(M$US)	(%)	($US/BOE)
Net Revenue	873,407	100.00	102.92
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	219,745	25.16	25.89
Tariffs	0	0.00	0.00
Prod & Asset Taxes	144,732	16.57	17.06
Capital Costs	9,271	1.06	1.09
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	499,660	57.21	58.88

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	22,697	9,099	8,486
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	22,697	9,099	8,486

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	0	0
Abandonment	(M$US)	23,125	9,271
Total	(M$US)	23,125	9,271

Cash Flow_BT

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US
2014(12)	61,578	119,387	180,965	59,121	0	31,533	1,159	89,152
2015(12)	26,619	194,792	221,411	26,619	0	35,910	1,159	157,723
2016(12)	24,881	120,431	145,311	24,881	0	20,549	1,159	98,723
2017(12)	24,366	93,109	117,475	24,366	0	19,968	1,159	71,982
2018(12)	25,111	61,023	86,134	25,111	0	14,940	1,159	44,924
2019(12)	25,438	38,648	64,087	25,438	0	11,335	1,159	26,154
2020(12)	25,374	21,001	46,374	25,374	0	8,358	1,159	11,483
2021(12)	7,717	3,933	11,650	8,834	0	2,138	1,159	-482
Total	221,085	652,323	873,407	219,745	0	144,732	9,271	499,660

Table D-2B

04/36 PD_Dec 2013: <Unnamed Sensitivity>

Production Detail

Contract Area 04/36, Bohai Bay, China – Total Proved Developed

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	61	12,401	4,526	1,815	1,695	106.76	0.0	0	0	0	0	0.00
2015(12)	92	16,111	5,880	2,358	2,183	101.41	0.0	0	0	0	0	0.00
2016(12)	88	11,388	4,168	1,671	1,556	93.39	0.0	0	0	0	0	0.00
2017(12)	79	8,193	2,991	1,199	1,121	104.81	0.0	0	0	0	0	0.00
2018(12)	67	5,908	2,156	865	810	106.39	0.0	0	0	0	0	0.00
2019(12)	55	4,321	1,577	632	593	108.00	0.0	0	0	0	0	0.00
2020(12)	43	3,063	1,121	449	423	109.63	0.0	0	0	0	0	0.00
2021(12)	30	2,306	277	111	105	111.29	0.0	0	0	0	0	0.00
Total	—	—	22,697	9,099	8,486	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	4,526	1,815	1,695
2015(12)	0.0	0	0	0	0	0.00	5,880	2,358	2,183
2016(12)	0.0	0	0	0	0	0.00	4,168	1,671	1,556
2017(12)	0.0	0	0	0	0	0.00	2,991	1,199	1,121
2018(12)	0.0	0	0	0	0	0.00	2,156	865	810
2019(12)	0.0	0	0	0	0	0.00	1,577	632	593
2020(12)	0.0	0	0	0	0	0.00	1,121	449	423
2021(12)	0.0	0	0	0	0	0.00	277	111	105
Total	—	0	0	0	0	—	22,697	9,099	8,486

Table D-2B

04/36 PD_Dec 2013: <Unnamed Sensitivity>

PSC Detail

Contract Area 04/36, Bohai Bay, China – Total Proved Developed

Contract Area 04/36, Bohai Bay, China – Total Proved Developed

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	669	0	483,200	0	0	483,200	24,160	0.00	0.00	0.00	0	0	0	0
2015(12)	869	0	596,339	0	0	596,339	29,817	0.00	0.00	0.00	0	0	0	0
2016(12)	616	0	389,229	0	0	389,229	19,461	0.00	0.00	0.00	0	0	0	0
2017(12)	442	0	313,433	0	0	313,433	15,672	0.00	0.00	0.00	0	0	0	0
2018(12)	319	0	229,425	0	0	229,425	11,471	0.00	0.00	0.00	0	0	0	0
2019(12)	233	0	170,337	0	0	170,337	8,517	0.00	0.00	0.00	0	0	0	0
2020(12)	166	0	122,886	0	0	122,886	6,144	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	30,798	0	0	30,798	1,540	0.00	0.00	0.00	0	0	0	0
Total	3,314	0	2,335,647	0	0	2,335,647	116,782	—	—	—	0	0	0	0

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	302,000	147,468	153,597	0	0	153,597	305,443	669	97.49	297,791	61,578	119,387	180,965
2015(12)	372,712	66,397	66,397	0	0	66,397	500,125	869	97.15	485,875	26,619	194,792	221,411
2016(12)	243,268	62,060	62,060	0	0	62,060	307,707	616	97.62	300,394	24,881	120,431	145,311
2017(12)	195,895	60,777	60,777	0	0	60,777	236,984	442	98.00	232,244	24,366	93,109	117,475
2018(12)	143,391	62,636	62,636	0	0	62,636	155,318	319	98.00	152,211	25,111	61,023	86,134
2019(12)	106,461	63,451	63,451	0	0	63,451	98,369	233	98.00	96,402	25,438	38,648	64,087
2020(12)	76,804	63,290	63,290	0	0	63,290	53,451	166	98.00	52,382	25,374	21,001	46,374
2021(12)	19,249	22,036	19,249	0	0	19,249	10,009	0	98.00	9,809	7,717	3,933	11,650
Total	1,459,780	548,116	551,458	0	0	551,458	1,667,407	3,314	—	1,627,108	221,085	652,323	873,407

Table D-2C

04/36 PDP_Dec 2013: <Unnamed Sensitivity>

Economic Summary

Contract Area 04/36, Bohai Bay, China – Proved Developed Producing

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of December 31, 2013
Escalation Date	2014/01
Discount Date	2014/01
Economic Limit	2021/04

Company Economic Indicators_BT

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	BT PIR	
Company (% of Total)	37.42	0.00	0.00	40.09	(%)	(M$US)	(fraction)	
Company (% of Contr)	81.82	0.00	0.00	81.82	0	459,719	74.09	
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	411,353	79.69	
Contr	45.74	0.00	0.00	49.00	10.0	371,849	84.88	
NOC	47.61	0.00	0.00	51.00	15.0	339,122	89.65	
					20.0	311,664	93.98	
					25.0	288,365	97.86	
							Contr Take (%)	28.05
							NOC Take (%)	36.25
					F&D ($US/BOE)	0.00	Gov't Take (%)	35.70

Company Economics (per Unit)_BT

	(M$US)	(%)	($US/BOE)
Net Revenue	809,438	100.00	102.98
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	209,273	25.85	26.63
Tariffs	0	0.00	0.00
Prod & Asset Taxes	134,242	16.58	17.08
Capital Costs	6,205	0.77	0.79
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	459,719	56.79	58.49

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	21,005	8,421	7,860
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	21,005	8,421	7,860

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	0	0
Abandonment	(M$US)	15,478	6,205
Total	(M$US)	15,478	6,205

Cash Flow_BT

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US
2014(12)	59,775	111,333	171,108	57,318	0	29,815	776	83,199
2015(12)	24,405	176,350	200,755	24,405	0	32,559	776	143,015
2016(12)	23,106	110,027	133,134	23,106	0	18,826	776	90,426
2017(12)	23,095	85,962	109,057	23,095	0	18,537	776	66,649
2018(12)	23,943	56,445	80,388	23,943	0	13,943	776	41,726
2019(12)	24,336	35,743	60,080	24,336	0	10,626	776	24,341
2020(12)	24,490	19,378	43,868	24,490	0	7,907	776	10,696
2021(12)	7,319	3,730	11,049	8,579	0	2,028	776	-334
Total	210,470	598,968	809,438	209,273	0	134,242	6,205	459,719

Table D-2C

04/36 PDP_Dec 2013: <Unnamed Sensitivity>

Production Detail

Contract Area 04/36, Bohai Bay, China – Proved Developed Producing

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	51	11,716	4,276	1,714	1,603	106.76	0.0	0	0	0	0	0.00
2015(12)	77	14,591	5,326	2,135	1,980	101.41	0.0	0	0	0	0	0.00
2016(12)	75	10,419	3,814	1,529	1,426	93.39	0.0	0	0	0	0	0.00
2017(12)	71	7,606	2,776	1,113	1,041	104.81	0.0	0	0	0	0	0.00
2018(12)	61	5,513	2,012	807	756	106.39	0.0	0	0	0	0	0.00
2019(12)	50	4,050	1,478	593	556	108.00	0.0	0	0	0	0	0.00
2020(12)	40	2,896	1,060	425	400	109.63	0.0	0	0	0	0	0.00
2021(12)	28	2,187	262	105	99	111.29	0.0	0	0	0	0	0.00
Total	—	—	21,005	8,421	7,860	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	4,276	1,714	1,603
2015(12)	0.0	0	0	0	0	0.00	5,326	2,135	1,980
2016(12)	0.0	0	0	0	0	0.00	3,814	1,529	1,426
2017(12)	0.0	0	0	0	0	0.00	2,776	1,113	1,041
2018(12)	0.0	0	0	0	0	0.00	2,012	807	756
2019(12)	0.0	0	0	0	0	0.00	1,478	593	556
2020(12)	0.0	0	0	0	0	0.00	1,060	425	400
2021(12)	0.0	0	0	0	0	0.00	262	105	99
Total	—	0	0	0	0	—	21,005	8,421	7,860

Table D-2C

04/36 PDP_Dec 2013: <Unnamed Sensitivity>

PSC Detail

Contract Area 04/36, Bohai Bay, China – Proved Developed Producing

Contract Area 04/36, Bohai Bay, China – Proved Developed Producing

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	632	0	456,505	0	0	456,505	22,825	0.00	0.00	0.00	0	0	0	0
2015(12)	787	0	540,099	0	0	540,099	27,005	0.00	0.00	0.00	0	0	0	0
2016(12)	564	0	356,134	0	0	356,134	17,807	0.00	0.00	0.00	0	0	0	0
2017(12)	410	0	290,947	0	0	290,947	14,547	0.00	0.00	0.00	0	0	0	0
2018(12)	297	0	214,092	0	0	214,092	10,705	0.00	0.00	0.00	0	0	0	0
2019(12)	219	0	159,661	0	0	159,661	7,983	0.00	0.00	0.00	0	0	0	0
2020(12)	157	0	116,219	0	0	116,219	5,811	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	29,211	0	0	29,211	1,461	0.00	0.00	0.00	0	0	0	0
Total	3,066	0	2,162,868	0	0	2,162,868	108,143	—	—	—	0	0	0	0

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	285,316	142,969	149,098	0	0	149,098	284,581	632	97.58	277,701	59,775	111,333	171,108
2015(12)	337,562	60,875	60,875	0	0	60,875	452,219	787	97.27	439,875	24,405	176,350	200,755
2016(12)	222,584	57,635	57,635	0	0	57,635	280,692	564	97.77	274,444	23,106	110,027	133,134
2017(12)	181,842	57,606	57,606	0	0	57,606	218,794	410	98.00	214,418	23,095	85,962	109,057
2018(12)	133,808	59,722	59,722	0	0	59,722	143,665	297	98.00	140,792	23,943	56,445	80,388
2019(12)	99,788	60,703	60,703	0	0	60,703	90,975	219	98.00	89,155	24,336	35,743	60,080
2020(12)	72,637	61,087	61,087	0	0	61,087	49,321	157	98.00	48,335	24,490	19,378	43,868
2021(12)	18,257	21,399	18,257	0	0	18,257	9,494	0	98.00	9,304	7,319	3,730	11,049
Total	1,351,792	521,996	524,983	0	0	524,983	1,529,742	3,066	—	1,494,024	210,470	598,968	809,438

Table D-2D

04/36 PDNP: <Unnamed Sensitivity>

Economic Summary

Contract Area 04/36, Bohai Bay, China – Proved Developed Non-Producing

Prod'n Start: 2014/09, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	BT PIR	
Company (% of Total)	37.02	0.00	0.00	40.09	(%)	(M$US)	(fraction)	
Company (% of Contr)	81.82	0.00	0.00	81.82	0	39,941	13.03	
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	35,758	14.02	
Contr	45.25	0.00	0.00	49.00	10.0	32,301	14.92	
NOC	47.10	0.00	0.00	51.00	15.0	29,405	15.73	
					20.0	26,949	16.45	
Model	China PSC (1992)				25.0	24,846	17.07	
Global Params	SIL as of December 31, 2013							
Escalation Date	2014/01						Contr Take (%)	26.25
Discount Date	2014/01						NOC Take (%)	36.80
Economic Limit	2021/04				F&D ($US/BOE)	0.00	Gov't Take (%)	36.95

Company Economic Indicators_BT

Company Economics (per Unit)_BT

	(M$US)	(%)	($US/BOE)
Net Revenue	63,969	100.00	102.17
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	10,472	16.37	16.73
Tariffs	0	0.00	0.00
Prod & Asset Taxes	10,490	16.40	16.75
Capital Costs	3,066	4.79	4.90
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	39,941	62.44	63.79

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	1,692	678	626
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	1,692	678	626

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	0	0
Abandonment	(M$US)	7,647	3,066
Total	(M$US)	7,647	3,066

Cash Flow_BT

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US
2014(12)	1,803	8,054	9,858	1,803	0	1,718	383	5,953
2015(12)	2,214	18,442	20,655	2,214	0	3,351	383	14,707
2016(12)	1,774	10,403	12,178	1,774	0	1,723	383	8,298
2017(12)	1,271	7,147	8,418	1,271	0	1,431	383	5,333
2018(12)	1,168	4,578	5,746	1,168	0	997	383	3,198
2019(12)	1,102	2,905	4,007	1,102	0	709	383	1,813
2020(12)	884	1,623	2,506	884	0	452	383	788
2021(12)	398	203	600	255	0	110	383	-148
Total	10,614	53,355	63,969	10,472	0	10,490	3,066	39,941

Table D-2D

04/36 PDNP: <Unnamed Sensitivity>

Production Detail

Contract Area 04/36, Bohai Bay, China – Proved Developed Non-Producing

Prod'n Start: 2014/09, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	10	685	250	100	92	106.76	0.0	0	0	0	0	0.00
2015(12)	15	1,519	555	222	204	101.41	0.0	0	0	0	0	0.00
2016(12)	13	968	354	142	130	93.39	0.0	0	0	0	0	0.00
2017(12)	8	588	215	86	80	104.81	0.0	0	0	0	0	0.00
2018(12)	6	395	144	58	54	106.39	0.0	0	0	0	0	0.00
2019(12)	5	271	99	40	37	108.00	0.0	0	0	0	0	0.00
2020(12)	3	166	61	24	23	109.63	0.0	0	0	0	0	0.00
2021(12)	2	119	14	6	5	111.29	0.0	0	0	0	0	0.00
Total	—	—	1,692	678	626	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	250	100	92
2015(12)	0.0	0	0	0	0	0.00	555	222	204
2016(12)	0.0	0	0	0	0	0.00	354	142	130
2017(12)	0.0	0	0	0	0	0.00	215	86	80
2018(12)	0.0	0	0	0	0	0.00	144	58	54
2019(12)	0.0	0	0	0	0	0.00	99	40	37
2020(12)	0.0	0	0	0	0	0.00	61	24	23
2021(12)	0.0	0	0	0	0	0.00	14	6	5
Total	—	0	0	0	0	—	1,692	678	626

Table D-2D

04/36 PDNP: <Unnamed Sensitivity>

PSC Detail

Contract Area 04/36, Bohai Bay, China – Proved Developed Non-Producing

Contract Area 04/36, Bohai Bay, China – Proved Developed Non-Producing

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	37	0	26,695	0	0	26,695	1,335	0.00	0.00	0.00	0	0	0	0
2015(12)	82	0	56,240	0	0	56,240	2,812	0.00	0.00	0.00	0	0	0	0
2016(12)	52	0	33,095	0	0	33,095	1,655	0.00	0.00	0.00	0	0	0	0
2017(12)	32	0	22,486	0	0	22,486	1,124	0.00	0.00	0.00	0	0	0	0
2018(12)	21	0	15,333	0	0	15,333	767	0.00	0.00	0.00	0	0	0	0
2019(12)	15	0	10,677	0	0	10,677	534	0.00	0.00	0.00	0	0	0	0
2020(12)	9	0	6,667	0	0	6,667	333	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	1,587	0	0	1,587	79	0.00	0.00	0.00	0	0	0	0
Total	248	0	172,780	0	0	172,780	8,639	—	—	—	0	0	0	0

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	16,684	4,498	4,498	0	0	4,498	20,861	37	97.49	20,090	1,803	8,054	9,858
2015(12)	35,150	5,522	5,522	0	0	5,522	47,906	82	97.15	45,999	2,214	18,442	20,655
2016(12)	20,685	4,426	4,426	0	0	4,426	27,015	52	97.62	25,950	1,774	10,403	12,178
2017(12)	14,054	3,171	3,171	0	0	3,171	18,190	32	98.00	17,826	1,271	7,147	8,418
2018(12)	9,583	2,914	2,914	0	0	2,914	11,652	21	98.00	11,419	1,168	4,578	5,746
2019(12)	6,673	2,748	2,748	0	0	2,748	7,394	15	98.00	7,247	1,102	2,905	4,007
2020(12)	4,167	2,204	2,204	0	0	2,204	4,130	9	98.00	4,047	884	1,623	2,506
2021(12)	992	637	992	0	0	992	516	0	98.00	506	398	203	600
Total	107,987	26,120	26,475	0	0	26,475	137,666	248	—	133,084	10,614	53,355	63,969

Table D-2E

04/36 PUD: <Unnamed Sensitivity>

Economic Summary

Contract Area 04/36, Bohai Bay, China – Proved Undeveloped

Prod'n Start: 2015/01, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of December 31, 2013
Escalation Date	2014/01
Discount Date	2014/01
Economic Limit	2021/08

Company Economic Indicators_BT

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	BT PIR	
Company (% of Total)	36.51	0.00	40.09	40.09	(%)	(M$US)	(fraction)	
Company (% of Contr)	81.82	0.00	81.82	81.82	0	244,178	1.27	
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	203,142	1.15	
Contr	44.63	0.00	49.00	49.00	10.0	170,872	1.05	
NOC	46.45	0.00	51.00	51.00	15.0	145,129	0.97	
					20.0	124,327	0.89	
					25.0	107,320	0.82	
							Contr Take (%)	19.83
							NOC Take (%)	30.37
					F&D ($US/BOE)	28.54	Gov't Take (%)	49.80

Company Economics (per Unit)_BT

	(M$US)	(%)	($US/BOE)
Net Revenue	656,970	100.00	101.98
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	112,376	17.11	17.44
Tariffs	0	0.00	0.00
Prod & Asset Taxes	107,485	16.36	16.69
Capital Costs	192,932	29.37	29.95
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	244,178	37.17	37.90

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	17,661	7,080	6,442
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	17,661	7,080	6,442

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	458,660	183,881
Abandonment	(M$US)	22,575	9,051
Total	(M$US)	481,235	192,932

Cash Flow_BT

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US
2014(12)	17,732	-17,287	444	-1,190	18,922	76	1,131	-18,494
2015(12)	116,202	40,717	156,918	11,913	104,289	25,478	1,131	14,107
2016(12)	56,470	98,926	155,396	16,225	40,245	21,999	1,131	75,796
2017(12)	38,233	102,169	140,402	17,809	20,425	23,872	1,131	77,166
2018(12)	16,790	67,577	84,367	16,790	0	14,636	1,131	51,809
2019(12)	16,333	39,655	55,988	16,333	0	9,903	1,131	28,621
2020(12)	16,223	22,001	38,225	16,223	0	6,890	1,131	13,980
2021(12)	16,712	8,517	25,229	18,274	0	4,631	1,131	1,193
Total	294,695	362,274	656,970	112,376	183,881	107,485	9,051	244,178

Table D-2E

04/36 PUD: <Unnamed Sensitivity>

Production Detail

Contract Area 04/36, Bohai Bay, China – Proved Undeveloped

Prod'n Start: 2015/01, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	0	0	0	0	4	0.00	0.0	0	0	0	0	0.00
2015(12)	18	11,956	4,364	1,750	1,547	101.41	0.0	0	0	0	0	0.00
2016(12)	30	12,678	4,640	1,860	1,664	93.39	0.0	0	0	0	0	0.00
2017(12)	36	9,917	3,620	1,451	1,340	104.81	0.0	0	0	0	0	0.00
2018(12)	36	5,836	2,130	854	793	106.39	0.0	0	0	0	0	0.00
2019(12)	36	3,783	1,381	554	518	108.00	0.0	0	0	0	0	0.00
2020(12)	36	2,531	926	371	349	109.63	0.0	0	0	0	0	0.00
2021(12)	40	2,466	599	240	227	111.29	0.0	0	0	0	0	0.00
Total	—	—	17,661	7,080	6,442	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	0	0	4
2015(12)	0.0	0	0	0	0	0.00	4,364	1,750	1,547
2016(12)	0.0	0	0	0	0	0.00	4,640	1,860	1,664
2017(12)	0.0	0	0	0	0	0.00	3,620	1,451	1,340
2018(12)	0.0	0	0	0	0	0.00	2,130	854	793
2019(12)	0.0	0	0	0	0	0.00	1,381	554	518
2020(12)	0.0	0	0	0	0	0.00	926	371	349
2021(12)	0.0	0	0	0	0	0.00	599	240	227
Total	—	0	0	0	0	—	17,661	7,080	6,442

Table D-2E

04/36 PUD: <Unnamed Sensitivity>

PSC Detail

Contract Area 04/36, Bohai Bay, China – Proved Undeveloped

Contract Area 04/36, Bohai Bay, China – Proved Undeveloped

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	0	0	0	0	0	0	0	0.00	0.00	0.00	0	0	0	0
2015(12)	645	0	442,546	0	0	442,546	22,127	1.38	1.38	0.00	14,306	0	0	14,306
2016(12)	686	0	433,339	0	0	433,339	21,667	0.93	0.93	0.00	7,630	0	0	7,630
2017(12)	535	0	379,381	0	0	379,381	18,969	0.00	0.00	0.00	0	0	0	0
2018(12)	315	0	226,624	0	0	226,624	11,331	0.00	0.00	0.00	0	0	0	0
2019(12)	204	0	149,129	0	0	149,129	7,456	0.00	0.00	0.00	0	0	0	0
2020(12)	137	0	101,542	0	0	101,542	5,077	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	66,698	0	0	66,698	3,335	0.00	0.00	0.00	0	0	0	0
Total	2,522	0	1,799,258	0	0	1,799,258	89,963	—	—	—	21,935	0	0	21,935

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	0	44,228	-2,969	47,198	0	44,228	-44,228	0	97.49	-43,120	17,732	-17,287	444
2015(12)	262,285	289,846	29,714	260,132	0	289,846	116,267	645	95.30	101,561	116,202	40,717	156,918
2016(12)	263,207	140,855	40,470	100,385	0	140,855	263,187	686	95.84	246,755	56,470	98,926	155,396
2017(12)	237,113	95,366	44,421	50,945	0	95,366	265,046	535	97.02	254,843	38,233	102,169	140,402
2018(12)	141,640	41,880	41,880	0	0	41,880	173,413	315	97.58	168,559	16,790	67,577	84,367
2019(12)	93,205	40,740	40,740	0	0	40,740	100,932	204	98.00	98,913	16,333	39,655	55,988
2020(12)	63,464	40,466	40,466	0	0	40,466	55,999	137	98.00	54,879	16,223	22,001	38,225
2021(12)	41,686	45,581	41,686	0	0	41,686	21,677	0	98.00	21,243	16,712	8,517	25,229
Total	1,102,601	738,962	276,407	458,660	0	735,067	952,293	2,522	—	903,632	294,695	362,274	656,970

Table D-2F

04/36 PB: <Unnamed Sensitivity>

Economic Summary

Contract Area 04/36, Bohai Bay, China – Total Probable

Prod'n Start: 2014/09, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

	Net Revenue	Net Expl	Net Dev	Net Opex
Company (% of Total)	36.10	0.00	40.09	40.09
Company (% of Contr)	81.82	0.00	81.82	81.82
Partner (% of Contr)	0.00	0.00	0.00	0.00
Contr	44.12	0.00	49.00	49.00
NOC	45.92	0.00	51.00	51.00

Model	China PSC (1992)
Global Params	SIL as of December 31, 2013
Escalation Date	2014/01
Discount Date	2014/01
Economic Limit	2024/09

Company Economic Indicators_BT

Disc. Rate (%)	BT NPV (M$US)	BT PIR (fraction)	
0	617,022	17.13	
5.0	482,582	15.99	
10.0	386,188	14.99	
15.0	315,290	14.15	
20.0	261,942	13.44	
25.0	220,974	12.85	
		Contr Take (%)	26.41
		NOC Take (%)	35.60
F&D ($US/BOE)	3.83	Gov't Take (%)	37.99

Company Economics (per Unit)_BT

	(M$US)	(%)	($US/BOE)
Net Revenue	943,616	100.00	107.25
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	125,014	13.25	14.21
Tariffs	0	0.00	0.00
Prod & Asset Taxes	165,556	17.54	18.82
Capital Costs	36,023	3.82	4.09
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	617,022	65.39	70.13

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	24,438	9,797	8,798
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	24,438	9,797	8,798

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	84,131	33,729
Abandonment	(M$US)	5,722	2,294
Total	(M$US)	89,853	36,023

Cash Flow_BT

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US
2014(12)	-313	4,566	4,252	-314	1	741	-416	4,240
2015(12)	-3,298	45,025	41,726	-3,287	-11	6,787	-416	38,654
2016(12)	15,718	91,880	107,599	-4,404	20,123	15,261	-416	77,036
2017(12)	11,887	115,065	126,952	-1,729	13,616	21,626	-416	93,854
2018(12)	-447	113,101	112,653	-447	0	19,555	-416	93,961
2019(12)	400	98,314	98,715	400	0	17,468	-416	81,262
2020(12)	731	87,856	88,586	731	0	15,972	-416	72,299
2021(12)	18,523	85,331	103,854	15,845	0	19,067	-416	69,359
2022(12)	43,224	71,222	114,446	43,224	0	21,385	1,874	47,963
2023(12)	43,183	49,657	92,839	43,183	0	17,646	1,874	30,136
2024(12)	33,365	18,629	51,994	31,815	0	10,047	1,874	8,257
Total	162,972	780,644	943,616	125,014	33,729	165,556	2,294	617,022

Table D-2F

04/36 PB: <Unnamed Sensitivity>

Production Detail

Contract Area 04/36, Bohai Bay, China – Total Probable

Prod'n Start: 2014/09, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	0	297	108	43	40	106.76	0.0	0	0	0	0	0.00
2015(12)	0	3,411	1,245	499	411	101.41	0.0	0	0	0	0	0.00
2016(12)	7	9,370	3,429	1,375	1,152	93.39	0.0	0	0	0	0	0.00
2017(12)	14	9,739	3,555	1,425	1,211	104.81	0.0	0	0	0	0	0.00
2018(12)	22	8,012	2,924	1,172	1,059	106.39	0.0	0	0	0	0	0.00
2019(12)	28	6,802	2,483	995	914	108.00	0.0	0	0	0	0	0.00
2020(12)	28	5,950	2,178	873	808	109.63	0.0	0	0	0	0	0.00
2021(12)	66	6,826	2,491	999	933	111.29	0.0	0	0	0	0	0.00
2022(12)	95	7,380	2,694	1,080	1,013	112.97	0.0	0	0	0	0	0.00
2023(12)	83	5,887	2,149	862	810	114.67	0.0	0	0	0	0	0.00
2024(12)	64	4,311	1,181	474	447	116.41	0.0	0	0	0	0	0.00
Total	—	—	24,438	9,797	8,798	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	108	43	40
2015(12)	0.0	0	0	0	0	0.00	1,245	499	411
2016(12)	0.0	0	0	0	0	0.00	3,429	1,375	1,152
2017(12)	0.0	0	0	0	0	0.00	3,555	1,425	1,211
2018(12)	0.0	0	0	0	0	0.00	2,924	1,172	1,059
2019(12)	0.0	0	0	0	0	0.00	2,483	995	914
2020(12)	0.0	0	0	0	0	0.00	2,178	873	808
2021(12)	0.0	0	0	0	0	0.00	2,491	999	933
2022(12)	0.0	0	0	0	0	0.00	2,694	1,080	1,013
2023(12)	0.0	0	0	0	0	0.00	2,149	862	810
2024(12)	0.0	0	0	0	0	0.00	1,181	474	447
Total	—	0	0	0	0	—	24,438	9,797	8,798

Table D-2F

04/36 PB: <Unnamed Sensitivity>

PSC Detail

Contract Area 04/36, Bohai Bay, China – Total Probable

Contract Area 04/36, Bohai Bay, China – Total Probable

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	16	0	11,576	0	0	11,576	579	0.00	0.00	0.00	0	0	0	0
2015(12)	184	0	126,272	0	0	126,272	6,314	1.88	0.50	0.00	7,576	0	0	7,576
2016(12)	507	0	320,257	0	0	320,257	16,013	2.13	1.20	0.00	16,712	0	0	16,712
2017(12)	525	0	372,572	0	0	372,572	18,629	1.34	1.34	0.00	14,288	0	0	14,288
2018(12)	432	0	311,115	0	0	311,115	15,556	0.25	0.25	0.00	1,895	0	0	1,895
2019(12)	367	0	268,135	0	0	268,135	13,407	0.00	0.00	0.00	0	0	0	0
2020(12)	322	0	238,733	0	0	238,733	11,937	0.00	0.00	0.00	0	0	0	0
2021(12)	498	0	277,252	0	0	277,252	13,863	0.00	0.00	0.00	0	0	0	0
2022(12)	398	0	304,306	0	0	304,306	15,215	0.00	0.00	0.00	0	0	0	0
2023(12)	318	0	246,421	0	0	246,421	12,321	0.00	0.00	0.00	0	0	0	0
2024(12)	0	0	137,513	0	0	137,513	6,876	0.00	0.00	0.00	0	0	0	0
Total	3,567	0	2,614,153	0	0	2,614,153	130,708	—	—	—	40,471	0	0	40,471

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	7,235	-782	-784	2	0	-782	11,779	16	97.46	11,388	-313	4,566	4,252
2015(12)	71,344	-8,228	-8,200	-28	0	-8,228	120,610	184	94.94	112,306	-3,298	45,025	41,726
2016(12)	183,449	39,207	-10,986	50,193	0	39,207	248,326	507	94.76	229,180	15,718	91,880	107,599
2017(12)	218,570	29,650	-4,314	33,964	0	29,650	310,006	525	95.33	287,009	11,887	115,065	126,952
2018(12)	192,552	-1,116	-1,116	0	0	-1,116	294,780	432	96.69	282,111	-447	113,101	112,653
2019(12)	167,585	998	998	0	0	998	253,730	367	97.24	245,229	400	98,314	98,715
2020(12)	149,208	1,823	1,823	0	0	1,823	224,973	322	97.60	219,141	731	87,856	88,586
2021(12)	173,283	39,522	46,203	0	0	46,203	217,186	498	98.00	212,843	18,523	85,331	103,854
2022(12)	190,191	107,815	107,815	0	0	107,815	181,276	398	98.00	177,650	43,224	71,222	114,446
2023(12)	154,013	107,712	107,712	0	0	107,712	126,388	318	98.00	123,860	43,183	49,657	92,839
2024(12)	85,946	79,357	83,223	0	0	83,223	47,415	0	98.00	46,466	33,365	18,629	51,994
Total	1,593,375	395,958	322,375	84,131	0	406,506	2,036,469	3,567	—	1,947,183	162,972	780,644	943,616

Table D-3

Unitized 2P_Dec 2013 : <Unnamed Sensitivity>

Economic Summary

Unitized Contract Area, Bohai Bay, China – Total Proved plus Probable

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of December 31, 2013
Escalation Date	2014/01
Discount Date	2014/01
Economic Limit	2025/02

Company Economic Indicators_BT

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	BT PIR
Company (% of Total)	26.59	0.00	29.18	29.18	(%)	(M$US)	(fraction)
Company (% of Contr)	59.55	0.00	59.55	59.55	0	1,126,808	5.81
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	929,337	5.21
Contr	44.66	0.00	49.00	49.00	10.0	783,643	4.73
NOC	46.48	0.00	51.00	51.00	15.0	673,074	4.35
					20.0	587,082	4.03
					25.0	518,770	3.77

		Contr Take (%)	25.68
		NOC Take (%)	35.44
F&D ($US/BOE)	9.62	Gov't Take (%)	38.88

Company Economics (per Unit)_BT

	(M$US)	(%)	($US/BOE)
Net Revenue	1,908,495	100.00	104.27
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	265,510	13.91	14.51
Tariffs	0	0.00	0.00
Prod & Asset Taxes	322,315	16.89	17.61
Capital Costs	193,864	10.16	10.59
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	1,126,808	59.04	61.57

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	68,926	20,111	18,303
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	68,926	20,111	18,303

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	603,284	176,022
Abandonment	(M$US)	61,149	17,842
Total	(M$US)	664,433	193,864

Cash Flow_BT

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US
2014(12)	66,172	91,485	157,657	14,353	51,819	27,471	1,487	62,526
2015(12)	108,767	241,197	349,964	28,510	80,257	56,813	1,487	182,897
2016(12)	74,482	255,899	330,380	30,535	43,947	46,787	1,487	207,624
2017(12)	26,983	226,725	253,708	26,983	0	43,158	1,487	182,080
2018(12)	25,212	169,679	194,891	25,212	0	33,813	1,487	134,379
2019(12)	24,121	129,386	153,507	24,121	0	27,157	1,487	100,742
2020(12)	23,277	101,875	125,152	23,277	0	22,562	1,487	77,826
2021(12)	22,727	81,555	104,282	22,727	0	19,145	1,487	60,923
2022(12)	22,477	65,803	88,280	22,477	0	16,496	1,487	47,820
2023(12)	22,064	53,562	75,625	22,064	0	14,375	1,487	37,700
2024(12)	21,790	43,501	65,291	21,790	0	12,618	1,487	29,396
2025(12)	4,111	5,646	9,758	3,462	0	1,916	1,487	2,893
Total	442,181	1,466,314	1,908,495	265,510	176,022	322,315	17,842	1,126,808

Table D-3

Unitized 2P_Dec 2013: <Unnamed Sensitivity>

Production Detail

Unitized Contract Area, Bohai Bay, China – Total Proved plus Probable

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	35	14,836	5,415	1,580	1,477	106.76	0.0	0	0	0	0	0.00
2015(12)	75	36,399	13,286	3,876	3,451	101.41	0.0	0	0	0	0	0.00
2016(12)	93	37,529	13,736	4,008	3,538	93.39	0.0	0	0	0	0	0.00
2017(12)	90	25,171	9,188	2,681	2,421	104.81	0.0	0	0	0	0	0.00
2018(12)	88	18,599	6,789	1,981	1,832	106.39	0.0	0	0	0	0	0.00
2019(12)	86	14,379	5,248	1,531	1,421	108.00	0.0	0	0	0	0	0.00
2020(12)	82	11,477	4,201	1,226	1,142	109.63	0.0	0	0	0	0	0.00
2021(12)	79	9,412	3,435	1,002	937	111.29	0.0	0	0	0	0	0.00
2022(12)	78	7,842	2,862	835	781	112.97	0.0	0	0	0	0	0.00
2023(12)	73	6,613	2,414	704	659	114.67	0.0	0	0	0	0	0.00
2024(12)	70	5,604	2,051	598	561	116.41	0.0	0	0	0	0	0.00
2025(12)	63	5,109	301	88	83	118.16	0.0	0	0	0	0	0.00
Total	—	—	68,926	20,111	18,303	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	5,415	1,580	1,477
2015(12)	0.0	0	0	0	0	0.00	13,286	3,876	3,451
2016(12)	0.0	0	0	0	0	0.00	13,736	4,008	3,538
2017(12)	0.0	0	0	0	0	0.00	9,188	2,681	2,421
2018(12)	0.0	0	0	0	0	0.00	6,789	1,981	1,832
2019(12)	0.0	0	0	0	0	0.00	5,248	1,531	1,421
2020(12)	0.0	0	0	0	0	0.00	4,201	1,226	1,142
2021(12)	0.0	0	0	0	0	0.00	3,435	1,002	937
2022(12)	0.0	0	0	0	0	0.00	2,862	835	781
2023(12)	0.0	0	0	0	0	0.00	2,414	704	659
2024(12)	0.0	0	0	0	0	0.00	2,051	598	561
2025(12)	0.0	0	0	0	0	0.00	301	88	83
Total	—	0	0	0	0	—	68,926	20,111	18,303

Table D-3

Unitized 2P_Dec 2013: <Unnamed Sensitivity>

PSC Detail

Unitized Contract Area, Bohai Bay, China – Total Proved plus Probable

Unitized Contract Area, Bohai Bay, China – Total Proved plus Probable

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	800	0	578,115	0	0	578,115	28,906	0.00	0.00	0.00	0	0	0	0
2015(12)	1,964	0	1,347,299	0	0	1,347,299	67,365	2.44	2.44	0.00	32,810	0	0	32,810
2016(12)	2,030	0	1,282,745	0	0	1,282,745	64,137	2.58	2.58	0.00	33,119	0	0	33,119
2017(12)	1,358	0	962,906	0	0	962,906	48,145	1.05	1.05	0.00	10,153	0	0	10,153
2018(12)	1,003	0	722,257	0	0	722,257	36,113	0.01	0.01	0.00	98	0	0	98
2019(12)	776	0	566,815	0	0	566,815	28,341	0.00	0.00	0.00	0	0	0	0
2020(12)	621	0	460,509	0	0	460,509	23,025	0.00	0.00	0.00	0	0	0	0
2021(12)	508	0	382,319	0	0	382,319	19,116	0.00	0.00	0.00	0	0	0	0
2022(12)	423	0	323,333	0	0	323,333	16,167	0.00	0.00	0.00	0	0	0	0
2023(12)	357	0	276,778	0	0	276,778	13,839	0.00	0.00	0.00	0	0	0	0
2024(12)	303	0	238,754	0	0	238,754	11,938	0.00	0.00	0.00	0	0	0	0
2025(12)	0	0	35,619	0	0	35,619	1,781	0.00	0.00	0.00	0	0	0	0
Total	10,143	0	7,177,448	0	0	7,177,448	358,872	—	—	—	76,181	0	0	76,181

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	361,322	226,793	49,193	177,600	0	226,793	322,416	800	97.25	313,547	66,172	91,485	157,657
2015(12)	809,252	372,779	97,714	275,065	0	372,779	874,345	1,964	94.55	826,660	108,767	241,197	349,964
2016(12)	768,597	255,273	104,654	150,619	0	255,273	930,216	2,030	94.28	877,047	74,482	255,899	330,380
2017(12)	591,663	92,479	92,479	0	0	92,479	812,128	1,358	95.68	777,060	26,983	226,725	253,708
2018(12)	451,312	86,408	86,408	0	0	86,408	599,637	1,003	96.98	581,546	25,212	169,679	194,891
2019(12)	354,259	82,669	82,669	0	0	82,669	455,805	776	97.29	443,449	24,121	129,386	153,507
2020(12)	287,818	79,778	79,778	0	0	79,778	357,706	621	97.61	349,159	23,277	101,875	125,152
2021(12)	238,949	77,893	77,893	0	0	77,893	285,310	508	97.97	279,516	22,727	81,555	104,282
2022(12)	202,083	77,036	77,036	0	0	77,036	230,131	423	98.00	225,528	22,477	65,803	88,280
2023(12)	172,986	75,619	75,619	0	0	75,619	187,320	357	98.00	183,574	22,064	53,562	75,625
2024(12)	149,221	74,680	74,680	0	0	74,680	152,136	303	98.00	149,093	21,790	43,501	65,291
2025(12)	22,262	11,864	14,091	0	0	14,091	19,747	0	98.00	19,352	4,111	5,646	9,758
Total	4,409,724	1,513,272	912,214	603,284	0	1,515,498	5,226,898	10,143	—	5,025,532	442,181	1,466,314	1,908,495

Table D-3A

Unitized 1P_Dec 2013 : <Unnamed Sensitivity>

Economic Summary

Unitized Contract Area, Bohai Bay, China – Total Proved

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of December 31, 2013
Escalation Date	2014/01
Discount Date	2014/01
Economic Limit	2021/08

Company Economic Indicators_BT

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	BT PIR	
Company (% of Total)	27.10	0.00	29.18	29.18	(%)	(M$US)	(fraction)	
Company (% of Contr)	59.55	0.00	59.55	59.55	0	454,978	3.51	
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	397,905	3.28	
Contr	45.50	0.00	49.00	49.00	10.0	352,305	3.08	
NOC	47.36	0.00	51.00	51.00	15.0	315,272	2.91	
					20.0	284,757	2.76	
					25.0	259,286	2.64	
							Contr Take (%)	25.56
							NOC Take (%)	35.04
					F&D ($US/BOE)	13.45	Gov't Take (%)	39.40

Company Economics (per Unit)_BT

	(M$US)	(%)	($US/BOE)
Net Revenue	881,730	100.00	102.79
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	151,211	17.15	17.63
Tariffs	0	0.00	0.00
Prod & Asset Taxes	145,861	16.54	17.00
Capital Costs	129,679	14.71	15.12
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	454,978	51.60	53.04

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	31,665	9,239	8,578
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	31,665	9,239	8,578

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	395,527	115,404
Abandonment	(M$US)	48,924	14,275
Total	(M$US)	444,451	129,679

Cash Flow_BT

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US
2014(12)	61,020	83,905	144,925	13,957	47,063	25,252	1,784	56,868
2015(12)	85,103	150,033	235,136	24,096	61,007	38,145	1,784	110,103
2016(12)	29,698	125,277	154,974	22,363	7,334	21,917	1,784	101,575
2017(12)	20,845	97,678	118,523	20,845	0	20,148	1,784	75,746
2018(12)	19,965	67,273	87,238	19,965	0	15,132	1,784	50,357
2019(12)	19,232	46,266	65,498	19,232	0	11,585	1,784	32,897
2020(12)	18,779	31,488	50,267	18,779	0	9,061	1,784	20,643
2021(12)	12,806	12,364	25,169	11,974	0	4,620	1,784	6,790
Total	267,447	614,283	881,730	151,211	115,404	145,861	14,275	454,978

Table D-3A

Unitized 1P_Dec 2013 : <Unnamed Sensitivity>

Production Detail

Unitized Contract Area, Bohai Bay, China – Total Proved

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	35	13,629	4,974	1,451	1,358	106.76	0.0	0	0	0	0	0.00
2015(12)	65	23,763	8,674	2,531	2,319	101.41	0.0	0	0	0	0	0.00
2016(12)	65	16,752	6,131	1,789	1,659	93.39	0.0	0	0	0	0	0.00
2017(12)	62	11,402	4,162	1,214	1,131	104.81	0.0	0	0	0	0	0.00
2018(12)	59	8,232	3,005	877	820	106.39	0.0	0	0	0	0	0.00
2019(12)	54	6,081	2,220	648	606	108.00	0.0	0	0	0	0	0.00
2020(12)	50	4,577	1,675	489	459	109.63	0.0	0	0	0	0	0.00
2021(12)	41	3,391	824	240	226	111.29	0.0	0	0	0	0	0.00
Total	—	—	31,665	9,239	8,578	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	4,974	1,451	1,358
2015(12)	0.0	0	0	0	0	0.00	8,674	2,531	2,319
2016(12)	0.0	0	0	0	0	0.00	6,131	1,789	1,659
2017(12)	0.0	0	0	0	0	0.00	4,162	1,214	1,131
2018(12)	0.0	0	0	0	0	0.00	3,005	877	820
2019(12)	0.0	0	0	0	0	0.00	2,220	648	606
2020(12)	0.0	0	0	0	0	0.00	1,675	489	459
2021(12)	0.0	0	0	0	0	0.00	824	240	226
Total	—	0	0	0	0	—	31,665	9,239	8,578

Table D-3A

Unitized 1P_Dec 2013 : <Unnamed Sensitivity>

PSC Detail

Unitized Contract Area, Bohai Bay, China – Total Proved

Unitized Contract Area, Bohai Bay, China – Total Proved

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	735	0	531,053	0	0	531,053	26,553	0.00	0.00	0.00	0	0	0	0
2015(12)	1,282	0	879,587	0	0	879,587	43,979	0.88	0.88	0.00	7,739	0	0	7,739
2016(12)	906	0	572,584	0	0	572,584	28,629	0.00	0.00	0.00	0	0	0	0
2017(12)	615	0	436,166	0	0	436,166	21,808	0.00	0.00	0.00	0	0	0	0
2018(12)	444	0	319,683	0	0	319,683	15,984	0.00	0.00	0.00	0	0	0	0
2019(12)	328	0	239,704	0	0	239,704	11,985	0.00	0.00	0.00	0	0	0	0
2020(12)	248	0	183,668	0	0	183,668	9,183	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	91,713	0	0	91,713	4,586	0.00	0.00	0.00	0	0	0	0
Total	4,558	0	3,254,159	0	0	3,254,159	162,708	—	—	—	7,739	0	0	7,739

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	331,908	209,134	47,834	161,300	0	209,134	295,367	735	97.36	287,570	61,020	83,905	144,925
2015(12)	542,003	291,675	82,585	209,090	0	291,675	536,193	1,282	95.90	514,210	85,103	150,033	235,136
2016(12)	357,865	101,784	76,647	25,137	0	101,784	442,171	906	97.10	429,363	29,698	125,277	154,974
2017(12)	272,604	71,441	71,441	0	0	71,441	342,916	615	97.63	334,774	20,845	97,678	118,523
2018(12)	199,802	68,426	68,426	0	0	68,426	235,272	444	98.00	230,567	19,965	67,273	87,238
2019(12)	149,815	65,914	65,914	0	0	65,914	161,805	328	98.00	158,569	19,232	46,266	65,498
2020(12)	114,793	64,363	64,363	0	0	64,363	110,122	248	98.00	107,920	18,779	31,488	50,267
2021(12)	57,321	41,040	43,889	0	0	43,889	43,239	0	98.00	42,374	12,806	12,364	25,169
Total	2,026,110	913,778	521,098	395,527	0	916,626	2,167,086	4,558	—	2,105,348	267,447	614,283	881,730

Table D-3B

Unitized PD_Dec 2013 : <Unnamed Sensitivity>

Economic Summary

Unitized Contract Area, Bohai Bay, China – Total Proved Developed

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of December 31, 2013
Escalation Date	2014/01
Discount Date	2014/01
Economic Limit	2021/04

Company Economic Indicators_BT

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	BT PIR
Company (% of Total)	27.23	0.00	0.00	29.18	(%)	(M$US)	(fraction)
Company (% of Contr)	59.55	0.00	0.00	59.55	0	328,519	53.23
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	292,049	56.88
Contr	45.73	0.00	0.00	49.00	10.0	262,806	60.31
NOC	47.60	0.00	0.00	51.00	15.0	238,964	63.51
					20.0	219,237	66.46
					25.0	202,698	69.16

		Contr Take (%)	28.21
		NOC Take (%)	37.46
F&D ($US/BOE)	0.00	Gov't Take (%)	34.33

Company Economics (per Unit)_BT

	(M$US)	(%)	($US/BOE)
Net Revenue	512,461	100.00	103.16
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	92,570	18.06	18.63
Tariffs	0	0.00	0.00
Prod & Asset Taxes	85,200	16.63	17.15
Capital Costs	6,172	1.20	1.24
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	328,519	64.11	66.13

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	18,243	5,323	4,968
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	18,243	5,323	4,968

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	0	0
Abandonment	(M$US)	21,153	6,172
Total	(M$US)	21,153	6,172

Cash Flow_BT

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US
2014(12)	12,539	90,099	102,638	12,539	0	17,885	771	71,442
2015(12)	14,489	107,099	121,588	14,489	0	19,718	771	86,609
2016(12)	13,506	68,271	81,777	13,506	0	11,563	771	55,937
2017(12)	12,824	55,840	68,664	12,824	0	11,671	771	43,397
2018(12)	12,334	41,313	53,647	12,334	0	9,306	771	31,236
2019(12)	11,795	30,104	41,899	11,795	0	7,411	771	21,922
2020(12)	11,486	21,874	33,360	11,486	0	6,013	771	15,090
2021(12)	3,843	5,045	8,888	3,598	0	1,632	771	2,887
Total	92,815	419,646	512,461	92,570	0	85,200	6,172	328,519

Table D-3B

Unitized PD_Dec 2013: <Unnamed Sensitivity>

Production Detail

Unitized Contract Area, Bohai Bay, China – Total Proved Developed

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	30	9,681	3,533	1,031	961	106.76	0.0	0	0	0	0	0.00
2015(12)	46	12,115	4,422	1,290	1,199	101.41	0.0	0	0	0	0	0.00
2016(12)	43	8,779	3,213	937	876	93.39	0.0	0	0	0	0	0.00
2017(12)	40	6,583	2,403	701	655	104.81	0.0	0	0	0	0	0.00
2018(12)	37	5,062	1,848	539	504	106.39	0.0	0	0	0	0	0.00
2019(12)	32	3,891	1,420	414	388	108.00	0.0	0	0	0	0	0.00
2020(12)	29	3,040	1,113	325	304	109.63	0.0	0	0	0	0	0.00
2021(12)	22	2,429	291	85	80	111.29	0.0	0	0	0	0	0.00
Total	—	—	18,243	5,323	4,968	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	3,533	1,031	961
2015(12)	0.0	0	0	0	0	0.00	4,422	1,290	1,199
2016(12)	0.0	0	0	0	0	0.00	3,213	937	876
2017(12)	0.0	0	0	0	0	0.00	2,403	701	655
2018(12)	0.0	0	0	0	0	0.00	1,848	539	504
2019(12)	0.0	0	0	0	0	0.00	1,420	414	388
2020(12)	0.0	0	0	0	0	0.00	1,113	325	304
2021(12)	0.0	0	0	0	0	0.00	291	85	80
Total	—	0	0	0	0	—	18,243	5,323	4,968

Table D-3B

Unitized PD_Dec 2013: <Unnamed Sensitivity>

PSC Detail

Unitized Contract Area, Bohai Bay, China – Total Proved Developed

Unitized Contract Area, Bohai Bay, China – Total Proved Developed

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	522	0	377,211	0	0	377,211	18,861	0.00	0.00	0.00	0	0	0	0
2015(12)	654	0	448,439	0	0	448,439	22,422	0.00	0.00	0.00	0	0	0	0
2016(12)	475	0	300,055	0	0	300,055	15,003	0.00	0.00	0.00	0	0	0	0
2017(12)	355	0	251,830	0	0	251,830	12,591	0.00	0.00	0.00	0	0	0	0
2018(12)	273	0	196,586	0	0	196,586	9,829	0.00	0.00	0.00	0	0	0	0
2019(12)	210	0	153,376	0	0	153,376	7,669	0.00	0.00	0.00	0	0	0	0
2020(12)	164	0	121,964	0	0	121,964	6,098	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	32,437	0	0	32,437	1,622	0.00	0.00	0.00	0	0	0	0
Total	2,653	0	1,881,897	0	0	1,881,897	94,095	—	—	—	0	0	0	0

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	235,757	42,975	42,975	0	0	42,975	315,375	522	97.91	308,798	12,539	90,099	102,638
2015(12)	280,274	49,658	49,658	0	0	49,658	376,359	654	97.53	367,063	14,489	107,099	121,588
2016(12)	187,534	46,289	46,289	0	0	46,289	238,763	475	98.00	233,988	13,506	68,271	81,777
2017(12)	157,393	43,951	43,951	0	0	43,951	195,288	355	98.00	191,382	12,824	55,840	68,664
2018(12)	122,866	42,274	42,274	0	0	42,274	144,483	273	98.00	141,593	12,334	41,313	53,647
2019(12)	95,860	40,425	40,425	0	0	40,425	105,283	210	98.00	103,177	11,795	30,104	41,899
2020(12)	76,228	39,366	39,366	0	0	39,366	76,500	164	98.00	74,970	11,486	21,874	33,360
2021(12)	20,273	12,331	13,171	0	0	13,171	17,644	0	98.00	17,291	3,843	5,045	8,888
Total	1,176,186	317,268	318,107	0	0	318,107	1,469,695	2,653	—	1,438,263	92,815	419,646	512,461

Table D-3C

Unitized PDP_Dec 2013 : <Unnamed Sensitivity>

Economic Summary

Unitized Contract Area, Bohai Bay, China – Proved Developed Producing

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of December 31, 2013
Escalation Date	2014/01
Discount Date	2014/01
Economic Limit	2021/04

Company Economic Indicators_BT

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	BT PIR
Company (% of Total)	27.24	0.00	0.00	29.18	(%)	(M$US)	(fraction)
Company (% of Contr)	59.55	0.00	0.00	59.55	0	323,479	65.28
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	287,428	69.73
Contr	45.74	0.00	0.00	49.00	10.0	258,550	73.91
NOC	47.61	0.00	0.00	51.00	15.0	235,026	77.81
					20.0	215,579	81.40
					25.0	199,286	84.70

		Contr Take (%)	28.26
		NOC Take (%)	37.49
F&D ($US/BOE)	0.00	Gov't Take (%)	34.25

Company Economics (per Unit)_BT

	(M$US)	(%)	($US/BOE)
Net Revenue	503,352	100.00	103.19
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	91,203	18.12	18.70
Tariffs	0	0.00	0.00
Prod & Asset Taxes	83,715	16.63	17.16
Capital Costs	4,955	0.98	1.02
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	323,479	64.27	66.31

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	17,912	5,226	4,878
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	17,912	5,226	4,878

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	0	0
Abandonment	(M$US)	16,982	4,955
Total	(M$US)	16,982	4,955

Cash Flow_BT

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US
2014(12)	12,320	88,748	101,068	12,320	0	17,612	619	70,517
2015(12)	14,124	104,241	118,365	14,124	0	19,196	619	84,426
2016(12)	13,242	66,687	79,929	13,242	0	11,302	619	54,766
2017(12)	12,650	54,804	67,454	12,650	0	11,466	619	42,719
2018(12)	12,176	40,851	53,027	12,176	0	9,198	619	31,034
2019(12)	11,714	29,873	41,588	11,714	0	7,356	619	21,898
2020(12)	11,406	21,702	33,108	11,406	0	5,968	619	15,115
2021(12)	3,815	4,999	8,814	3,572	0	1,618	619	3,005
Total	91,446	411,906	503,352	91,203	0	83,715	4,955	323,479

Table D-3C

Unitized PDP_Dec 2013 : <Unnamed Sensitivity>

Production Detail

Unitized Contract Area, Bohai Bay, China – Proved Developed Producing

Prod'n Start: 2014/01, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	28	9,530	3,478	1,015	947	106.76	0.0	0	0	0	0	0.00
2015(12)	42	11,789	4,303	1,256	1,167	101.41	0.0	0	0	0	0	0.00
2016(12)	40	8,580	3,140	916	856	93.39	0.0	0	0	0	0	0.00
2017(12)	38	6,467	2,360	689	644	104.81	0.0	0	0	0	0	0.00
2018(12)	35	5,004	1,826	533	498	106.39	0.0	0	0	0	0	0.00
2019(12)	31	3,862	1,410	411	385	108.00	0.0	0	0	0	0	0.00
2020(12)	28	3,017	1,104	322	302	109.63	0.0	0	0	0	0	0.00
2021(12)	21	2,409	289	84	79	111.29	0.0	0	0	0	0	0.00
Total	—	—	17,912	5,226	4,878	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	3,478	1,015	947
2015(12)	0.0	0	0	0	0	0.00	4,303	1,256	1,167
2016(12)	0.0	0	0	0	0	0.00	3,140	916	856
2017(12)	0.0	0	0	0	0	0.00	2,360	689	644
2018(12)	0.0	0	0	0	0	0.00	1,826	533	498
2019(12)	0.0	0	0	0	0	0.00	1,410	411	385
2020(12)	0.0	0	0	0	0	0.00	1,104	322	302
2021(12)	0.0	0	0	0	0	0.00	289	84	79
Total	—	0	0	0	0	—	17,912	5,226	4,878

Table D-3C

Unitized PDP_Dec 2013 : <Unnamed Sensitivity>

PSC Detail

Unitized Contract Area, Bohai Bay, China – Proved Developed Producing

Unitized Contract Area, Bohai Bay, China – Proved Developed Producing

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	514	0	371,340	0	0	371,340	18,567	0.00	0.00	0.00	0	0	0	0
2015(12)	636	0	436,384	0	0	436,384	21,819	0.00	0.00	0.00	0	0	0	0
2016(12)	464	0	293,270	0	0	293,270	14,663	0.00	0.00	0.00	0	0	0	0
2017(12)	349	0	247,388	0	0	247,388	12,369	0.00	0.00	0.00	0	0	0	0
2018(12)	270	0	194,314	0	0	194,314	9,716	0.00	0.00	0.00	0	0	0	0
2019(12)	208	0	152,237	0	0	152,237	7,612	0.00	0.00	0.00	0	0	0	0
2020(12)	163	0	121,043	0	0	121,043	6,052	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	32,165	0	0	32,165	1,608	0.00	0.00	0.00	0	0	0	0
Total	2,605	0	1,848,140	0	0	1,848,140	92,407	—	—	—	0	0	0	0

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	232,087	42,224	42,224	0	0	42,224	310,549	514	97.95	304,168	12,320	88,748	101,068
2015(12)	272,740	48,407	48,407	0	0	48,407	366,157	636	97.57	357,268	14,124	104,241	118,365
2016(12)	183,294	45,383	45,383	0	0	45,383	233,223	464	98.00	228,559	13,242	66,687	79,929
2017(12)	154,618	43,355	43,355	0	0	43,355	191,664	349	98.00	187,831	12,650	54,804	67,454
2018(12)	121,446	41,731	41,731	0	0	41,731	142,868	270	98.00	140,010	12,176	40,851	53,027
2019(12)	95,148	40,149	40,149	0	0	40,149	104,475	208	98.00	102,386	11,714	29,873	41,588
2020(12)	75,652	39,093	39,093	0	0	39,093	75,898	163	98.00	74,380	11,406	21,702	33,108
2021(12)	20,103	12,241	13,075	0	0	13,075	17,482	0	98.00	17,133	3,815	4,999	8,814
Total	1,155,088	312,583	313,416	0	0	313,416	1,442,317	2,605	—	1,411,734	91,446	411,906	503,352

Table D-3D

unitized PDNP : <Unnamed Sensitivity>

Economic Summary

Unitized Contract Area, Bohai Bay, China – Proved Developed Non-Producing

Prod'n Start: 2014/09, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	BT PIR	
Company (% of Total)	26.99	0.00	0.00	29.18	(%)	(M$US)	(fraction)	
Company (% of Contr)	59.55	0.00	0.00	59.55	0	5,040	4.14	
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	4,620	4.56	
Contr	45.32	0.00	0.00	49.00	10.0	4,256	4.95	
NOC	47.17	0.00	0.00	51.00	15.0	3,938	5.31	
					20.0	3,658	5.62	
Model	China PSC (1992)				25.0	3,412	5.90	
Global Params	SIL as of December 31, 2013							
Escalation Date	2014/01						Contr Take (%)	25.24
Discount Date	2014/01						NOC Take (%)	35.64
Economic Limit	2021/04				F&D ($US/BOE)	0.00	Gov't Take (%)	39.12

Company Economic Indicators_BT

Company Economics (per Unit)_BT

	(M$US)	(%)	($US/BOE)
Net Revenue	9,109	100.00	101.77
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	1,367	15.01	15.27
Tariffs	0	0.00	0.00
Prod & Asset Taxes	1,485	16.31	16.59
Capital Costs	1,217	13.36	13.60
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	5,040	55.33	56.31

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	332	97	90
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	332	97	90

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	0	0
Abandonment	(M$US)	4,171	1,217
Total	(M$US)	4,171	1,217

Cash Flow_BT

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US
2014(12)	219	1,351	1,570	219	0	274	152	925
2015(12)	365	2,858	3,223	365	0	523	152	2,183
2016(12)	264	1,584	1,848	264	0	261	152	1,171
2017(12)	174	1,036	1,210	174	0	206	152	678
2018(12)	158	462	620	158	0	108	152	202
2019(12)	80	231	311	80	0	55	152	24
2020(12)	80	172	252	80	0	45	152	-25
2021(12)	28	46	74	26	0	14	152	-118
Total	1,369	7,741	9,109	1,367	0	1,485	1,217	5,040

Table D-3D

unitized PDNP : <Unnamed Sensitivity>

Production Detail

Unitized Contract Area, Bohai Bay, China – Proved Developed Non-Producing

Prod'n Start: 2014/09, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	3	151	55	16	15	106.76	0.0	0	0	0	0	0.00
2015(12)	4	326	119	35	32	101.41	0.0	0	0	0	0	0.00
2016(12)	3	199	73	21	20	93.39	0.0	0	0	0	0	0.00
2017(12)	2	116	42	12	12	104.81	0.0	0	0	0	0	0.00
2018(12)	2	59	21	6	6	106.39	0.0	0	0	0	0	0.00
2019(12)	1	29	11	3	3	108.00	0.0	0	0	0	0	0.00
2020(12)	1	23	8	2	2	109.63	0.0	0	0	0	0	0.00
2021(12)	1	20	2	1	1	111.29	0.0	0	0	0	0	0.00
Total	—	—	332	97	90	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	55	16	15
2015(12)	0.0	0	0	0	0	0.00	119	35	32
2016(12)	0.0	0	0	0	0	0.00	73	21	20
2017(12)	0.0	0	0	0	0	0.00	42	12	12
2018(12)	0.0	0	0	0	0	0.00	21	6	6
2019(12)	0.0	0	0	0	0	0.00	11	3	3
2020(12)	0.0	0	0	0	0	0.00	8	2	2
2021(12)	0.0	0	0	0	0	0.00	2	1	1
Total	—	0	0	0	0	—	332	97	90

Table D-3D

unitized PDNP : <Unnamed Sensitivity>

PSC Detail

Unitized Contract Area, Bohai Bay, China – Proved Developed Non-Producing

Unitized Contract Area, Bohai Bay, China – Proved Developed Non-Producing

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	8	0	5,871	0	0	5,871	294	0.00	0.00	0.00	0	0	0	0
2015(12)	18	0	12,055	0	0	12,055	603	0.00	0.00	0.00	0	0	0	0
2016(12)	11	0	6,785	0	0	6,785	339	0.00	0.00	0.00	0	0	0	0
2017(12)	6	0	4,441	0	0	4,441	222	0.00	0.00	0.00	0	0	0	0
2018(12)	3	0	2,272	0	0	2,272	114	0.00	0.00	0.00	0	0	0	0
2019(12)	2	0	1,140	0	0	1,140	57	0.00	0.00	0.00	0	0	0	0
2020(12)	1	0	921	0	0	921	46	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	272	0	0	272	14	0.00	0.00	0.00	0	0	0	0
Total	49	0	33,757	0	0	33,757	1,688	—	—	—	0	0	0	0

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	3,669	752	752	0	0	752	4,825	8	97.91	4,631	219	1,351	1,570
2015(12)	7,535	1,251	1,251	0	0	1,251	10,202	18	97.53	9,795	365	2,858	3,223
2016(12)	4,241	906	906	0	0	906	5,540	11	98.00	5,429	264	1,584	1,848
2017(12)	2,776	595	595	0	0	595	3,624	6	98.00	3,551	174	1,036	1,210
2018(12)	1,420	543	543	0	0	543	1,615	3	98.00	1,583	158	462	620
2019(12)	712	275	275	0	0	275	807	2	98.00	791	80	231	311
2020(12)	576	273	273	0	0	273	602	1	98.00	590	80	172	252
2021(12)	170	90	96	0	0	96	162	0	98.00	159	28	46	74
Total	21,098	4,685	4,691	0	0	4,691	27,378	49	—	26,529	1,369	7,741	9,109

Table D-3E

unitized PUD : <Unnamed Sensitivity>

Economic Summary

Unitized Contract Area, Bohai Bay, China – Proved Undeveloped

Prod'n Start: 2014/09, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of December 31, 2013
Escalation Date	2014/01
Discount Date	2014/01
Economic Limit	2021/08

Company Economic Indicators_BT

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	BT PIR	
Company (% of Total)	26.91	0.00	29.18	29.18	(%)	(M$US)	(fraction)	
Company (% of Contr)	59.55	0.00	59.55	59.55	0	126,459	1.02	
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	105,856	0.91	
Contr	45.19	0.00	49.00	49.00	10.0	89,499	0.81	
NOC	47.04	0.00	51.00	51.00	15.0	76,308	0.73	
					20.0	65,520	0.66	
					25.0	56,588	0.59	
							Contr Take (%)	20.10
							NOC Take (%)	30.02
					F&D ($US/BOE)	31.97	Gov't Take (%)	49.88

Company Economics (per Unit)_BT

	(M$US)	(%)	($US/BOE)
Net Revenue	369,269	100.00	102.29
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	58,641	15.88	16.24
Tariffs	0	0.00	0.00
Prod & Asset Taxes	60,662	16.43	16.80
Capital Costs	123,507	33.45	34.21
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	126,459	34.25	35.03

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	13,422	3,916	3,610
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	13,422	3,916	3,610

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	395,527	115,404
Abandonment	(M$US)	27,771	8,103
Total	(M$US)	423,298	123,507

Cash Flow_BT

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US
2014(12)	48,480	-6,194	42,286	1,417	47,063	7,367	1,013	-14,574
2015(12)	70,614	42,934	113,548	9,607	61,007	18,427	1,013	23,494
2016(12)	16,192	57,005	73,197	8,858	7,334	10,354	1,013	45,638
2017(12)	8,021	41,838	49,859	8,021	0	8,477	1,013	32,349
2018(12)	7,631	25,960	33,591	7,631	0	5,827	1,013	19,121
2019(12)	7,437	16,162	23,599	7,437	0	4,174	1,013	10,975
2020(12)	7,294	9,614	16,907	7,294	0	3,047	1,013	5,553
2021(12)	8,963	7,319	16,281	8,376	0	2,989	1,013	3,903
Total	174,631	194,637	369,269	58,641	115,404	60,662	8,103	126,459

Table D-3E

unitized PUD : <Unnamed Sensitivity>

Production Detail

Unitized Contract Area, Bohai Bay, China – Proved Undeveloped

Prod'n Start: 2014/09, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	4	3,948	1,441	420	396	106.76	0.0	0	0	0	0	0.00
2015(12)	19	11,648	4,252	1,240	1,120	101.41	0.0	0	0	0	0	0.00
2016(12)	22	7,973	2,918	851	784	93.39	0.0	0	0	0	0	0.00
2017(12)	22	4,819	1,759	513	476	104.81	0.0	0	0	0	0	0.00
2018(12)	22	3,170	1,157	338	316	106.39	0.0	0	0	0	0	0.00
2019(12)	22	2,190	799	233	219	108.00	0.0	0	0	0	0	0.00
2020(12)	21	1,538	563	164	154	109.63	0.0	0	0	0	0	0.00
2021(12)	30	2,192	533	155	146	111.29	0.0	0	0	0	0	0.00
Total	—	—	13,422	3,916	3,610	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	1,441	420	396
2015(12)	0.0	0	0	0	0	0.00	4,252	1,240	1,120
2016(12)	0.0	0	0	0	0	0.00	2,918	851	784
2017(12)	0.0	0	0	0	0	0.00	1,759	513	476
2018(12)	0.0	0	0	0	0	0.00	1,157	338	316
2019(12)	0.0	0	0	0	0	0.00	799	233	219
2020(12)	0.0	0	0	0	0	0.00	563	164	154
2021(12)	0.0	0	0	0	0	0.00	533	155	146
Total	—	0	0	0	0	—	13,422	3,916	3,610

Table D-3E

unitized PUD : <Unnamed Sensitivity>

PSC Detail

Unitized Contract Area, Bohai Bay, China – Proved Undeveloped

Unitized Contract Area, Bohai Bay, China – Proved Undeveloped

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	213	0	153,843	0	0	153,843	7,692	0.00	0.00	0.00	0	0	0	0
2015(12)	628	0	431,148	0	0	431,148	21,557	0.88	0.88	0.00	7,739	0	0	7,739
2016(12)	431	0	272,530	0	0	272,530	13,626	0.00	0.00	0.00	0	0	0	0
2017(12)	260	0	184,336	0	0	184,336	9,217	0.00	0.00	0.00	0	0	0	0
2018(12)	171	0	123,097	0	0	123,097	6,155	0.00	0.00	0.00	0	0	0	0
2019(12)	118	0	86,328	0	0	86,328	4,316	0.00	0.00	0.00	0	0	0	0
2020(12)	83	0	61,704	0	0	61,704	3,085	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	59,276	0	0	59,276	2,964	0.00	0.00	0.00	0	0	0	0
Total	1,905	0	1,372,262	0	0	1,372,262	68,613	—	—	—	7,739	0	0	7,739

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	96,152	166,158	4,858	161,300	0	166,158	-20,008	213	97.36	-21,229	48,480	-6,194	42,286
2015(12)	261,728	242,017	32,927	209,090	0	242,017	159,834	628	95.90	147,147	70,614	42,934	113,548
2016(12)	170,331	55,495	30,358	25,137	0	55,495	203,408	431	97.10	195,375	16,192	57,005	73,197
2017(12)	115,210	27,491	27,491	0	0	27,491	147,629	260	97.63	143,393	8,021	41,838	49,859
2018(12)	76,936	26,153	26,153	0	0	26,153	90,790	171	98.00	88,974	7,631	25,960	33,591
2019(12)	53,955	25,489	25,489	0	0	25,489	56,523	118	98.00	55,392	7,437	16,162	23,599
2020(12)	38,565	24,997	24,997	0	0	24,997	33,622	83	98.00	32,949	7,294	9,614	16,907
2021(12)	37,048	28,709	30,718	0	0	30,718	25,595	0	98.00	25,083	8,963	7,319	16,281
Total	849,925	596,510	202,991	395,527	0	598,518	697,392	1,905	—	667,085	174,631	194,637	369,269

Table D-3F

unitized PB : <Unnamed Sensitivity>

Economic Summary

Unitized Contract Area, Bohai Bay, China – Total Probable

Prod'n Start: 2014/09, As Of: January 1, 2014. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of December 31, 2013
Escalation Date	2014/01
Discount Date	2014/01
Economic Limit	2025/02

Company Economic Indicators_BT

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	BT PIR	
Company (% of Total)	26.17	0.00	29.18	29.18	(%)	(M$US)	(fraction)	
Company (% of Contr)	59.55	0.00	59.55	59.55	0	671,829	10.47	
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	531,432	9.34	
Contr	43.95	0.00	49.00	49.00	10.0	431,338	8.44	
NOC	45.75	0.00	51.00	51.00	15.0	357,802	7.70	
					20.0	302,325	7.10	
					25.0	259,484	6.61	
							Contr Take (%)	25.76
							NOC Take (%)	35.72
					F&D ($US/BOE)	6.23	Gov't Take (%)	38.52

Company Economics (per Unit)_BT

	(M$US)	(%)	($US/BOE)
Net Revenue	1,026,765	100.00	105.58
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	114,298	11.13	11.75
Tariffs	0	0.00	0.00
Prod & Asset Taxes	176,453	17.19	18.14
Capital Costs	64,185	6.25	6.60
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	671,829	65.43	69.08

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	37,261	10,872	9,725
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	37,261	10,872	9,725

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	207,756	60,618
Abandonment	(M$US)	12,225	3,567
Total	(M$US)	219,982	64,185

Cash Flow_BT

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating M$US	Costs Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US
2014(12)	5,153	7,580	12,732	397	4,756	2,219	-298	5,658
2015(12)	23,664	91,164	114,828	4,414	19,250	18,667	-298	72,795
2016(12)	44,784	130,622	175,406	8,172	36,612	24,870	-298	106,049
2017(12)	6,138	129,047	135,185	6,138	0	23,010	-298	106,334
2018(12)	5,247	102,406	107,653	5,247	0	18,681	-298	84,022
2019(12)	4,889	83,120	88,009	4,889	0	15,572	-298	67,846
2020(12)	4,498	70,387	74,885	4,498	0	13,501	-298	57,183
2021(12)	9,921	69,192	79,113	10,753	0	14,525	-298	54,133
2022(12)	22,477	65,803	88,280	22,477	0	16,496	1,487	47,820
2023(12)	22,064	53,562	75,625	22,064	0	14,375	1,487	37,700
2024(12)	21,790	43,501	65,291	21,790	0	12,618	1,487	29,396
2025(12)	4,111	5,646	9,758	3,462	0	1,916	1,487	2,893
Total	174,735	852,031	1,026,765	114,298	60,618	176,453	3,567	671,829

Table D-3F

unitized PB : <Unnamed Sensitivity>

Production Detail

Unitized Contract Area, Bohai Bay, China – Total Probable

Prod'n Start: 2014/09, As Of: January 1, 2014. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2014(12)	1	1,208	441	129	119	106.76	0.0	0	0	0	0	0.00
2015(12)	10	12,636	4,612	1,346	1,132	101.41	0.0	0	0	0	0	0.00
2016(12)	28	20,777	7,604	2,219	1,878	93.39	0.0	0	0	0	0	0.00
2017(12)	28	13,770	5,026	1,466	1,290	104.81	0.0	0	0	0	0	0.00
2018(12)	29	10,367	3,784	1,104	1,012	106.39	0.0	0	0	0	0	0.00
2019(12)	32	8,298	3,029	884	815	108.00	0.0	0	0	0	0	0.00
2020(12)	32	6,900	2,525	737	683	109.63	0.0	0	0	0	0	0.00
2021(12)	52	7,154	2,611	762	711	111.29	0.0	0	0	0	0	0.00
2022(12)	78	7,842	2,862	835	781	112.97	0.0	0	0	0	0	0.00
2023(12)	73	6,613	2,414	704	659	114.67	0.0	0	0	0	0	0.00
2024(12)	70	5,604	2,051	598	561	116.41	0.0	0	0	0	0	0.00
2025(12)	63	5,109	301	88	83	118.16	0.0	0	0	0	0	0.00
Total	—	—	37,261	10,872	9,725	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2014(12)	0.0	0	0	0	0	0.00	441	129	119
2015(12)	0.0	0	0	0	0	0.00	4,612	1,346	1,132
2016(12)	0.0	0	0	0	0	0.00	7,604	2,219	1,878
2017(12)	0.0	0	0	0	0	0.00	5,026	1,466	1,290
2018(12)	0.0	0	0	0	0	0.00	3,784	1,104	1,012
2019(12)	0.0	0	0	0	0	0.00	3,029	884	815
2020(12)	0.0	0	0	0	0	0.00	2,525	737	683
2021(12)	0.0	0	0	0	0	0.00	2,611	762	711
2022(12)	0.0	0	0	0	0	0.00	2,862	835	781
2023(12)	0.0	0	0	0	0	0.00	2,414	704	659
2024(12)	0.0	0	0	0	0	0.00	2,051	598	561
2025(12)	0.0	0	0	0	0	0.00	301	88	83
Total	—	0	0	0	0	—	37,261	10,872	9,725

Table D-3F

unitized PB : <Unnamed Sensitivity>

PSC Detail

Unitized Contract Area, Bohai Bay, China – Total Probable

Unitized Contract Area, Bohai Bay, China – Total Probable

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2014(12)	65	0	47,061	0	0	47,061	2,353	0.00	0.00	0.00	0	0	0	0
2015(12)	682	0	467,712	0	0	467,712	23,386	2.44	1.56	0.00	25,071	0	0	25,071
2016(12)	1,124	0	710,161	0	0	710,161	35,508	2.58	2.58	0.00	33,119	0	0	33,119
2017(12)	743	0	526,740	0	0	526,740	26,337	1.05	1.05	0.00	10,153	0	0	10,153
2018(12)	559	0	402,574	0	0	402,574	20,129	0.01	0.01	0.00	98	0	0	98
2019(12)	448	0	327,111	0	0	327,111	16,356	0.00	0.00	0.00	0	0	0	0
2020(12)	373	0	276,841	0	0	276,841	13,842	0.00	0.00	0.00	0	0	0	0
2021(12)	508	0	290,605	0	0	290,605	14,530	0.00	0.00	0.00	0	0	0	0
2022(12)	423	0	323,333	0	0	323,333	16,167	0.00	0.00	0.00	0	0	0	0
2023(12)	357	0	276,778	0	0	276,778	13,839	0.00	0.00	0.00	0	0	0	0
2024(12)	303	0	238,754	0	0	238,754	11,938	0.00	0.00	0.00	0	0	0	0
2025(12)	0	0	35,619	0	0	35,619	1,781	0.00	0.00	0.00	0	0	0	0
Total	5,585	0	3,923,289	0	0	3,923,289	196,164	—	—	—	68,442	0	0	68,442

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2014(12)	29,413	17,660	1,360	16,300	0	17,660	27,049	65	97.25	25,978	5,153	7,580	12,732
2015(12)	267,249	81,104	15,129	65,975	0	81,104	338,152	682	94.55	312,450	23,664	91,164	114,828
2016(12)	410,732	153,489	28,007	125,481	0	153,489	488,045	1,124	94.28	447,684	44,784	130,622	175,406
2017(12)	319,060	21,038	21,038	0	0	21,038	469,212	743	95.68	442,286	6,138	129,047	135,185
2018(12)	251,510	17,982	17,982	0	0	17,982	364,365	559	96.98	350,979	5,247	102,406	107,653
2019(12)	204,444	16,755	16,755	0	0	16,755	294,000	448	97.29	284,880	4,889	83,120	88,009
2020(12)	173,025	15,415	15,415	0	0	15,415	247,584	373	97.61	241,239	4,498	70,387	74,885
2021(12)	181,628	36,852	34,004	0	0	34,004	242,071	508	97.97	237,142	9,921	69,192	79,113
2022(12)	202,083	77,036	77,036	0	0	77,036	230,131	423	98.00	225,528	22,477	65,803	88,280
2023(12)	172,986	75,619	75,619	0	0	75,619	187,320	357	98.00	183,574	22,064	53,562	75,625
2024(12)	149,221	74,680	74,680	0	0	74,680	152,136	303	98.00	149,093	21,790	43,501	65,291
2025(12)	22,262	11,864	14,091	0	0	14,091	19,747	0	98.00	19,352	4,111	5,646	9,758
Total	2,383,614	599,494	391,116	207,756	0	598,872	3,059,811	5,585	—	2,920,184	174,735	852,031	1,026,765

The following is the text of the Valuation Report prepared by Sproule International Limited for the purpose of inclusion in this circular.

June 23, 2014

The Board of Directors
Win Business Energy Limited
33/F, 118 Connaught Road West
Sheung Wan, Hong Kong

FAIR MARKET VALUE ANALYSIS OF CERTAIN PETROLEUM ASSETS OF KERR-MCGEE CHINA PETROLEUM LIMITED IN THE BOHAI BAY BASIN, PEOPLE'S REPUBLIC OF CHINA, AS OF JANUARY 1, 2014

This valuation report (the "Report") was prepared by Sproule International Limited ("Sproule") at the request of Win Business Energy Limited (the "Buyer"), an indirect wholly-owned Hong Kong-incorporated subsidiary of Brightoil Petroleum (Holdings) Limited (the "Company").

The Company retained Sproule to prepare and deliver a value analysis of the estimated fair market value (the "Value Analysis") of certain assets held by Kerr-McGee China Petroleum Limited ("KMCPL"), a wholly owned subsidiary of Anadarko Petroleum Corporation ("Anadarko"), in the People's Republic of China ("China") as of January 1, 2014. The assets comprise a 40.0909 percent non-operated interest in Contract Area 04/36 and a 29.1773 percent non-operated interest in a Unit spanning Contract Area 05/36 and Contract Area 04/36 (the "Assets"). The Assets are located in shallow water in the Bohai Bay Basin in China. KMCPL's interests in South China Sea Exploration Block 43/11 have not been included in this valuation report at the request of the Company.

This Report identifies the Assets, sets out the purpose of the Value Analysis, describes the scope of review, provides a brief industry overview, explains the basis for the Value Analysis and outlines the associated assumptions and conclusions.

PURPOSE OF VALUE ANALYSIS

This Report has been prepared for the exclusive use of the Company's Board of Directors in connection with the proposed acquisition of the Assets by the Company. The Report serves as an internal reference for the value of the proved plus probable ("2P") crude oil reserves associated with the Assets. The Analysis should not be construed as a fairness opinion, solvency opinion or an investment recommendation. The Value Analysis only forms part of the information for the Company to consider and the responsibility for determining the acquisition price and value of the Assets rests solely with the Company. Third Parties should conduct their own independent investigations with respect to financial projections and assumptions.

The Value Analysis was performed under a Master Services Consulting Agreement that contains standard clauses pertaining to indemnification and liability. Sproule is indemnified by the Company for misstatements owing to the reliance by Sproule on data and interpretations provided by the Company, whether directly or indirectly from third parties. Sproule is not indemnified for acts of willful misconduct performed by its management or staff.

CREDENTIALS OF SPROULE

Sproule is one of the world's largest independent subsurface petroleum consulting and evaluation firms with over 65 years of experience in the petroleum industry. Sproule is recognized as a premier reserve evaluator for TSX-listed companies, which file their reserves annually pursuant to Canadian National Instrument 51-101. In 2012/13, Sproule conducted reserve evaluations for over 40 TSX-listed companies in accordance with NI 51-101 regulations. Sproule also has an active advisory practice providing technical and valuation advice to clients with respect to M&A transactions involving a variety of petroleum assets worldwide.

SCOPE OF REVIEW

In connection with the Value Analysis, Sproule has reviewed and relied on, among other things, the following:

- Sproule's "Independent Competent Person's Report of Certain P&NG reserves in Bohai Bay, China of Kerr-McGee China Petroleum Limited, as of January 1, 2014", signed June 23, 2014 (the "Competent Person's Report" or "CPR");
- US Energy Information Administration (February 4, 2014) "Country Overview: China", http://www.eia.gov/countries/cab.cfm?fips=ch, referenced April 29, 2014
- Discussions with the Company's management team and KMCPL's technical team;
- Certain data from the Company, including that obtained by the Company from KMCPL and the operator of the Assets;
- Publicly available information with respect to the Assets considered relevant by Sproule to the Value Analysis;
- Various research publications prepared by research analysts regarding the Assets and other selected public entities;
- Publicly available information with respect to certain other oil and gas transactions in China and elsewhere considered relevant;
- Publicly available information with respect to the petroleum industry in China; and
- Such other information, investigations and reviews considered appropriate by Sproule pursuant to our scope of work.

ASSUMPTIONS AND LIMITATIONS

Sproule has relied on the completeness, accuracy and fair presentation of all the financial and other analyses, data and information (collectively, the "Information") obtained from the Company, public and other sources. The Value Analysis is contingent upon the completeness and continued accuracy of all such Information. Sproule has exercised due professional judgement with respect to the review of the Information, but we have not independently verified its accuracy or fair presentation.

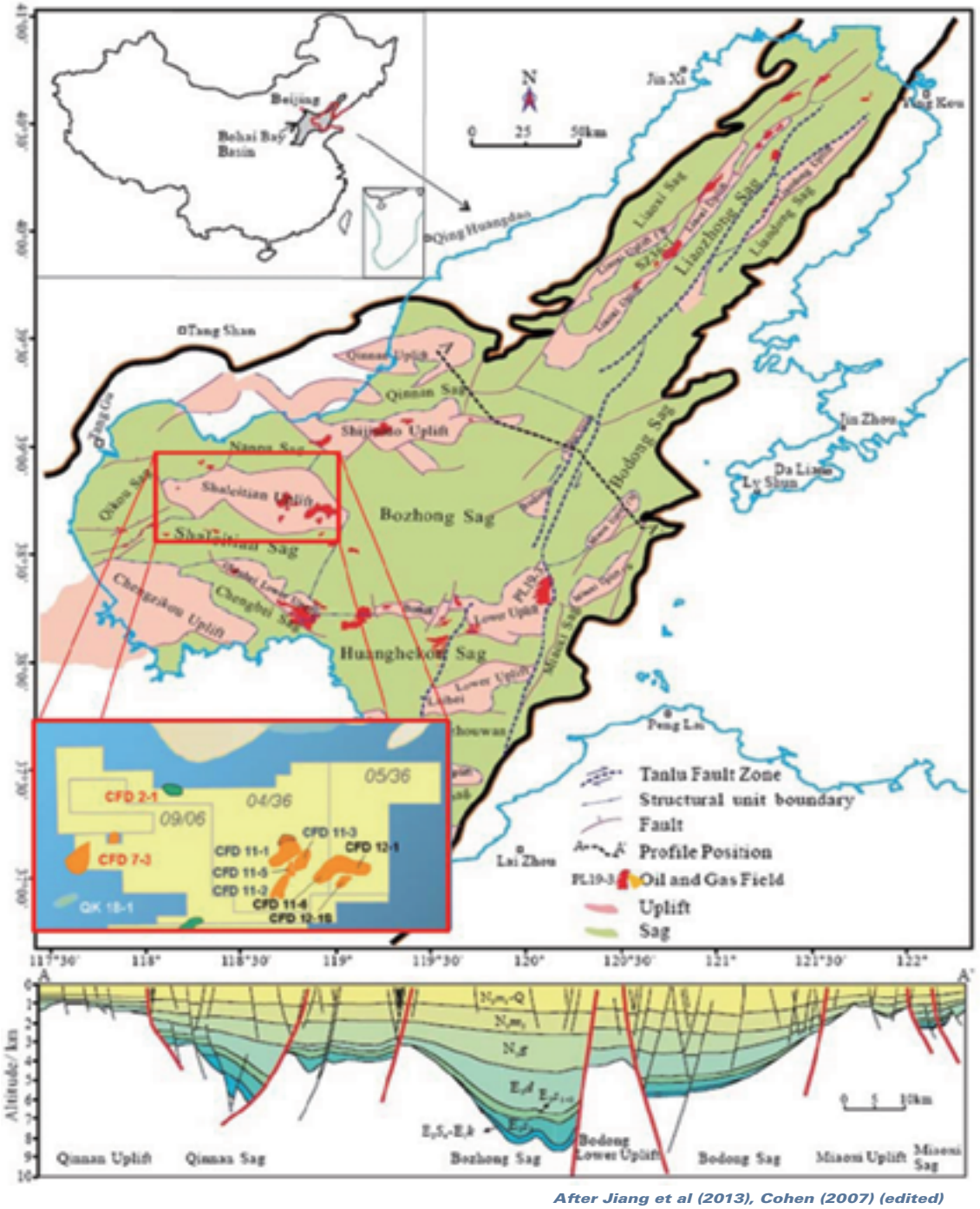
Sproule reserves the right to review all calculations made, referred to or included in this report and to revise the conclusions as a result of erroneous data supplied by the Company or acquired from public sources, or information that exists but was not made available to us, which becomes known subsequent to the preparation of this report.

With respect to projections of future development, production and financial performance provided to Sproule and used in the Value Analysis, Sproule notes that projecting future results is inherently subject to uncertainty. Sproule has assumed that the budgets, forecasts and estimates underpinning the projections are reasonable in the circumstances at the date of this Report.

OVERVIEW OF THE ASSETS

The Assets are located in Bohai Bay, offshore northeast China, approximately 100 kilometres southeast of Tanggu, Tianjin at water depths of 20 to 25 metres. The assets consist of Contract Area 04/36 and a Unit that extends from Contract Area 05/36 into Contract Area 04/36. These areas are located on the Shaleitian Uplift (Figure 1), a structural high which contains significant commercial hydrocarbon reservoirs within the Minghuazhen, Guantao and Dongying formations. From the KMCPL-interest lands, medium to heavy gravity oil is produced from seven high permeability sandstone reservoirs having strong water drives. Oil is produced via six platforms to the Hai Yang Shi You 112 FPSO.

Four oil fields, Caofeidian (CFD) 11-1, 11-2, 11-3 and 11-5, are within Contract Area 04/36 and two oil fields, CFD 12-1 and 12-1S, are within Contract Area 05/36. The seventh producing oil field, CFD 11-6, straddles the boundary between Contract Areas 04/36 and 05/36. Consequently, producing oil fields CFD 11-6, 12-1 and 12-1S were combined into a Unit in 2005 with a unitization agreement containing provisions from both contract areas. Producing oil fields CFD 11-6, 12-1 and 12-1S are hereinafter referred to as the Unit.



After Jiang et al (2013), Cohen (2007) (edited)

Figure 1 – Bohai Bay Basin (Offshore) Location, Tectonic Unit Distributions, Structural Characteristics

Ownership and Acreage

Table 1 provides a summary of KMCPL's working interest and the Project gross 100 percent working interest and KMCPL gross acreage in Contract Area 04/36 and the Unit.

Table 1 – Summary of KMCPL's Working Interest Project Gross and KMCPL Net Acreage

Area	KMCPL Working Interest *(%)*	Project Gross[(1)] *(acres)*	KMCPL Net[(2)] *(acres)*
Contract Area 04/36	40.0909	30,747	12,327
Unit	29.1773	21,745	6,345

(1) Project Gross acreage represents the 100 percent working interest acreage

(2) KMCPL Net acreage is calculated by multiplying the working interest by the Project Gross acreage.

BRIEF INDUSTRY OVERVIEW

China is the world's largest country by population and has experienced significant growth over the last two decades, emerging as the world's largest energy consumer in 2010. China's oil consumption accounted for one-third of the world's oil consumption growth in 2013 and the U.S. Energy Information Administration ("EIA") predicts that China will surpass the United States as the largest net oil importer by 2014.

Based on figures by the IMF, China experienced growth of in excess of 10 percent per year between 2000 and 2011. This growth has since slowed to an estimated 7.7 percent in 2012 and 2013 with industrial production and exports decreasing as the government attempted to limit inflation and investment in certain sectors.

The government has outlined broad principles for economic reform in China and has proposed moves to refocus growth initiatives on domestic consumption rather than excessive exports, as outlined at the 2012 Central Economic Work Conference. The energy sector has also experienced reform with the removal of many subsidies and the introduction of market-based pricing schemes.

China's total energy consumption in 2011 was based primarily on coal, representing 69 percent of total primary energy. Oil was the second largest source with 18 percent, followed by hydroelectric sources at 6 percent, and natural gas at 4 percent.

China's total oil and liquids production, the fourth largest in the world, has risen by about 54 percent in the past two decades and serves only the domestic market. In 2013, China produced approximately 4.5 million barrels per day of total oil liquids, of which 93 percent was crude oil. The EIA projects that this will continue to grow, reaching 4.6 million barrels per day in 2020 and 5.6 million barrels per day in 2040.

China consumed an estimated 10.7 million barrels per day in 2013, including net imports of 6.2 million barrels per day. This is expected to grow to 11.1 million barrels per day in 2014, including net imports of 6.6 million barrels per day according to the EIA.

China's Oil and Gas Sector

In China, its own national oil companies dominate the oil and gas upstream and downstream sectors. Between 1994 and 1998, the Chinese government reorganized most of the state-owned oil and gas companies into two large vertical companies: the China National Petroleum Corporation ("CNPC") and the China Petroleum and Chemical Corporation ("Sinopec"). CNPC is the leading upstream company in China and accounts for 53 percent of oil production and 75 percent of gas production. Other firms have also entered the market in the past several years, including the China National Offshore Oil Corporation ("CNOOC"), which is responsible for offshore exploration and production. Other Chinese companies that are active in the Chinese E&P sector include The Sinochem Corporation, CITIC Group and Yanchang Petroleum.

International oil companies have also been involved in the Chinese E&P sector with access granted to offshore oil fields and technically challenging gas fields. The primary method of participation has been joint ventures and production sharing contracts. Companies historically or currently involved in the Chinese market through these channels include: ConocoPhillips, Shell, Chevron, BP, BG, Husky, Anadarko and Eni, among others. Chinese NOCs must hold the majority interest in the PSC and typically become operators once the development costs have been recovered.

Exploration and Production

Approximately 81 percent of Chinese crude production is sourced from onshore fields, while 19 percent stems from shallow offshore fields based on EIA data. Recent E&P activity has focused on the offshore areas of Bohai Bay, where the Assets are located, and the South China Sea. There has also been onshore activity in the central interior and Western provinces. China's NOCs are investing in EOR techniques to sustain and extend production from large mature, onshore fields.

CNPC's Daqing oil field is one of the oldest and largest producing fields in China, producing 800,000 barrels of crude oil per day in 2012. Sinopec's Shengli oil field near Bohai Bay produced approximately 550,000 barrels of crude oil per day in 2012, making it the second largest producing field in China. Production declines have been stemmed partly by the use of EOR techniques, but the output is expected to decline over the next decade.

The Bohai Bay Basin, located in northeastern China east of Beijing, is the oldest oil-producing offshore basin and maintains the majority of the proved offshore reserves in China. CNOOC's production in the Bohai Bay was 406,000 barrels per day in 2011 or two-thirds of the company's domestic oil production. The largest offshore crude oil field, Penglai 19-3, resumed production in 2013 following a temporary shut-in. Production peaked at 122,000 barrels per day prior to the shut-in. CNOOC has held three licensing rounds since 2011 for foreign companies to jointly explore and develop offshore blocks in the Bohai Bay, SCS and ECS. The last round occurred in 2013 with foreign companies and included 25 blocks, 15 of which are in deep water.

The Chinese government is trying to diversify its energy mix and lessen the reliance on crude oil imports. However, demand for crude oil is expected to grow faster than domestic production, as shown in Figure 2. The Chinese government's current five-year plan calls for oil imports to represent no more than 61 percent of its demand by the end of 2015, although this will require significant investment in exploration of new fields and EOR projects for existing fields.

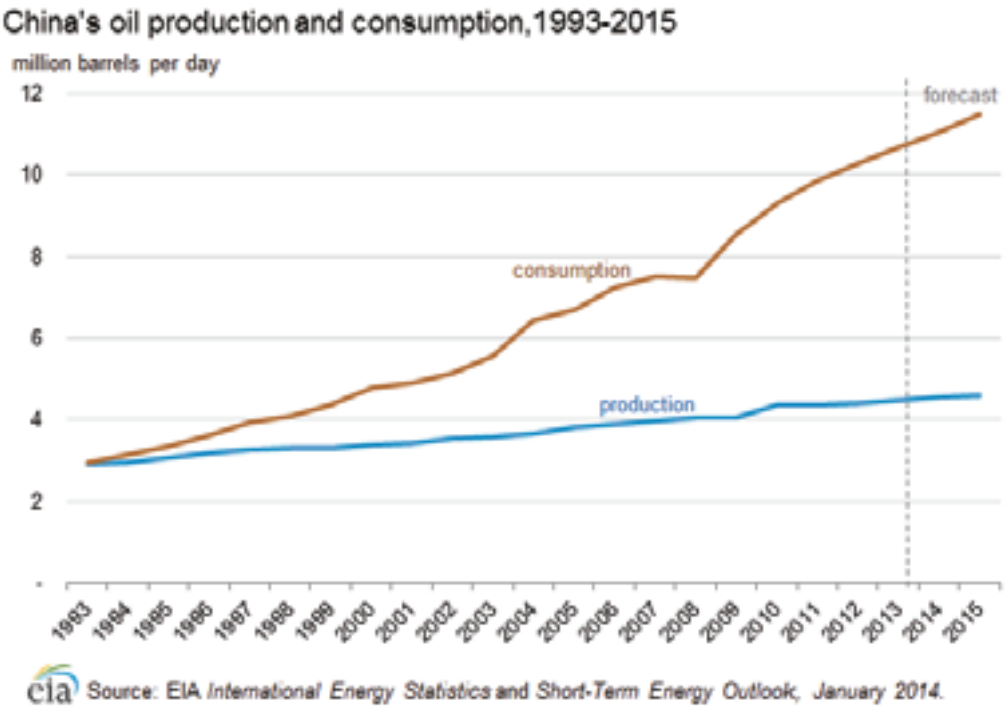


Figure 2 – China's Oil Production and Consumption, 1993-2015

With these trends, it is expected that there will continue to be significant demand for domestic crude oil in China in the foreseeable future.

APPROACH TO VALUE ANALYSIS

The Value Analysis has been conducted in accordance with the "Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports" (the "VALMIN Code"). The definition of fair market value ("Fair Market Value") pursuant to the VALMIN Code is the value at which a petroleum asset "should change hands on the valuation date in an open and unrestricted market between a willing buyer and a willing seller in an "arm's length" transaction, with each party acting knowledgeably, prudently and without compulsion."

In considering the fair value of the Assets, Sproule considered and applied a number of methodologies it considered appropriate, given the nature and development status of the Assets and the information available.

Cost Approach

The Cost Approach is based on the principle of contribution to value. The appraised value method is commonly used where exploration expenditures are analyzed for their contribution to the exploration potential of the Assets. Given the maturity and long production history of the Assets, Sproule did not rely on this methodology.

Market Approach

The Market Approach is based on the principle of substitution and is a relative valuation methodology by comparing transaction or trading metrics of relevant comparable companies and precedent transactions with that of the Assets.

Sproule assessed precedent transactions involving other assets that Sproule considered relevant or comparable to the Assets (the "Precedent Transactions Value Analysis"). It should be noted that the Precedent Transactions Value Analysis is not an intrinsic Value Analysis and is limited by the difference between assets in terms of (i) stage of development; (ii) reserve and resource mix; (iii) exploration upside; (iv) operatorship; (v) fiscal terms; and (vi) transaction date commodity prices. Sproule primarily used this methodology as a check on value and to help define an appropriate range for the Value Analysis.

Sproule also considered a comparable companies trading Value Analysis of publicly listed companies with significant exposure to East Asian oil and gas assets. Sproule noted that significant differences in reserve and resource mix, fiscal terms across countries and license blocks, exploration upside and operatorship limit the applicability of this methodology. In view of the foregoing and the fact that the value of publicly traded companies represents a minority discount value rather than an en-bloc value, Sproule did not rely on this methodology.

Income Approach

The Income Approach is based on the principle of anticipated benefits and includes all methods that are based on the income or cash flow generation potential of the Asset. This methodology captures the intrinsic value of the Assets based on assumptions made about the future cash flows of the Assets, discounted based on an appropriate discount rate. This method is generally accepted as the preferred method for the valuation of producing properties.

Sproule developed a cash flow model for the Assets and estimated a weighted average cost of capital, which was used to discount the cash flows. Sproule primarily relied on this methodology, given the maturity and nature of the Assets.

VALUE ANALYSIS

(i) Discounted Cash Flow Approach

The Discounted Cash Flow ("DCF") approach reflects the growth prospects and inherent risks of the Assets by taking into account the amount, timing and relative certainty of projected unlevered cash flows. Certain assumptions are made, among other things, about the future development plan, operating environment, commodity prices and regulatory environment.

As a basis for the projected unlevered cash flows of the Assets, Sproule relied on the Competent Person's Report. The Competent Person's Report includes projections of future production based on the development plan for the Assets provided by the Company and the Competent Person's assessment of type well performance for new wells. The Competent Person's Report also includes assumptions about future operating and capital costs, royalty burden, asset retirement obligations and income taxes. The cash flows extended to the useful life of the Assets as estimated by the Competent Person's Report in the context of license expiries and economic considerations. Accordingly, no terminal value assumption was made in the Value Analysis. Sproule relied on the commodity price forecast in the Competent Person's Report and applied various sensitivities to this base case.

Production Volumes

Sproule based the production volumes on the volumes presented in the Competent Person's Report. Figure 2 shows the Project gross (100 percent working interest) historical production profile for Contract Area 04/36 and the Unit including the total proved plus probable reserve production forecast associated with the existing overall development plan and the new overall development plan, which is currently being negotiated.

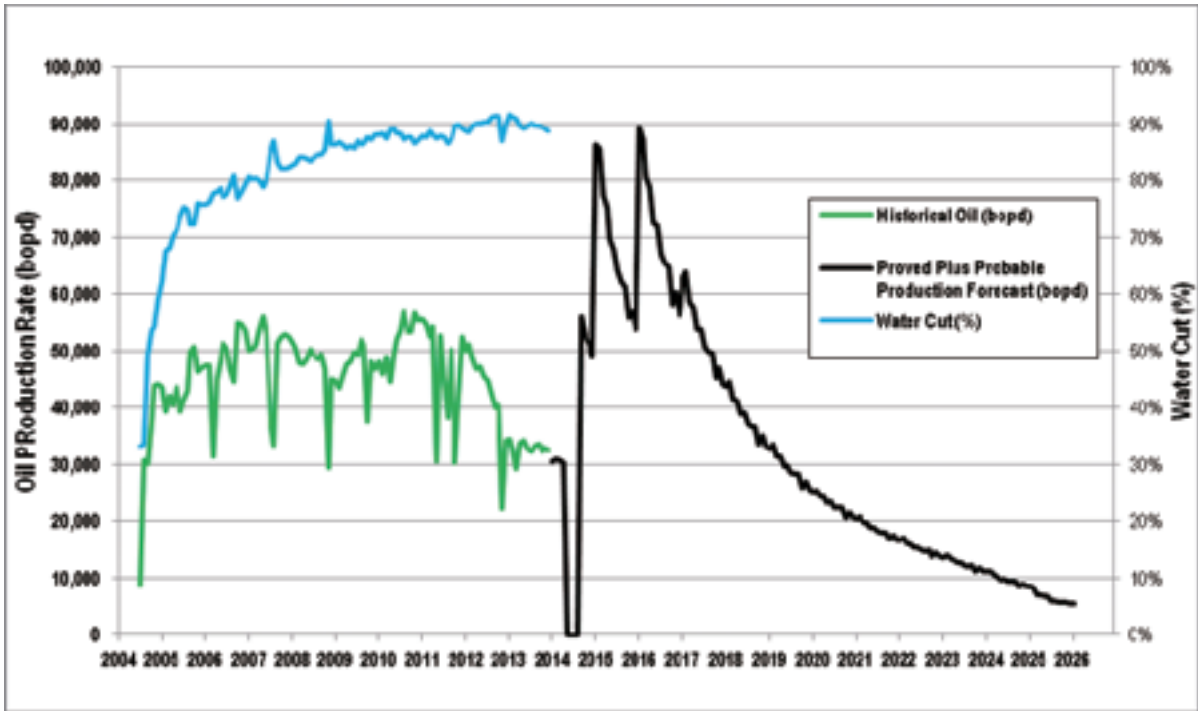


Figure 3 – Project Gross Production History and Forecast Total Proved Plus Probable for the Assets

Price Forecast

The forecast of oil prices used in the Value Analysis were based on Sproule's December 31, 2013 price forecast for Indonesia Minas crude oil as presented in the Competent Person's Report. A negative adjustment of $US 0.80 per barrel (less than Minas) was applied to the Minas price forecast based on the actual price received by KMCPL during the latter half of 2013. Table 2 presents a summary of the Minas price forecast and inflation assumptions.

Table 2 – Summary of Pricing Forecast and Assumptions as of December 31, 2013

Year	Indonesia Minas 33.9° API *($US/bbl)*	Actual Price incl. Offset *($US/bbl)*	Cost Inflation Rate *(%/year)*
Historical			
2009	63.72		1.2
2010	81.71		1.6
2011	114.24		1.3
2012	116.63		0.8
2013	108.16		2.0
Forecast			
2014	107.56	106.76	1.5
2015	102.21	101.41	1.5
2016	94.19	93.39	1.5
2017	105.61	104.81	1.5
2018	107.19	106.39	1.5
2019	108.80	108.00	1.5
2020	110.43	109.63	1.5
2021	112.09	111.29	1.5
2022	113.77	112.97	1.5
2023	115.47	114.67	1.5
2024	117.21	116.41	1.5
2025	118.96	118.16	1.5

Discount rate

Sproule discounted the projected unlevered after tax cash flows of the Assets based on a weighted average cost of capital (the "WACC"). Sproule calculated the WACC based on the cost of equity and the after-tax cost of debt for the Assets, weighted based on an assumed optimal capital structure for the Assets. This assumption was based on a review of the capital structure of certain companies considered relevant for the purposes of this assessment, the risks pertaining to the Assets and the oil and natural gas industry in general.

The cost of debt was calculated based on the risk free rate and an appropriate borrowing spread to reflect credit risk at the assumed optimal capital structure.

Sproule used the Capital Asset Pricing Model ("CAPM") approach to calculate the cost of equity for the Assets. Pursuant to the CAPM approach, the cost of equity was calculated with reference to the risk free rate of return, the equity risk of the Assets relative to the market (the "beta"), an equity risk premium, a size premium and a country risk premium. Sproule derived an unlevered beta for the Assets based on a review of a range of unlevered betas for a selected peer group of companies with risks comparable to the Assets. The unlevered beta derived for the Assets was then re-levered using the assumed optimal capital structure.

Sproule applied a size premium to the Assets and also added a country risk premium for China. Sproule's equity risk premium is Sproule's view based on an analysis of long-term equity returns over long-term government bond returns in the US market.

The assumptions underpinning the WACC estimation are provided in Table 3 below.

Table 3 – Weighted Average Cost of Capital

Cost of Debt		**Optimal Capital Structure**	
Risk free rate (10-yr US Government Bond)(1)	3.0%	Debt	15.0%
Borrow ing spread(2)	2.9%	Equity	85.0%
Pre-tax cost of debt	5.9%		
Less: tax adjustment(3)	1.5%	**Weighted Average Cost of Capital**	
		Debt	0.7%
Total cost of debt	**4.5%**	Equity	10.2%
Cost of Equity			
Risk free rate (10-yr US Government Bond)(1)	3.0%	**Total weighted average cost of capital**	**10.8%**
Equity risk premium	6.0%		
Leveraged beta(4)	0.88		
Cost of equity before adjustments	8.3%		
Size premium(5)	1.9%		
Country risk premium(6)	1.7%		
Total cost of equity	**12.0%**		

(1) 10-year US Treasury Bond as of December 31, 2013

(2) Based on the difference between the risk-free rate and the JP Morgan index of yields to maturity on Chinese 10-year corporate USD debt as of December 31, 2013

(3) Based on a 25 percent corporate income tax in China

(4) Based on a 2-year adjusted beta relative to the S&P Global 100 index for a peer group consisting of: Petrochina, Sinopec, CNOOC, PTTEP, Woodside, Santos, Oil Search, Inpex and Japex

(5) Based on CRSP Size Premiums, Duff & Phelps 2014 Valuation Handbook

(6) Derived from the spread between China and US government bond credit defaults swaps as of December 31, 2013, scaled up for 2-year equity market volatility (standard deviation) relative to bond market volatility in China.

Based on the foregoing, and taking into account sensitivity analyses on the key variables, Sproule used a discount rate of 10 to 12 percent for the Assets in the DCF approach.

Cash Flow Analysis

Sproule relied on the cash flow analysis as presented in the Competent Person's Report. The base case utilized is presented below. The cash flow assumptions as presented in the Competent Person's Report were deemed reasonable following a review by Sproule and discussions with KMCPL and the Company.

Table 4 – Base Case 2P Cash Flows

US Thousands of dollars unless otherwise noted

	Avg. Prod. Boe/d[(1)]	Avg. Price $US/Boe	Revenue	Operating Costs	Capital Costs	Production Taxes	Abandonm. Costs	Before Tax Cash Flow	Cash Taxes	After Tax Cash Flow
2014	27,534	106.76	343,319	71,970	70,742	59,822	3,361	137,425	36,701	100,724
2015	67,877	101.41	770,019	63,755	184,535	124,988	3,361	393,381	125,628	267,753
2016	70,965	93.39	738,686	67,236	104,315	104,595	3,361	459,180	120,292	338,888
2017	53,022	104.81	638,537	67,428	34,041	108,625	3,361	425,082	94,990	330,092
2018	38,355	106.39	478,045	66,666	–	82,945	3,361	325,074	62,705	262,369
2019	29,286	108.00	372,296	66,292	–	65,864	3,361	236,780	42,872	193,908
2020	23,020	109.63	298,337	65,605	–	53,783	3,361	175,589	29,537	146,052
2021	18,638	111.29	245,015	65,680	–	44,981	3,361	130,993	19,215	111,778
2022	15,222	112.97	202,726	65,701	–	37,881	3,361	95,783	14,045	81,738
2023	12,500	114.67	168,465	65,246	–	32,022	3,361	67,836	12,792	55,043
2024	8,832	116.41	117,285	53,605	–	22,666	3,361	37,653	8,459	29,195
2025	5,109	118.16	9,758	3,462	–	1,916	1,487	2,893	–	2,893
Cumulative			4,382,488	722,645	393,632	740,087	38,457	2,487,669	567,235	1,920,433

(1) Daily average production is presented on a project basis. All other figures are net to KMCPL.

Working capital requirements were not included in the analysis due to lack of data and the fact that these would develop primarily at the corporate or downstream level rather than at the asset level. The assumption is that no significant inventory is held at the asset level as most oil produced is transferred fairly promptly after production at the wellhead.

DCF Approach Results

Sproule discounted the cash flows on a monthly basis. The results of the DCF approach have been summarized below in Table 5 for illustrative purposes only using a discount rate of 10 to 12 percent.

Table 5 – Summary of DCF Approach Results

	Discount Rate		
$USmm	**10%**	**11%**	**12%**
Asset Value	1,348	1,307	1,268

In order to test certain key assumptions in the DCF approach, Sproule performed sensitivity analyses as presented in Table 6.

Table 6 – Summary of Sensitivity Analyses

Variable	Sensitivity	Asset Value Impact[(1)] *$USMM*
Commodity Price	+/- 5%	67
Operating Costs	+/- 20%	63
Capital Costs	+/- 20%	53

(1) Relative to the mid-point of the discount rate of 11 percent

Sproule concluded that the discounted cash flows at a discount rate of 11 percent are most sensitive to commodity price.

(ii) Precedent Transactions Analysis

Sproule reviewed a number of offshore shallow water oil and gas transactions in China and the wider Asia Pacific region. In order to attain a larger data set of relevant transactions, Sproule extended the analysis to include transactions in the North Sea, which has seen significant shallow water transaction activity in recent years.

Specifically, Sproule decided to focus on two key metrics, the value per barrel of oil equivalent ("boe") of 2P reserves and the value per daily boe produced.

Sproule identified three asset transactions in Bohai Bay, which served as the most relevant precedent transactions. However, they all stem from 2006 to 2007 and would have been consummated in a different environment, both in terms of development, pricing and general market environment. One of the transactions involves an earlier purchase of an interest in the Assets, namely Singapore Petroleum Corporation's acquisition of an interest in the Assets from Ultra Petroleum Corporation in 2006 (the "SPC Transaction"). Based on the analysis of Bohai Bay transactions, the suggested value metrics ranged from $15.20 per boe to $24.21 per boe based on 2P Reserves and from $31,000 to $51,900 per daily boe produced. The SPC Transaction was represented at the high end of the respective ranges.

As part of the analysis, Sproule identified nine other relevant shallow water transactions in Asia Pacific and 24 transactions in the North Sea. Based on a consolidated analysis of all the transactions, Sproule developed a range of plus/minus 20 percent to the mean values in relation to 2P reserves and daily production in each of the two regions.

In deriving implied values for the Asset based on the metrics suggested by Table 7, Sproule used the 2P reserves from the CPR of 42.029 million boe on a Net KMCPL basis. With respect to daily production, Sproule used a normalized historical production level given that production since 2011 has been partially

restricted due to issues related to a production swivel in the single point mooring system, as detailed in the Competent Person's Report. Sproule determined that the appropriate daily sustainable production historically has been 55,000 boe per day on a project basis and 17,600 boe per day net to KMCPL.

A summary of the metrics suggested by the precedent transactions and implied Asset values is presented in Table 7.

Table 7 – Summary of Precedent Transactions Review and Implied Asset Values

	Metrics[(1)]		Asset 2P Reserves (MMboe)[(1)]/ Production (boe per	Implied Asset Value ($USMM)	
Region	**Low**	**High**	**day)**	**Low**	**High**
2P Reserves					
(US$ per Boe)					
Bohai Bay	$15.20	$24.21	42.0	639	1,018
Asia Pacific	$11.41	$17.12	42.0	480	720
North Sea	$12.70	$19.05	42.0	534	801
Daily Production					
(US$ per Boe/d)					
Bohai Bay	$31,000	$51,900	17,600	546	913
Asia Pacific	$50,900	$76,400	17,600	896	1,344
North Sea	$42,300	$63,400	17,600	744	1,116

(1) Production metrics and asset reserves are rounded for presentation purposes.

Sproule concluded that the implied values from the precedent transactions generally suggested a lower Asset Value than that derived from the Discounted Cash Flow analysis.

RISKS

This Value Analysis may contain and rely on forward-looking statements including expectations of future production revenues and capital expenditures. Reserve estimates involve the implied assessment that the reserves described can be profitably produced in the future. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated. These risks include, but are not limited to: the underlying risks of the oil and gas industry (i.e., corporate commitment, regulatory approval, operational risks in development, exploration and production); potential delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserves estimations; potential changes in policy by the government in China; the uncertainty of estimates and projections relating to production; costs and expenses; health, safety and environmental factors; commodity prices; and exchange rate fluctuation.

FAIR MARKET VALUE OPINION

Based on the results of the Value Analysis, Sproule used its professional judgement to develop a range of fair market values. Sproule used the implied value suggested by the 2P reserves value of the SPC Transaction as the lower end of the range and used the mid-point of the Discounted Cash Flow Analysis as the higher end of the range. On this basis, Sproule determined a fair market value range of the Assets of US$1,000 million to US$1,300 million as of January 1, 2014.

Based on and subject to the foregoing, Sproule considers that the Fair Market Value of the Assets can be reasonably stated as **US$1,150 million** as of January 1, 2014.

Yours very truly,

SPROULE INTERNATIONAL LIMITED

Original Signed by
Harry J. Helwerda, P.Eng., FEC, FGC (Hon.)

Harry J. Helwerda, P.Eng., FEC, FGC (Hon.)
President, Chief Operating Officer and Director

Harry J. Helwerda, B.Sc., P.Eng., FEC, FGC (Hon.)

I, Harry J. Helwerda, President, Chief Operating Officer and Director, of Sproule, 900, 140 Fourth Ave SW, Calgary, Alberta, declare the following:

1. I hold the following degree:
   a. B.Sc. Civil Engineering (1978) University of Calgary, Calgary AB, Canada

2. I am a registered professional:
   a. Professional Engineer (P.Eng.) Province of Alberta, Canada

3. I have been conferred as Fellow of Engineers Canada (FEC), June 2010, and Honorary Fellow of Geoscience Canada (FGC (Hon.)), October 2013

4. I am a member of the following professional organizations:
   a. Association of Professional Engineers and Geoscientists of Alberta (APEGA)
   b. Society of Petroleum Engineers (SPE)
   c. Society of Petroleum Evaluation Engineers (SPEE)

5. I am a member of the Alberta Securities Commission Petroleum Advisory Committee.

6. I have 35 years of experience in the petroleum industry.

7. I am a qualified reserves evaluator and reserves auditor as defined in Canadian National Instrument 51-101 and a Competent Person and Competent Evaluator pursuant to Chapter 18 of the Hong Kong Stock Exchange Listing Rules.

8. My contribution to the report entitled "Fair Market Value Analysis of Certain Petroleum Assets of Kerr-McGee China Petroleum Limited in the Bohai Bay Basin, People's Republic of China (As of January 1, 2014)" is based on my engineering knowledge and the data provided to me by the Company, from public sources, and from the non-confidential files of Sproule. I did not undertake a field inspection of the properties.

9. I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the above-named report or in the securities of Brightoil Petroleum (Holdings) Limited, Win Business Energy Limited, Anadarko Petroleum Corporation or Kerr-McGee China Petroleum Limited in compliance with Chapter 18 of the Hong Kong Stock Exchange Listing Rules.

Original Signed by
Harry J. Helwerda, P.Eng., FEC, FGC (Hon.)

Harry J. Helwerda, P.Eng., FEC, FGC (Hon.)

Part I

The following is the text of the Competent Person's Report update letter dated 23 June 2014 issued by Sproule International Limited for purpose of inclusion in this circular.

June 23, 2014

The Board of Directors
Win Business Energy Limited
33/F, 118 Connaught Road West
Sheung Wan, Hong Kong

UPDATE OF INDEPENDENT COMPETENT PERSON'S REPORT OF CERTAIN P&NG RESERVES IN BOHAI BAY, CHINA OF KERR-MCGEE CHINA PETROLEUM LIMITED FOR BRIGHTOIL PETROLEUM (HOLDINGS) LMITED AND WIN BUSINESS LIMITED (AS OF JULY 1, 2013)

This letter (the "CPR Update Letter") was prepared by Sproule International Limited ("Sproule") at the request of Win Business Energy Limited (the "Buyer"), an indirect wholly-owned Hong Kong-incorporated subsidiary of Brightoil Petroleum (Holdings) Limited (the "Company").

The Buyer retained Sproule to prepare and deliver a Competent Person's Report (the "CPR") entitled "Independent Competent Person's Report of Certain P&NG Reserves in Bohai Bay, China of Kerr-McGee China Petroleum Limited for Brightoil Petroleum (Holdings) Limited and Win Business Energy Limited (As of January 1, 2014)". The Buyer subsequently requested that Sproule provide this CPR Update Letter to update the CPR as of July 1, 2013 (the "Effective Date").

The evaluated assets (the "Assets") are located in Bohai Bay, offshore northeast China, and consist of Contract Area 04/36 and a Unit that extends from Contract Area 05/36 into Contract Area 04/36. The CPR was prepared for the purpose of evaluating the proved and probable reserves associated with the interests held by Kerr-McGee China Petroleum Limited ("KMCPL") in the Assets, according to the classifications and definitions of the SPE/WPC/AAPG/SPEE Petroleum Resources Management System ("SPE-PRMS"), promulgated by the Society of Petroleum Engineers ("SPE"), the World Petroleum Council ("WPC"), the American Association of Petroleum Geologists ("AAPG"), and the Society of Petroleum Evaluation Engineers' ("SPEE"), which are in accordance with the requirements of Chapter 18 of the Listing Rules of the Hong Kong Stock Exchange.

Details pertaining to the description of the assets, the geological and engineering data and interpretations, and economic assumptions are presented in the CPR. Please refer to the CPR for further Information.

SUMMARY OF RESULTS

This CPR Update Letter is based on historical production and information available at July 1, 2013, the Effective Date.

Tables 1 and 2 summarize the results of our evaluation at July 1, 2013. The net present values of the reserves are presented (on a before and after income tax basis) in United States dollars and are based on annual projections of net revenue, which were discounted at various rates using the mid-period discounting method. These rates are 5, 10, 15 and 20 percent and undiscounted.

Table 1
Summary of Reserves and Net Present Value as of July 1, 2013
After Income Tax

	Remaining Oil Reserves							
	Project	KMCPL		Net Present Value of Future Net Revenue *After Tax*				
Reserve Category	Gross	Gross	Net	Discounted (in MM$ US)				
	Mbbl	Mbbl	Mbbl	0%	5%	10%	15%	20%
Total Proved	79,758	28,221	26,119	1,040	898	786	697	624
Total Proved + Probable	142,373	49,248	44,988	2,060	1,681	1,404	1,195	1,034

Table 2
Summary of Reserves and Net Present Value as of July 1, 2013
Before Income Tax

	Remaining Oil Reserves							
	Project	KMCPL		Net Present Value of Future Net Revenue *Before Tax*				
Reserve Category	Gross	Gross	Net	Discounted (in MM$ US)				
	Mbbl	Mbbl	Mbbl	0%	5%	10%	15%	20%
Total Proved	79,758	28,221	26,119	1,347	1,165	1,020	905	811
Total Proved + Probable	142,373	49,248	44,988	2,684	2,191	1,829	1,556	1,346

The forecast of oil prices used were based on Sproule's June 30, 2013 price forecast for Indonesia Minas crude oil as presented in Table 3. A negative adjustment of $US 1.65 per barrel (less than Minas) was applied to the Minas price forecast based on the actual price received by KMCPL in June 2013.

Table 3
Summary of Pricing Forecast and Assumptions as of June 30, 2013

Year	Indonesia Minas 33.9° API *($US/bbl)*	Cost Inflation Rate *(%/year)*
Historical		
2008	100.74	1.1
2009	63.72	2.0
2010	81.71	1.2
2011	114.24	1.6
2012	116.63	1.3
Forecast		
2013	104.13	1.5
2014	101.26	1.5
2015	97.66	1.5
2016	101.79	1.5
2017	108.36	1.5
2018	109.99	1.5
2019	111.64	1.5
2020	113.31	1.5
2021	115.01	1.5
2022	116.73	1.5
2023	118.49	1.5
2024	120.26	1.5

Escalation rate of 1.5% thereafter

Notable changes to the CPR included:

- The Single Point Mooring Repair cost was based on the budget available at July 1, 2013, and included costs in 2013 as well as 2014. Overall the July 1, 2013 budget was $MMUS 25 higher in the year 2014, as compared to the budget at January 1, 2014.

- Additional capital was included in the second half of 2013 for the drilling of 9 wells. These locations were reclassified as undeveloped in the July 1, 2013 evaluation.

- The Abandonment Fund, Tax Depreciation and Cost Pools were updated to July 1, 2013.

Detailed forecasts of production, net revenue and cash flow are included as Table 4.

CAUTIONARY STATEMENTS AND RISKS

The accuracy of reserves estimates and associated economic analysis is, in part, a function of the quality and quantity of available data and of engineering and geological interpretation and judgment. Given the data provided at the time this evaluation was prepared, the estimates presented herein are considered reasonable. However, they should be accepted with the understanding that reservoir and financial performance subsequent to the date of the estimates may necessitate revision. These revisions may be material.

The net present values of the reserves presented in this CPR Letter Update simply represent discounted future cash flow values at several discount rates. Though net present values form an integral part of fair market value estimations, without consideration for other economic criteria, they are not to be construed as Sproule's opinion of fair market value.

This CPR Update Letter has been prepared within the context of the Competent Person's understanding of the effects of petroleum legislation, taxation and other regulations.

Interests, burdens, and other data provided by the Company were accepted as represented, without any further investigation by Sproule. Sproule has no reason to believe the data supplied by the Company is inaccurate or misleading. A Representation Letter to confirm the accuracy, completeness, and availability of data furnished to Sproule during the preparation of this report was not provided by the Company, the Buyer, Anadarko, KMCPL or the operator.

The Competent Person's Report represents an independent opinion based on the information provided by the Company.

This letter report may contain forward-looking statements including expectations of future production revenues and capital expenditures. Information concerning reserves may also be deemed to be forward-looking as estimates involve the implied assessment that the reserves described can be profitably produced in the future. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated.

These risks include, but are not limited to:

- the underlying risks of the oil and gas industry (i.e., corporate commitment, regulatory approval, operational risks in development and production);
- potential delays or changes in plans with respect to development projects or capital expenditures;
- the uncertainty of reserves estimations;
- the uncertainty of estimates and projections relating to production;

- costs and expenses;
- health, safety and environmental factors;
- commodity prices;
- exchange rate fluctuation.

EXCLUSIVITY

This letter report has been prepared for the exclusive use of Brightoil Petroleum (Holdings) Limited and Win Business Energy Limited. It may not be reproduced, distributed, or made available to any other company or person, regulatory body, or organization without the knowledge and written consent of Sproule, and without the complete contents of the letter report being made available to that party.

REPORT PREPARATION

This letter report entitled "Update of Independent Competent Person's Report of Certain P&NG Reserves in Bohai Bay, China of Kerr-McGee China Petroleum Limited for Brightoil Petroleum (Holdings) Limited and Win Business Energy Limited (As of July 1, 2013)" was prepared by the following Sproule personnel:

Original Signed by Scott W. Pennell, P.Eng.

Scott W. Pennell, P.Eng.
Project Leader;
Manager, Engineering and Director

Original Signed by Barrie F. Jose, P.Geoph.

Barrie F. Jose, P.Geoph.
Vice-President, Geoscience International and Partner

SPROULE EXECUTIVE ENDORSEMENT

This letter report has been reviewed and endorsed by the following Executive of Sproule:

Original Signed by Greg D. Robinson, P.Eng.

Greg D. Robinson, P.Eng.
Vice-President, International and Director

PERMIT TO PRACTICE

Sproule International Limited is a member of the Association of Professional Engineers and Geoscientists of Alberta and our permit number is P06151.

Table 4

Total Bohai Bay 2P 7-13 : _

Economic Summary

Bohai Bay, China – Total Proved plus Probable

Prod'n Start: 2013/07, As Of: July 1, 2013. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of June 30, 2013
Escalation Date	2013/07
Discount Date	2013/07
Economic Limit	2025/02

Company Economic Indicators

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	AT NPV	BT PIR	AT PIR
Company (% of Total)	31.63	0.00	34.69	35.41	(%)	(M$US)	(M$US)	(fraction)	(fraction)
Company (% of Contr)	70.60	0.00	70.79	72.26	0	2,684,061	2,059,701	5.82	4.46
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	2,191,300	1,681,237	5.31	3.64
Contr	44.80	0.00	49.00	49.00	10.0	1,829,439	1,403,776	4.90	3.76
NOC	46.63	0.00	51.00	51.00	12.0	1,711,345	1,313,334	4.76	3.52
					15.0	1,556,486	1,194,830	4.57	3.20
					20.0	1,345,739	1,033,750	4.30	2.77

AT ROR (%)	>800.00		Contr Take (%)		25.54
AT Payout (yrs)	0.17		NOC Take (%)		35.16
F&D ($US/BOE)	9.39		Gov't Take (%)		39.30

Company Economics (per Unit)

	(M$US)	(%)	($US/BOE)
Net Revenue	4,722,149	100.00	104.96
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	771,902	16.35	17.16
Tariffs	0	0.00	0.00
Prod & Asset Taxes	804,718	17.04	17.89
Capital Costs	461,467	9.77	10.26
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	2,684,061	56.84	59.66
Less Income Tax	624,360	13.22	13.88
After Tax Cash Flow	2,059,701	43.62	45.78

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	142,373	49,248	44,988
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	142,373	49,248	44,988

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	1,218,089	422,504
Abandonment	(M$US)	113,974	38,963
Total	(M$US)	1,332,063	461,467

Cash Flow

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US	Income Taxes M$US	ATCF M$US
2013(12)	65,275	169,610	234,886	36,410	28,865	38,677	1,631	129,301	38,859	90,442
2014(12)	153,686	185,842	339,528	82,938	70,748	53,571	3,263	129,008	34,661	94,347
2015(12)	248,530	493,353	741,883	63,983	184,547	110,333	3,263	379,757	122,262	257,495
2016(12)	171,689	627,370	799,059	67,387	104,302	127,270	3,263	496,837	129,828	367,010
2017(12)	101,764	556,625	658,390	67,724	34,041	114,755	3,263	438,607	98,457	340,151
2018(12)	67,007	425,899	492,906	67,007	0	87,566	3,263	335,070	65,284	269,785
2019(12)	66,625	318,308	384,933	66,625	0	69,677	3,263	245,368	45,097	200,271
2020(12)	65,922	242,253	308,175	65,922	0	56,806	3,263	182,184	31,261	150,923
2021(12)	66,008	188,506	254,514	66,008	0	47,753	3,263	137,490	21,817	115,673
2022(12)	66,096	144,891	210,987	66,096	0	40,268	3,263	101,360	15,447	85,913
2023(12)	64,918	103,693	168,611	64,918	0	32,717	3,263	67,713	12,762	54,950
2024(12)	55,111	63,224	118,335	53,422	0	23,332	3,263	38,317	8,626	29,692
2025(12)	4,111	5,831	9,942	3,462	0	1,991	1,439	3,050	0	3,050
Total	1,196,745	3,525,404	4,722,149	771,902	422,504	804,718	38,963	2,684,061	624,360	2,059,701

Table 4

Total Bohai Bay 2P 7-13 : _

Production Detail

Bohai Bay, China – Total Proved plus Probable

Prod'n Start: 2013/07, As Of: July 1, 2013. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2013(12)	120	37,419	6,885	2,452	2,292	102.48	0.0	0	0	0	0	0.00
2014(12)	91	28,928	10,559	3,642	3,409	99.61	0.0	0	0	0	0	0.00
2015(12)	186	68,824	25,121	8,621	7,727	96.01	0.0	0	0	0	0	0.00
2016(12)	219	71,438	26,146	8,983	7,980	100.14	0.0	0	0	0	0	0.00
2017(12)	222	53,583	19,558	6,838	6,170	106.72	0.0	0	0	0	0	0.00
2018(12)	217	38,803	14,163	4,937	4,550	108.34	0.0	0	0	0	0	0.00
2019(12)	209	29,673	10,831	3,769	3,500	109.98	0.0	0	0	0	0	0.00
2020(12)	193	23,302	8,529	2,961	2,760	111.66	0.0	0	0	0	0	0.00
2021(12)	186	18,960	6,921	2,400	2,245	113.37	0.0	0	0	0	0	0.00
2022(12)	178	15,507	5,660	1,957	1,833	115.09	0.0	0	0	0	0	0.00
2023(12)	153	12,311	4,494	1,538	1,443	116.84	0.0	0	0	0	0	0.00
2024(12)	116	8,760	3,206	1,062	998	118.61	0.0	0	0	0	0	0.00
2025(12)	63	5,109	301	88	83	120.42	0.0	0	0	0	0	0.00
Total	—	—	142,373	49,248	44,988	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2013(12)	0.0	0	0	0	0	0.00	6,885	2,452	2,292
2014(12)	0.0	0	0	0	0	0.00	10,559	3,642	3,409
2015(12)	0.0	0	0	0	0	0.00	25,121	8,621	7,727
2016(12)	0.0	0	0	0	0	0.00	26,146	8,983	7,980
2017(12)	0.0	0	0	0	0	0.00	19,558	6,838	6,170
2018(12)	0.0	0	0	0	0	0.00	14,163	4,937	4,550
2019(12)	0.0	0	0	0	0	0.00	10,831	3,769	3,500
2020(12)	0.0	0	0	0	0	0.00	8,529	2,961	2,760
2021(12)	0.0	0	0	0	0	0.00	6,921	2,400	2,245
2022(12)	0.0	0	0	0	0	0.00	5,660	1,957	1,833
2023(12)	0.0	0	0	0	0	0.00	4,494	1,538	1,443
2024(12)	0.0	0	0	0	0	0.00	3,206	1,062	998
2025(12)	0.0	0	0	0	0	0.00	301	88	83
Total	—	0	0	0	0	—	142,373	49,248	44,988

Table 4

Total Bohai Bay 2P 7-13 : _

PSC Detail

Bohai Bay, China – Total Proved plus Probable

Bohai Bay, China – Total Proved plus Probable

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2013(12)	993	0	705,571	0	0	705,571	35,279	0.00	0.00	0.00	0	0	0	0
2014(12)	1,513	0	1,051,761	0	0	1,051,761	52,588	0.00	0.00	0.00	0	0	0	0
2015(12)	3,596	0	2,411,810	0	0	2,411,810	120,590	2.00	4.21	0.00	50,882	0	0	50,882
2016(12)	3,743	0	2,618,195	0	0	2,618,195	130,910	2.18	4.52	0.00	59,231	0	0	59,231
2017(12)	2,810	0	2,087,106	0	0	2,087,106	104,355	1.43	2.30	0.00	24,363	0	0	24,363
2018(12)	2,033	0	1,534,383	0	0	1,534,383	76,719	0.33	0.33	0.00	2,637	0	0	2,637
2019(12)	1,555	0	1,191,208	0	0	1,191,208	59,560	0.00	0.00	0.00	0	0	0	0
2020(12)	1,224	0	952,284	0	0	952,284	47,614	0.00	0.00	0.00	0	0	0	0
2021(12)	993	0	784,544	0	0	784,544	39,227	0.00	0.00	0.00	0	0	0	0
2022(12)	811	0	651,405	0	0	651,405	32,570	0.00	0.00	0.00	0	0	0	0
2023(12)	643	0	525,029	0	0	525,029	26,251	0.00	0.00	0.00	0	0	0	0
2024(12)	285	0	380,317	0	0	380,317	19,016	0.00	0.00	0.00	0	0	0	0
2025(12)	0	0	36,298	0	0	36,298	1,815	0.00	0.00	0.00	0	0	0	0
Total	20,197	0	14,929,911	0	0	14,929,911	746,496	—	—	—	137,113	0	0	137,113

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2013(12)	440,982	169,711	97,711	72,000	0	169,711	500,582	993	97.67	489,736	65,275	169,610	234,886
2014(12)	657,351	445,008	220,185	224,823	0	445,008	554,165	1,513	97.32	539,326	153,686	185,842	339,528
2015(12)	1,456,499	721,397	186,195	535,202	0	721,397	1,518,941	3,596	94.86	1,439,622	248,530	493,353	741,883
2016(12)	1,577,141	497,730	196,574	301,155	0	497,730	1,930,325	3,743	94.73	1,827,429	171,689	627,370	799,059
2017(12)	1,280,078	279,009	194,100	84,909	0	279,009	1,679,378	2,810	95.26	1,605,239	101,764	556,625	658,390
2018(12)	956,352	190,660	190,660	0	0	190,660	1,264,367	2,033	96.59	1,224,112	67,007	425,899	492,906
2019(12)	744,505	188,690	188,690	0	0	188,690	942,957	1,555	97.21	917,408	66,625	318,308	384,933
2020(12)	595,177	186,149	186,149	0	0	186,149	718,520	1,224	97.56	701,559	65,922	242,253	308,175
2021(12)	490,340	185,850	185,850	0	0	185,850	559,467	993	97.94	548,121	66,008	188,506	254,514
2022(12)	407,128	185,837	185,837	0	0	185,837	432,998	811	98.00	424,338	66,096	144,891	210,987
2023(12)	328,143	182,512	182,512	0	0	182,512	316,265	643	98.00	309,940	64,918	103,693	168,611
2024(12)	237,698	153,583	157,795	0	0	157,795	203,506	285	98.00	199,436	55,111	63,224	118,335
2025(12)	22,686	11,864	14,091	0	0	14,091	20,392	0	98.00	19,985	4,111	5,831	9,942
Total	9,194,081	3,398,000	2,186,350	1,218,089	0	3,404,439	10,641,864	20,197	—	10,246,251	1,196,745	3,525,404	4,722,149

Table 4

Total Bohai Bay 2P 7-13 : _

Comp Tax Detail

Bohai Bay, China – Total Proved plus Probable

Prod'n Start: 2013/07, As Of: July 1, 2013. Escalated Prices and Costs

Comp Tax detail 1

Date	WI Cost Rec Revenue Total M$US	WI Profit Revenue Total M$US	WI Taxable Revenue M$US	WI Operating Costs Total M$US	WI Windfall Tax M$US	WI Capital Depreciation Total M$US	WI Income Tax Deductions Total M$US	WI Taxable Income M$US	Income Tax Rate %	Income Taxes Total M$US
2013(12)	65,275	169,610	234,886	36,410	37,798	5,240	79,448	155,438	25	38,859
2014(12)	153,686	185,842	339,528	82,938	52,301	65,645	200,884	138,644	25	34,661
2015(12)	248,530	493,353	741,883	63,983	107,436	81,415	252,834	489,049	25	122,262
2016(12)	171,689	627,370	799,059	67,387	124,122	88,240	279,749	519,311	25	129,828
2017(12)	101,764	556,625	658,390	67,724	112,201	84,638	264,563	393,827	25	98,457
2018(12)	67,007	425,899	492,906	67,007	85,694	79,067	231,768	261,137	25	65,284
2019(12)	66,625	318,308	384,933	66,625	68,226	69,695	204,547	180,386	25	45,097
2020(12)	65,922	242,253	308,176	65,922	55,649	61,561	183,132	125,043	25	31,261
2021(12)	66,008	188,506	254,514	66,008	46,801	54,438	167,247	87,267	25	21,817
2022(12)	66,096	144,891	210,987	66,096	39,480	43,624	149,201	61,787	25	15,447
2023(12)	64,918	103,693	168,611	64,918	32,088	20,556	117,562	51,049	25	12,762
2024(12)	55,111	63,224	118,335	53,422	22,892	7,518	83,832	34,503	25	8,626
2025(12)	4,111	5,831	0	3,462	1,954	1,439	0	0	0	0
Total	1,196,745	3,525,404	4,712,206	771,902	786,642	663,077	2,214,767	2,497,439	—	624,360

Comp Tax detail 2

Date	WI Capital Costs Total M$US	WI Depreciation Development M$US	WI Capital Aband Total M$US	Oil Price $US/Bbl	Oil Price less US$55 $US/Bbl	Windfall Tax Rate %	Quick Deduction $US/Bbl	Proj PSC Oil Volumes MSTB	Proj Windfall Tax M$US	Comp Windfall Tax M$US
2013(12)	28,865	3,608	1,631	102.48	47.48	40.0	5.0	6,435	106,119	37,798
2014(12)	70,748	62,382	3,263	99.61	44.61	40.0	5.0	9,882	151,628	52,301
2015(12)	184,547	78,152	3,263	96.01	41.01	40.0	5.0	22,509	312,949	107,436
2016(12)	104,302	84,978	3,263	100.14	45.14	40.0	5.0	23,220	361,178	124,122
2017(12)	34,041	81,376	3,263	106.72	51.72	40.0	5.0	17,657	321,108	112,201
2018(12)	0	75,804	3,263	108.34	53.34	40.0	5.0	13,059	245,965	85,694
2019(12)	0	66,432	3,263	109.98	54.98	40.0	5.0	10,057	196,046	68,226
2020(12)	0	58,298	3,263	111.66	56.66	40.0	5.0	7,950	160,300	55,649
2021(12)	0	51,175	3,263	113.37	58.37	40.0	5.0	6,474	134,966	46,801
2022(12)	0	40,361	3,263	115.09	60.09	40.0	5.0	5,302	114,176	39,480
2023(12)	0	17,293	3,263	116.84	61.84	40.0	5.0	4,215	93,718	32,088
2024(12)	0	4,255	3,263	118.61	63.61	40.0	4.4	3,012	69,106	22,892
2025(12)	0	0	1,439	120.42	65.42	40.0	2.5	283	6,697	1,954
Total	422,504	624,115	38,963	—	—	—	—	130,054	2,273,956	786,642

Table 4A

Total Bohai Bay 1P 7-13 : _

Economic Summary

Bohai Bay, China – Total Proved

Prod'n Start: 2013/07, As Of: July 1, 2013. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of June 30, 2013
Escalation Date	2013/07
Discount Date	2013/07
Economic Limit	2021/07

Company Economic Indicators

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	AT NPV	BT PIR	AT PIR
Company (% of Total)	32.77	0.00	35.43	36.07	(%)	(M$US)	(M$US)	(fraction)	(fraction)
Company (% of Contr)	72.18	0.00	72.31	73.60	0	1,347,226	1,040,177	3.73	2.88
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	1,164,603	897,806	3.55	2.49
Contr	45.40	0.00	49.00	49.00	10.0	1,020,456	785,934	3.40	2.62
NOC	47.25	0.00	51.00	51.00	12.0	971,222	747,834	3.35	2.49
					15.0	904,806	696,529	3.27	2.32
					20.0	810,658	623,990	3.16	2.08

AT ROR (%)	>800.00	Contr Take (%)	25.22
AT Payout (yrs)	0.17	NOC Take (%)	34.73
F&D ($US/BOE)	12.56	Gov't Take (%)	40.05

Company Economics (per Unit)

	(M$US)	(%)	($US/BOE)
Net Revenue	2,675,172	100.00	102.42
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	526,422	19.68	20.15
Tariffs	0	0.00	0.00
Prod & Asset Taxes	440,270	16.46	16.86
Capital Costs	361,254	13.50	13.83
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	1,347,226	50.36	51.58
Less Income Tax	307,049	11.48	11.76
After Tax Cash Flow	1,040,177	38.88	39.82

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	79,758	28,221	26,119
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	79,758	28,221	26,119

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	926,277	328,177
Abandonment	(M$US)	95,958	33,077
Total	(M$US)	1,022,235	361,254

Cash Flow

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US	Income Taxes M$US	ATCF M$US
2013(12)	65,240	166,707	231,947	36,375	28,865	38,193	1,946	126,568	38,173	88,394
2014(12)	148,826	171,728	320,554	82,816	66,010	50,578	3,891	117,258	30,669	86,589
2015(12)	228,153	364,306	592,459	62,844	165,309	88,070	3,891	272,345	91,193	181,151
2016(12)	111,179	382,807	493,986	63,611	47,568	78,623	3,891	300,293	68,715	231,578
2017(12)	83,706	305,286	388,992	63,281	20,425	67,753	3,891	233,642	46,487	187,155
2018(12)	62,170	203,995	266,165	62,170	0	47,272	3,891	152,832	22,454	130,377
2019(12)	61,187	129,817	191,004	61,187	0	34,568	3,891	91,358	9,357	82,000
2020(12)	60,061	74,302	134,363	60,061	0	24,764	3,891	45,646	0	45,646
2021(12)	33,170	22,532	55,702	34,076	0	10,449	3,891	7,285	0	7,285
Total	853,693	1,821,479	2,675,172	526,422	328,177	440,270	33,077	1,347,226	307,049	1,040,177

Table 4A

Total Bohai Bay 1P 7-13 : _

Production Detail

Bohai Bay, China – Total Proved

Prod'n Start: 2013/07, As Of: July 1, 2013. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2013(12)	120	36,996	6,807	2,421	2,263	102.48	0.0	0	0	0	0	0.00
2014(12)	90	27,190	9,924	3,436	3,218	99.61	0.0	0	0	0	0	0.00
2015(12)	176	52,715	19,241	6,767	6,171	96.01	0.0	0	0	0	0	0.00
2016(12)	184	41,266	15,104	5,386	4,933	100.14	0.0	0	0	0	0	0.00
2017(12)	180	29,910	10,917	3,923	3,645	106.71	0.0	0	0	0	0	0.00
2018(12)	166	20,233	7,385	2,633	2,457	108.34	0.0	0	0	0	0	0.00
2019(12)	147	14,321	5,227	1,853	1,737	109.99	0.0	0	0	0	0	0.00
2020(12)	125	9,976	3,651	1,281	1,203	111.66	0.0	0	0	0	0	0.00
2021(12)	95	7,081	1,501	521	491	113.36	0.0	0	0	0	0	0.00
Total	—	—	79,758	28,221	26,119	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2013(12)	0.0	0	0	0	0	0.00	6,807	2,421	2,263
2014(12)	0.0	0	0	0	0	0.00	9,924	3,436	3,218
2015(12)	0.0	0	0	0	0	0.00	19,241	6,767	6,171
2016(12)	0.0	0	0	0	0	0.00	15,104	5,386	4,933
2017(12)	0.0	0	0	0	0	0.00	10,917	3,923	3,645
2018(12)	0.0	0	0	0	0	0.00	7,385	2,633	2,457
2019(12)	0.0	0	0	0	0	0.00	5,227	1,853	1,737
2020(12)	0.0	0	0	0	0	0.00	3,651	1,281	1,203
2021(12)	0.0	0	0	0	0	0.00	1,501	521	491
Total	—	0	0	0	0	—	79,758	28,221	26,119

Table 4A

Total Bohai Bay 1P 7-13 : _

PSC Detail

Bohai Bay, China – Total Proved

Bohai Bay, China – Total Proved

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2013(12)	981	0	697,588	0	0	697,588	34,879	0.00	0.00	0.00	0	0	0	0
2014(12)	1,423	0	988,589	0	0	988,589	49,429	0.00	0.00	0.00	0	0	0	0
2015(12)	2,767	0	1,847,273	0	0	1,847,273	92,364	1.52	2.20	0.00	21,080	0	0	21,080
2016(12)	2,178	0	1,512,438	0	0	1,512,438	75,622	0.98	0.98	0.00	8,839	0	0	8,839
2017(12)	1,577	0	1,165,004	0	0	1,165,004	58,250	0.00	0.00	0.00	0	0	0	0
2018(12)	1,065	0	800,084	0	0	800,084	40,004	0.00	0.00	0.00	0	0	0	0
2019(12)	753	0	574,912	0	0	574,912	28,746	0.00	0.00	0.00	0	0	0	0
2020(12)	525	0	407,689	0	0	407,689	20,384	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	170,169	0	0	170,169	8,508	0.00	0.00	0.00	0	0	0	0
Total	11,270	0	8,163,747	0	0	8,163,747	408,187	—	—	—	29,919	0	0	29,919

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2013(12)	435,993	169,623	97,623	72,000	0	169,623	493,086	981	97.70	482,495	65,240	166,707	231,947
2014(12)	617,868	428,094	219,512	208,582	0	428,094	511,065	1,423	97.37	497,816	148,826	171,728	320,554
2015(12)	1,133,466	648,503	179,235	469,267	0	648,503	1,085,327	2,767	95.20	1,037,918	228,153	364,306	592,459
2016(12)	936,435	305,013	179,531	125,481	0	305,013	1,122,965	2,178	95.77	1,082,224	111,179	382,807	493,986
2017(12)	728,128	228,238	177,293	50,945	0	228,238	878,516	1,577	97.00	854,723	83,706	305,286	388,992
2018(12)	500,053	173,700	173,700	0	0	173,700	586,380	1,065	97.54	573,079	62,170	203,995	266,165
2019(12)	359,320	170,565	170,565	0	0	170,565	375,601	753	98.00	368,089	61,187	129,817	191,004
2020(12)	254,805	167,333	167,333	0	0	167,333	219,971	525	98.00	215,571	60,061	74,302	134,363
2021(12)	106,356	94,799	93,406	0	0	93,406	68,255	0	98.00	66,890	33,170	22,532	55,702
Total	5,072,423	2,385,868	1,458,197	926,277	0	2,384,474	5,341,167	11,270	—	5,178,806	853,693	1,821,479	2,675,172

Table 4A

Total Bohai Bay 1P 7-13 : _

Comp Tax Detail

Bohai Bay, China – Total Proved

Prod'n Start: 2013/07, As Of: July 1, 2013. Escalated Prices and Costs

Comp Tax detail 1

Date	WI Cost Rec Revenue Total M$US	WI Profit Revenue Total M$US	WI Taxable Revenue M$US	WI Operating Costs Total M$US	WI Windfall Tax M$US	WI Capital Depreciation Total M$US	WI Income Tax Deductions Total M$US	WI Taxable Income M$US	Income Tax Rate %	Income Taxes Total M$US
2013(12)	65,240	166,707	231,947	36,375	37,325	5,554	79,254	152,693	25	38,173
2014(12)	148,826	171,728	320,554	82,816	49,381	65,682	197,878	122,676	25	30,669
2015(12)	228,153	364,306	592,459	62,844	85,796	79,046	227,686	364,773	25	91,193
2016(12)	111,179	382,807	493,986	63,611	76,735	78,780	219,126	274,860	25	68,715
2017(12)	83,706	305,286	388,992	63,281	66,288	73,476	203,046	185,947	25	46,487
2018(12)	62,170	203,995	266,165	62,170	46,273	67,905	176,348	89,816	25	22,454
2019(12)	61,187	129,817	191,004	61,187	33,854	58,533	153,574	37,430	25	9,357
2020(12)	60,061	74,302	134,363	60,061	24,263	50,398	134,723	-360	25	0
2021(12)	33,170	22,532	0	34,076	10,242	81,520	0	0	0	0
Total	853,693	1,821,479	2,619,470	526,422	430,158	560,894	1,391,635	1,227,835	—	307,049

Comp Tax detail 2

Date	WI Capital Costs Total M$US	WI Depreciation Development M$US	WI Capital Aband Total M$US	Oil Price $US/Bbl	Oil Price less US$55 $US/Bbl	Windfall Tax Rate %	Quick Deduction $US/Bbl	Proj PSC Oil Volumes MSTB	Proj Windfall Tax M$US	Comp Windfall Tax M$US
2013(12)	28,865	3,608	1,946	102.48	47.48	40.0	5.0	6,364	104,940	37,325
2014(12)	66,010	61,790	3,891	99.61	44.61	40.0	5.0	9,295	142,633	49,381
2015(12)	165,309	75,155	3,891	96.01	41.01	40.0	5.0	17,565	244,216	85,796
2016(12)	47,568	74,889	3,891	100.14	45.14	40.0	5.0	13,853	215,490	76,735
2017(12)	20,425	69,585	3,891	106.71	51.71	40.0	5.0	10,148	184,548	66,288
2018(12)	0	64,014	3,891	108.34	53.34	40.0	5.0	6,893	129,830	46,273
2019(12)	0	54,641	3,891	109.99	54.99	40.0	5.0	4,898	95,473	33,854
2020(12)	0	46,507	3,891	111.66	56.66	40.0	5.0	3,429	69,145	24,263
2021(12)	0	77,629	3,891	113.36	58.36	40.0	5.0	1,414	29,475	10,242
Total	328,177	527,817	33,077	—	—	—	—	73,860	1,215,750	430,158

Table 4B

Total Bohai Bay PD 7-13 : _

Economic Summary

Bohai Bay, China – Proved Developed

Prod'n Start: 2013/07, As Of: July 1, 2013. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of June 30, 2013
Escalation Date	2013/07
Discount Date	2013/07
Economic Limit	2021/04

Company Economic Indicators

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	AT NPV	BT PIR	AT PIR
Company (% of Total)	32.60	0.00	0.00	36.14	(%)	(M$US)	(M$US)	(fraction)	(fraction)
Company (% of Contr)	71.23	0.00	0.00	73.75	0	880,135	709,335	60.00	48.35
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	777,684	629,125	64.34	42.89
Contr	45.76	0.00	0.00	49.00	10.0	695,871	564,863	68.38	55.51
NOC	47.63	0.00	0.00	51.00	12.0	667,692	542,680	69.90	53.33
					15.0	629,455	512,538	72.08	50.36
					20.0	574,747	469,318	75.44	46.12

AT ROR (%)	>800.00	Contr Take (%)	27.83
AT Payout (yrs)	0.00	NOC Take (%)	36.96
F&D ($US/BOE)	0.00	Gov't Take (%)	35.22

Company Economics (per Unit)

	(M$US)	(%)	($US/BOE)
Net Revenue	1,479,427	100.00	102.28
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	341,683	23.10	23.62
Tariffs	0	0.00	0.00
Prod & Asset Taxes	242,940	16.42	16.80
Capital Costs	14,670	0.99	1.01
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	880,135	59.49	60.85
Less Income Tax	170,800	11.54	11.81
After Tax Cash Flow	709,335	47.95	49.04

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	44,370	15,489	14,464
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	44,370	15,489	14,464

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	0	0
Abandonment	(M$US)	42,484	14,670
Total	(M$US)	42,484	14,670

Cash Flow

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US	Income Taxes M$US	ATCF M$US
2013(12)	32,452	151,954	184,405	32,452	0	30,366	863	120,725	30,354	90,371
2014(12)	77,742	166,640	244,382	77,742	0	38,559	1,726	126,356	19,335	107,021
2015(12)	38,776	264,768	303,544	38,776	0	45,102	1,726	217,940	44,113	173,827
2016(12)	36,551	191,957	228,509	36,551	0	36,353	1,726	153,879	29,579	124,300
2017(12)	35,761	144,642	180,403	35,761	0	31,419	1,726	111,497	20,902	90,594
2018(12)	35,998	99,719	135,716	35,998	0	24,102	1,726	73,890	12,852	61,039
2019(12)	35,874	67,658	103,532	35,874	0	18,737	1,726	47,195	8,491	38,705
2020(12)	36,181	42,030	78,210	36,181	0	14,414	1,726	25,890	5,174	20,716
2021(12)	11,576	9,150	20,726	12,349	0	3,888	1,726	2,763	0	2,763
Total	340,909	1,138,518	1,479,427	341,683	0	242,940	14,670	880,135	170,800	709,335

Table 4B

Total Bohai Bay PD 7-13 : _

Production Detail

Bohai Bay, China – Proved Developed

Prod'n Start: 2013/07, As Of: July 1, 2013. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2013(12)	111	30,293	5,574	1,926	1,799	102.48	0.0	0	0	0	0	0.00
2014(12)	80	20,548	7,500	2,621	2,453	99.61	0.0	0	0	0	0	0.00
2015(12)	130	26,568	9,697	3,405	3,162	96.01	0.0	0	0	0	0	0.00
2016(12)	123	19,059	6,975	2,446	2,282	100.14	0.0	0	0	0	0	0.00
2017(12)	113	14,152	5,165	1,809	1,691	106.72	0.0	0	0	0	0	0.00
2018(12)	99	10,525	3,841	1,338	1,253	108.34	0.0	0	0	0	0	0.00
2019(12)	82	7,921	2,891	1,004	941	109.98	0.0	0	0	0	0	0.00
2020(12)	68	5,907	2,162	745	700	111.66	0.0	0	0	0	0	0.00
2021(12)	50	4,697	564	194	183	113.37	0.0	0	0	0	0	0.00
Total	—	—	44,370	15,489	14,464	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2013(12)	0.0	0	0	0	0	0.00	5,574	1,926	1,799
2014(12)	0.0	0	0	0	0	0.00	7,500	2,621	2,453
2015(12)	0.0	0	0	0	0	0.00	9,697	3,405	3,162
2016(12)	0.0	0	0	0	0	0.00	6,975	2,446	2,282
2017(12)	0.0	0	0	0	0	0.00	5,165	1,809	1,691
2018(12)	0.0	0	0	0	0	0.00	3,841	1,338	1,253
2019(12)	0.0	0	0	0	0	0.00	2,891	1,004	941
2020(12)	0.0	0	0	0	0	0.00	2,162	745	700
2021(12)	0.0	0	0	0	0	0.00	564	194	183
Total	—	0	0	0	0	—	44,370	15,489	14,464

Table 4B

Total Bohai Bay PD 7-13 : _

PSC Detail

Bohai Bay, China – Proved Developed

Bohai Bay, China – Proved Developed

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2013(12)	799	0	571,188	0	0	571,188	28,559	0.00	0.00	0.00	0	0	0	0
2014(12)	1,077	0	747,085	0	0	747,085	37,354	0.00	0.00	0.00	0	0	0	0
2015(12)	1,394	0	931,020	0	0	931,020	46,551	0.00	0.00	0.00	0	0	0	0
2016(12)	1,003	0	698,496	0	0	698,496	34,925	0.00	0.00	0.00	0	0	0	0
2017(12)	742	0	551,220	0	0	551,220	27,561	0.00	0.00	0.00	0	0	0	0
2018(12)	551	0	416,176	0	0	416,176	20,809	0.00	0.00	0.00	0	0	0	0
2019(12)	415	0	317,981	0	0	317,981	15,899	0.00	0.00	0.00	0	0	0	0
2020(12)	310	0	241,417	0	0	241,417	12,071	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	63,903	0	0	63,903	3,195	0.00	0.00	0.00	0	0	0	0
Total	6,291	0	4,538,488	0	0	4,538,488	226,924	—	—	—	0	0	0	0

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2013(12)	356,993	87,837	87,837	0	0	87,837	454,792	799	98.00	445,696	32,452	151,954	184,405
2014(12)	466,928	205,532	205,532	0	0	205,532	504,199	1,077	97.71	493,490	77,742	166,640	244,382
2015(12)	581,887	110,238	110,238	0	0	110,238	774,231	1,394	97.28	754,410	38,776	264,768	303,544
2016(12)	436,560	103,771	103,771	0	0	103,771	559,800	1,003	97.80	547,998	36,551	191,957	228,509
2017(12)	344,513	101,164	101,164	0	0	101,164	422,495	742	98.00	414,046	35,761	144,642	180,403
2018(12)	260,110	101,298	101,298	0	0	101,298	294,070	551	98.00	288,188	35,998	99,719	135,716
2019(12)	198,738	100,486	100,486	0	0	100,486	201,595	415	98.00	197,563	35,874	67,658	103,532
2020(12)	150,886	100,963	100,963	0	0	100,963	128,384	310	98.00	125,816	36,181	42,030	78,210
2021(12)	39,940	34,159	32,459	0	0	32,459	28,250	0	98.00	27,685	11,576	9,150	20,726
Total	2,836,555	945,449	943,748	0	0	943,748	3,367,815	6,291	—	3,294,892	340,909	1,138,518	1,479,427

Table 4B

Total Bohai Bay PD 7-13 : _

Comp Tax Detail

Bohai Bay, China – Proved Developed

Prod'n Start: 2013/07, As Of: July 1, 2013. Escalated Prices and Costs

Comp Tax detail 1

Date	WI Cost Rec Revenue Total M$US	WI Profit Revenue Total M$US	WI Taxable Revenue M$US	WI Operating Costs Total M$US	WI Windfall Tax M$US	WI Capital Depreciation Total M$US	WI Income Tax Deductions Total M$US	WI Taxable Income M$US	Income Tax Rate %	Income Taxes Total M$US
2013(12)	32,452	151,954	184,405	32,452	29,675	863	62,989	121,416	25	30,354
2014(12)	77,742	166,640	244,382	77,742	37,645	51,657	167,043	77,339	25	19,335
2015(12)	38,776	264,768	303,544	38,776	43,958	44,358	127,092	176,452	25	44,113
2016(12)	36,551	191,957	228,509	36,551	35,495	38,145	110,192	118,317	25	29,579
2017(12)	35,761	144,642	180,403	35,761	30,744	30,288	96,793	83,610	25	20,902
2018(12)	35,998	99,719	135,716	35,998	23,595	24,717	84,310	51,406	25	12,852
2019(12)	35,874	67,658	103,532	35,874	18,350	15,345	69,569	33,963	25	8,491
2020(12)	36,181	42,030	78,210	36,181	14,123	7,211	57,514	20,696	25	5,174
2021(12)	11,576	9,150	0	12,349	3,811	1,726	0	0	0	0
Total	340,909	1,138,518	1,458,701	341,683	237,396	214,310	775,503	683,199	—	170,800

Comp Tax detail 2

Date	WI Capital Costs Total M$US	WI Depreciation Development M$US	WI Capital Aband Total M$US	Oil Price $US/Bbl	Oil Price less US$55 $US/Bbl	Windfall Tax Rate %	Quick Deduction $US/Bbl	Proj PSC Oil Volumes MSTB	Proj Windfall Tax M$US	Comp Windfall Tax M$US
2013(12)	0	0	863	102.48	47.48	40.0	5.0	5,206	85,857	29,675
2014(12)	0	49,931	1,726	99.61	44.61	40.0	5.0	7,018	107,678	37,645
2015(12)	0	42,632	1,726	96.01	41.01	40.0	5.0	9,006	125,214	43,958
2016(12)	0	36,420	1,726	100.14	45.14	40.0	5.0	6,509	101,242	35,495
2017(12)	0	28,563	1,726	106.72	51.72	40.0	5.0	4,828	87,801	30,744
2018(12)	0	22,991	1,726	108.34	53.34	40.0	5.0	3,595	67,714	23,595
2019(12)	0	13,619	1,726	109.98	54.98	40.0	5.0	2,710	52,827	18,350
2020(12)	0	5,485	1,726	111.66	56.66	40.0	5.0	2,031	40,951	14,123
2021(12)	0	0	1,726	113.37	58.37	40.0	5.0	531	11,059	3,811
Total	0	199,640	14,670	—	—	—	—	41,433	680,344	237,396

Table 4C

Total Bohai Bay PDP 7-13 : _

Economic Summary

Bohai Bay, China – Proved Developed Producing

Prod'n Start: 2013/07, As Of: July 1, 2013. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of June 30, 2013
Escalation Date	2013/07
Discount Date	2013/07
Economic Limit	2021/04

Company Economic Indicators

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	AT NPV	BT PIR	AT PIR
Company (% of Total)	32.44	0.00	0.00	36.06	(%)	(M$US)	(M$US)	(fraction)	(fraction)
Company (% of Contr)	70.85	0.00	0.00	73.58	0	828,010	670,329	72.87	58.99
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	732,280	594,904	78.22	52.36
Contr	45.79	0.00	0.00	49.00	10.0	655,903	534,544	83.21	67.81
NOC	47.66	0.00	0.00	51.00	12.0	629,612	513,723	85.10	65.17
					15.0	593,951	485,445	87.81	61.59
					20.0	542,955	444,926	92.01	56.45

AT ROR (%)	>800.00	Contr Take (%)	27.89
AT Payout (yrs)	0.00	NOC Take (%)	36.94
F&D ($US/BOE)	0.00	Gov't Take (%)	35.16

Company Economics (per Unit)

	(M$US)	(%)	($US/BOE)
Net Revenue	1,398,697	100.00	102.33
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	329,478	23.56	24.11
Tariffs	0	0.00	0.00
Prod & Asset Taxes	229,846	16.43	16.82
Capital Costs	11,363	0.81	0.83
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	828,010	59.20	60.58
Less Income Tax	157,681	11.27	11.54
After Tax Cash Flow	670,329	47.93	49.04

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	42,131	14,627	13,668
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	42,131	14,627	13,668

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	0	0
Abandonment	(M$US)	33,099	11,363
Total	(M$US)	33,099	11,363

Cash Flow

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US	Income Taxes M$US	ATCF M$US
2013(12)	32,452	151,954	184,405	32,452	0	30,366	668	120,920	30,403	90,517
2014(12)	76,099	156,671	232,771	76,099	0	36,726	1,337	118,608	17,387	101,222
2015(12)	36,088	242,663	278,751	36,088	0	41,417	1,337	199,909	39,582	160,328
2016(12)	34,416	177,515	211,930	34,416	0	33,714	1,337	142,464	26,710	115,754
2017(12)	34,218	135,100	169,317	34,218	0	29,489	1,337	104,275	19,086	85,188
2018(12)	34,563	93,728	128,291	34,563	0	22,784	1,337	69,607	11,774	57,833
2019(12)	34,573	63,857	98,430	34,573	0	17,813	1,337	44,707	7,864	36,843
2020(12)	35,058	39,853	74,912	35,058	0	13,806	1,337	24,710	4,876	19,834
2021(12)	11,043	8,846	19,889	12,011	0	3,731	1,337	2,810	0	2,810
Total	328,511	1,070,186	1,398,697	329,478	0	229,846	11,363	828,010	157,681	670,329

Table 4C

Total Bohai Bay PDP 7-13 : _

Production Detail

Bohai Bay, China – Proved Developed Producing

Prod'n Start: 2013/07, As Of: July 1, 2013. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2013(12)	111	30,293	5,574	1,926	1,799	102.48	0.0	0	0	0	0	0.00
2014(12)	74	19,645	7,170	2,495	2,337	99.61	0.0	0	0	0	0	0.00
2015(12)	111	24,553	8,962	3,123	2,903	96.01	0.0	0	0	0	0	0.00
2016(12)	107	17,778	6,507	2,266	2,116	100.14	0.0	0	0	0	0	0.00
2017(12)	103	13,360	4,876	1,697	1,587	106.72	0.0	0	0	0	0	0.00
2018(12)	91	10,008	3,653	1,265	1,184	108.34	0.0	0	0	0	0	0.00
2019(12)	76	7,574	2,765	955	895	109.98	0.0	0	0	0	0	0.00
2020(12)	64	5,686	2,081	714	671	111.66	0.0	0	0	0	0	0.00
2021(12)	47	4,529	544	186	175	113.37	0.0	0	0	0	0	0.00
Total	—	—	42,131	14,627	13,668	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2013(12)	0.0	0	0	0	0	0.00	5,574	1,926	1,799
2014(12)	0.0	0	0	0	0	0.00	7,170	2,495	2,337
2015(12)	0.0	0	0	0	0	0.00	8,962	3,123	2,903
2016(12)	0.0	0	0	0	0	0.00	6,507	2,266	2,116
2017(12)	0.0	0	0	0	0	0.00	4,876	1,697	1,587
2018(12)	0.0	0	0	0	0	0.00	3,653	1,265	1,184
2019(12)	0.0	0	0	0	0	0.00	2,765	955	895
2020(12)	0.0	0	0	0	0	0.00	2,081	714	671
2021(12)	0.0	0	0	0	0	0.00	544	186	175
Total	—	0	0	0	0	—	42,131	14,627	13,668

Table 4C

Total Bohai Bay PDP 7-13 : _

PSC Detail

Bohai Bay, China – Proved Developed Producing

Bohai Bay, China – Proved Developed Producing

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2013(12)	799	0	571,188	0	0	571,188	28,559	0.00	0.00	0.00	0	0	0	0
2014(12)	1,029	0	714,243	0	0	714,243	35,712	0.00	0.00	0.00	0	0	0	0
2015(12)	1,287	0	860,420	0	0	860,420	43,021	0.00	0.00	0.00	0	0	0	0
2016(12)	934	0	651,563	0	0	651,563	32,578	0.00	0.00	0.00	0	0	0	0
2017(12)	700	0	520,373	0	0	520,373	26,019	0.00	0.00	0.00	0	0	0	0
2018(12)	524	0	395,729	0	0	395,729	19,786	0.00	0.00	0.00	0	0	0	0
2019(12)	396	0	304,065	0	0	304,065	15,203	0.00	0.00	0.00	0	0	0	0
2020(12)	298	0	232,384	0	0	232,384	11,619	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	61,614	0	0	61,614	3,081	0.00	0.00	0.00	0	0	0	0
Total	5,966	0	4,311,581	0	0	4,311,581	215,579	—	—	—	0	0	0	0

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2013(12)	356,993	87,837	87,837	0	0	87,837	454,792	799	98.00	445,696	32,452	151,954	184,405
2014(12)	446,402	201,312	201,312	0	0	201,312	477,219	1,029	97.83	467,357	76,099	156,671	232,771
2015(12)	537,763	103,193	103,193	0	0	103,193	714,206	1,287	97.45	696,767	36,088	242,663	278,751
2016(12)	407,227	98,198	98,198	0	0	98,198	520,787	934	98.00	510,371	34,416	177,515	211,930
2017(12)	325,233	97,152	97,152	0	0	97,152	397,202	700	98.00	389,258	34,218	135,100	169,317
2018(12)	247,331	97,572	97,572	0	0	97,572	278,370	524	98.00	272,803	34,563	93,728	128,291
2019(12)	190,041	97,167	97,167	0	0	97,167	191,695	396	98.00	187,861	34,573	63,857	98,430
2020(12)	145,240	98,089	98,089	0	0	98,089	122,676	298	98.00	120,223	35,058	39,853	74,912
2021(12)	38,509	33,292	31,105	0	0	31,105	27,429	0	98.00	26,880	11,043	8,846	19,889
Total	2,694,738	913,813	911,626	0	0	911,626	3,184,376	5,966	—	3,117,215	328,511	1,070,186	1,398,697

Table 4C

Total Bohai Bay PDP 7-13 : _

Comp Tax Detail

Bohai Bay, China – Proved Developed Producing

Prod'n Start: 2013/07, As Of: July 1, 2013. Escalated Prices and Costs

Comp Tax detail 1

Date	WI Cost Rec Revenue Total M$US	WI Profit Revenue Total M$US	WI Taxable Revenue M$US	WI Operating Costs Total M$US	WI Windfall Tax M$US	WI Capital Depreciation Total M$US	WI Income Tax Deductions Total M$US	WI Taxable Income M$US	Income Tax Rate %	Income Taxes Total M$US
2013(12)	32,452	151,954	184,405	32,452	29,675	668	62,795	121,611	25	30,403
2014(12)	76,099	156,671	232,771	76,099	35,856	51,267	163,223	69,548	25	17,387
2015(12)	36,088	242,663	278,751	36,088	40,367	43,969	120,424	158,327	25	39,582
2016(12)	34,416	177,515	211,930	34,416	32,920	37,756	105,092	106,838	25	26,710
2017(12)	34,218	135,100	169,318	34,218	28,855	29,899	92,972	76,346	25	19,086
2018(12)	34,563	93,728	128,291	34,563	22,304	24,328	81,196	47,095	25	11,774
2019(12)	34,573	63,857	98,430	34,573	17,446	14,956	66,975	31,455	25	7,864
2020(12)	35,058	39,853	74,912	35,058	13,527	6,822	55,407	19,504	25	4,876
2021(12)	11,043	8,846	0	12,011	3,657	1,337	0	0	0	0
Total	328,511	1,070,186	1,378,808	329,478	224,608	211,003	748,084	630,724	—	157,681

Comp Tax detail 2

Date	WI Capital Costs Total M$US	WI Depreciation Development M$US	WI Capital Aband Total M$US	Oil Price $US/Bbl	Oil Price less US$55 $US/Bbl	Windfall Tax Rate %	Quick Deduction $US/Bbl	Proj PSC Oil Volumes MSTB	Proj Windfall Tax M$US	Comp Windfall Tax M$US
2013(12)	0	0	668	102.48	47.48	40.0	5.0	5,206	85,857	29,675
2014(12)	0	49,931	1,337	99.61	44.61	40.0	5.0	6,713	103,002	35,856
2015(12)	0	42,632	1,337	96.01	41.01	40.0	5.0	8,332	115,846	40,367
2016(12)	0	36,420	1,337	100.14	45.14	40.0	5.0	6,077	94,532	32,920
2017(12)	0	28,563	1,337	106.72	51.72	40.0	5.0	4,558	82,893	28,855
2018(12)	0	22,991	1,337	108.34	53.34	40.0	5.0	3,419	64,392	22,304
2019(12)	0	13,619	1,337	109.98	54.98	40.0	5.0	2,592	50,519	17,446
2020(12)	0	5,485	1,337	111.66	56.66	40.0	5.0	1,955	39,422	13,527
2021(12)	0	0	1,337	113.37	58.37	40.0	5.0	511	10,663	3,657
Total	0	199,640	11,363	—	—	—	—	39,364	647,125	224,608

Table 4D

Total Bohai Bay PDNP 7-13 : _

Economic Summary

Bohai Bay, China – Proved Developed Non-Producing

Prod'n Start: 2014/09, As Of: July 1, 2013. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of June 30, 2013
Escalation Date	2013/07
Discount Date	2013/07
Economic Limit	2021/04

Company Economic Indicators

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	AT NPV	BT PIR	AT PIR
Company (% of Total)	35.58	0.00	0.00	38.58	(%)	(M$US)	(M$US)	(fraction)	(fraction)
Company (% of Contr)	78.53	0.00	0.00	78.73	0	52,125	39,006	15.76	11.79
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	45,404	34,221	16.66	10.35
Contr	45.31	0.00	0.00	49.00	10.0	39,967	30,319	17.42	13.21
NOC	47.15	0.00	0.00	51.00	12.0	38,079	28,957	17.68	12.62
					15.0	35,504	27,093	18.03	11.81
					20.0	31,792	24,392	18.51	10.63

AT ROR (%)	>800.00	Contr Take (%)	26.58
AT Payout (yrs)	1.25	NOC Take (%)	37.22
F&D ($US/BOE)	0.00	Gov't Take (%)	36.20

Company Economics (per Unit)

	(M$US)	(%)	($US/BOE)
Net Revenue	80,730	100.00	101.41
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	12,204	15.12	15.33
Tariffs	0	0.00	0.00
Prod & Asset Taxes	13,094	16.22	16.45
Capital Costs	3,307	4.10	4.15
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	52,125	64.57	65.48
Less Income Tax	13,119	16.25	16.48
After Tax Cash Flow	39,006	48.32	49.00

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	2,239	862	796
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	2,239	862	796

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	0	0
Abandonment	(M$US)	9,385	3,307
Total	(M$US)	9,385	3,307

Cash Flow

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US	Income Taxes M$US	ATCF M$US
2013(12)	0	0	0	0	0	0	195	-195	-49	-146
2014(12)	1,642	9,969	11,611	1,642	0	1,833	389	7,747	1,948	5,799
2015(12)	2,688	22,105	24,793	2,688	0	3,685	389	18,031	4,531	13,499
2016(12)	2,135	14,443	16,578	2,135	0	2,638	389	11,415	2,870	8,546
2017(12)	1,543	9,542	11,085	1,543	0	1,931	389	7,222	1,816	5,406
2018(12)	1,434	5,991	7,425	1,434	0	1,319	389	4,283	1,078	3,206
2019(12)	1,301	3,801	5,102	1,301	0	923	389	2,489	627	1,862
2020(12)	1,122	2,176	3,299	1,122	0	608	389	1,179	298	881
2021(12)	532	305	837	338	0	157	389	-47	0	-47
Total	12,399	68,332	80,730	12,204	0	13,094	3,307	52,125	13,119	39,006

Table 4D

Total Bohai Bay PDNP 7-13 : _

Production Detail

Bohai Bay, China – Proved Developed Non-Producing

Prod'n Start: 2014/09, As Of: July 1, 2013. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2013(12)	0	0	0	0	0	0.00	0.0	0	0	0	0	0.00
2014(12)	6	903	330	126	117	99.61	0.0	0	0	0	0	0.00
2015(12)	19	2,015	735	282	258	96.01	0.0	0	0	0	0	0.00
2016(12)	16	1,281	469	180	166	100.14	0.0	0	0	0	0	0.00
2017(12)	10	792	289	111	104	106.72	0.0	0	0	0	0	0.00
2018(12)	8	517	189	73	69	108.34	0.0	0	0	0	0	0.00
2019(12)	6	347	127	50	46	109.98	0.0	0	0	0	0	0.00
2020(12)	4	221	81	32	30	111.66	0.0	0	0	0	0	0.00
2021(12)	3	168	20	8	7	113.37	0.0	0	0	0	0	0.00
Total	—	—	2,239	862	796	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2013(12)	0.0	0	0	0	0	0.00	0	0	0
2014(12)	0.0	0	0	0	0	0.00	330	126	117
2015(12)	0.0	0	0	0	0	0.00	735	282	258
2016(12)	0.0	0	0	0	0	0.00	469	180	166
2017(12)	0.0	0	0	0	0	0.00	289	111	104
2018(12)	0.0	0	0	0	0	0.00	189	73	69
2019(12)	0.0	0	0	0	0	0.00	127	50	46
2020(12)	0.0	0	0	0	0	0.00	81	32	30
2021(12)	0.0	0	0	0	0	0.00	20	8	7
Total	—	0	0	0	0	—	2,239	862	796

Table 4D

Total Bohai Bay PDNP 7-13 : _

PSC Detail

Bohai Bay, China – Proved Developed Non-Producing

Bohai Bay, China – Proved Developed Non-Producing

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2013(12)	0	0	0	0	0	0	0	0.00	0.00	0.00	0	0	0	0
2014(12)	48	0	32,842	0	0	32,842	1,642	0.00	0.00	0.00	0	0	0	0
2015(12)	108	0	70,600	0	0	70,600	3,530	0.00	0.00	0.00	0	0	0	0
2016(12)	69	0	46,933	0	0	46,933	2,347	0.00	0.00	0.00	0	0	0	0
2017(12)	42	0	30,848	0	0	30,848	1,542	0.00	0.00	0.00	0	0	0	0
2018(12)	28	0	20,447	0	0	20,447	1,022	0.00	0.00	0.00	0	0	0	0
2019(12)	19	0	13,915	0	0	13,915	696	0.00	0.00	0.00	0	0	0	0
2020(12)	12	0	9,033	0	0	9,033	452	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	2,289	0	0	2,289	114	0.00	0.00	0.00	0	0	0	0
Total	325	0	226,907	0	0	226,907	11,345	—	—	—	0	0	0	0

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2013(12)	0	0	0	0	0	0	0	0	98.00	0	0	0	0
2014(12)	20,526	4,220	4,220	0	0	4,220	26,979	48	97.71	26,133	1,642	9,969	11,611
2015(12)	44,125	7,046	7,046	0	0	7,046	60,024	108	97.28	57,644	2,688	22,105	24,793
2016(12)	29,333	5,573	5,573	0	0	5,573	39,014	69	97.80	37,627	2,135	14,443	16,578
2017(12)	19,280	4,012	4,012	0	0	4,012	25,294	42	98.00	24,788	1,543	9,542	11,085
2018(12)	12,779	3,725	3,725	0	0	3,725	15,700	28	98.00	15,386	1,434	5,991	7,425
2019(12)	8,697	3,320	3,320	0	0	3,320	9,900	19	98.00	9,702	1,301	3,801	5,102
2020(12)	5,646	2,874	2,874	0	0	2,874	5,708	12	98.00	5,594	1,122	2,176	3,299
2021(12)	1,431	867	1,354	0	0	1,354	821	0	98.00	804	532	305	837
Total	141,817	31,636	32,122	0	0	32,122	183,439	325	—	177,677	12,399	68,332	80,730

Table 4D

Total Bohai Bay PDNP 7-13 : _

Comp Tax Detail

Bohai Bay, China – Proved Developed Non-Producing

Prod'n Start: 2014/09, As Of: July 1, 2013. Escalated Prices and Costs

Comp Tax detail 1

Date	WI Cost Rec Revenue Total M$US	WI Profit Revenue Total M$US	WI Taxable Revenue M$US	WI Operating Costs Total M$US	WI Windfall Tax M$US	WI Capital Depreciation Total M$US	WI Income Tax Deductions Total M$US	WI Taxable Income M$US	Income Tax Rate %	Income Taxes Total M$US
2013(12)	0	0	0	0	0	195	195	-195	25	-49
2014(12)	1,642	9,969	11,611	1,642	1,789	389	3,820	7,791	25	1,948
2015(12)	2,688	22,105	24,793	2,688	3,590	389	6,668	18,125	25	4,531
2016(12)	2,135	14,443	16,578	2,135	2,575	389	5,100	11,479	25	2,870
2017(12)	1,543	9,542	11,085	1,543	1,889	389	3,821	7,264	25	1,816
2018(12)	1,434	5,991	7,425	1,434	1,291	389	3,114	4,311	25	1,078
2019(12)	1,301	3,801	5,102	1,301	904	389	2,594	2,508	25	627
2020(12)	1,122	2,176	3,299	1,122	596	389	2,107	1,192	25	298
2021(12)	532	305	0	338	154	389	0	0	0	0
Total	12,399	68,332	79,893	12,204	12,788	3,307	27,419	52,475	—	13,119

Comp Tax detail 2

Date	WI Capital Costs Total M$US	WI Depreciation Development M$US	WI Capital Aband Total M$US	Oil Price $US/Bbl	Oil Price less US$55 $US/Bbl	Windfall Tax Rate %	Quick Deduction $US/Bbl	Proj PSC Oil Volumes MSTB	Proj Windfall Tax M$US	Comp Windfall Tax M$US
2013(12)	0	0	195	0.00	0.00	40.0	0.0	0	0	0
2014(12)	0	0	389	99.61	44.61	40.0	0.0	307	4,676	1,789
2015(12)	0	0	389	96.01	41.01	40.0	0.0	674	9,368	3,590
2016(12)	0	0	389	100.14	45.14	40.0	0.0	431	6,710	2,575
2017(12)	0	0	389	106.72	51.72	40.0	0.0	270	4,908	1,889
2018(12)	0	0	389	108.34	53.34	40.0	0.0	176	3,323	1,291
2019(12)	0	0	389	109.98	54.98	40.0	0.0	118	2,308	904
2020(12)	0	0	389	111.66	56.66	40.0	0.0	76	1,529	596
2021(12)	0	0	389	113.37	58.37	40.0	0.0	19	397	154
Total	0	0	3,307	—	—	—	—	2,071	33,218	12,788

Table 4E

Total Bohai Bay PUD 7-13 : _

Economic Summary

Bohai Bay, China – Proved Undeveloped

Prod'n Start: 2013/07, As Of: July 1, 2013. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of June 30, 2013
Escalation Date	2013/07
Discount Date	2013/07
Economic Limit	2021/07

Company Economic Indicators

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	AT NPV	BT PIR	AT PIR
Company (% of Total)	32.98	0.00	35.43	35.93	(%)	(M$US)	(M$US)	(fraction)	(fraction)
Company (% of Contr)	73.40	0.00	72.31	73.33	0	467,091	330,842	1.35	0.95
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	386,918	268,681	1.23	0.78
Contr	44.94	0.00	49.00	49.00	10.0	324,585	221,072	1.12	0.76
NOC	46.77	0.00	51.00	51.00	12.0	303,530	205,153	1.08	0.71
					15.0	275,351	183,991	1.03	0.63
					20.0	235,911	154,673	0.95	0.53

AT ROR (%)	200.01		Contr Take (%)		20.89
AT Payout (yrs)	0.42		NOC Take (%)		31.02
F&D ($US/BOE)	28.16		Gov't Take (%)		48.09

Company Economics (per Unit)

	(M$US)	(%)	($US/BOE)
Net Revenue	1,195,745	100.00	102.60
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	184,739	15.45	15.85
Tariffs	0	0.00	0.00
Prod & Asset Taxes	197,330	16.50	16.93
Capital Costs	346,584	28.98	29.74
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	467,091	39.06	40.08
Less Income Tax	136,249	11.39	11.69
After Tax Cash Flow	330,842	27.67	28.39

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	35,388	12,732	11,655
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	35,388	12,732	11,655

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	926,277	328,177
Abandonment	(M$US)	53,474	18,407
Total	(M$US)	979,751	346,584

Cash Flow

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US	Income Taxes M$US	ATCF M$US
2013(12)	32,789	14,753	47,542	3,923	28,865	7,828	1,083	5,842	7,819	-1,977
2014(12)	71,084	5,088	76,172	5,074	66,010	12,020	2,166	-9,097	11,334	-20,432
2015(12)	189,377	99,538	288,915	24,068	165,309	42,967	2,166	54,405	47,080	7,325
2016(12)	74,627	190,850	265,477	27,060	47,568	42,270	2,166	146,414	39,136	107,278
2017(12)	47,945	160,645	208,590	27,521	20,425	36,334	2,166	122,145	25,584	96,561
2018(12)	26,172	104,276	130,448	26,172	0	23,169	2,166	78,941	9,602	69,339
2019(12)	25,313	62,159	87,472	25,313	0	15,831	2,166	44,162	867	43,296
2020(12)	23,881	32,272	56,152	23,881	0	10,350	2,166	19,757	-5,174	24,931
2021(12)	21,595	13,382	34,977	21,727	0	6,561	2,166	4,522	0	4,522
Total	512,783	682,961	1,195,745	184,739	328,177	197,330	18,407	467,091	136,249	330,842

Table 4E

Total Bohai Bay PUD 7-13 : _

Production Detail

Bohai Bay, China – Proved Undeveloped

Prod'n Start: 2013/07, As Of: July 1, 2013. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2013(12)	9	6,704	1,233	495	464	102.48	0.0	0	0	0	0	0.00
2014(12)	10	6,642	2,424	815	765	99.62	0.0	0	0	0	0	0.00
2015(12)	46	26,147	9,544	3,362	3,009	96.01	0.0	0	0	0	0	0.00
2016(12)	61	22,208	8,128	2,940	2,651	100.14	0.0	0	0	0	0	0.00
2017(12)	67	15,759	5,752	2,114	1,955	106.71	0.0	0	0	0	0	0.00
2018(12)	67	9,709	3,544	1,294	1,204	108.34	0.0	0	0	0	0	0.00
2019(12)	65	6,400	2,336	849	795	109.99	0.0	0	0	0	0	0.00
2020(12)	57	4,068	1,489	536	503	111.66	0.0	0	0	0	0	0.00
2021(12)	67	4,422	937	327	309	113.36	0.0	0	0	0	0	0.00
Total	—	—	35,388	12,732	11,655	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2013(12)	0.0	0	0	0	0	0.00	1,233	495	464
2014(12)	0.0	0	0	0	0	0.00	2,424	815	765
2015(12)	0.0	0	0	0	0	0.00	9,544	3,362	3,009
2016(12)	0.0	0	0	0	0	0.00	8,128	2,940	2,651
2017(12)	0.0	0	0	0	0	0.00	5,752	2,114	1,955
2018(12)	0.0	0	0	0	0	0.00	3,544	1,294	1,204
2019(12)	0.0	0	0	0	0	0.00	2,336	849	795
2020(12)	0.0	0	0	0	0	0.00	1,489	536	503
2021(12)	0.0	0	0	0	0	0.00	937	327	309
Total	—	0	0	0	0	—	35,388	12,732	11,655

Table 4E

Total Bohai Bay PUD 7-13 : _

PSC Detail

Bohai Bay, China – Proved Undeveloped

Bohai Bay, China – Proved Undeveloped

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2013(12)	182	0	126,400	0	0	126,400	6,320	0.00	0.00	0.00	0	0	0	0
2014(12)	346	0	241,504	0	0	241,504	12,075	0.00	0.00	0.00	0	0	0	0
2015(12)	1,373	0	916,253	0	0	916,253	45,813	1.52	2.20	0.00	21,080	0	0	21,080
2016(12)	1,176	0	813,942	0	0	813,942	40,697	0.98	0.98	0.00	8,839	0	0	8,839
2017(12)	835	0	613,784	0	0	613,784	30,689	0.00	0.00	0.00	0	0	0	0
2018(12)	514	0	383,908	0	0	383,908	19,195	0.00	0.00	0.00	0	0	0	0
2019(12)	338	0	256,931	0	0	256,931	12,847	0.00	0.00	0.00	0	0	0	0
2020(12)	215	0	166,271	0	0	166,271	8,314	0.00	0.00	0.00	0	0	0	0
2021(12)	0	0	106,266	0	0	106,266	5,313	0.00	0.00	0.00	0	0	0	0
Total	4,978	0	3,625,260	0	0	3,625,260	181,263	—	—	—	29,919	0	0	29,919

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2013(12)	79,000	81,786	9,786	72,000	0	81,786	38,295	182	97.70	36,799	32,789	14,753	47,542
2014(12)	150,940	222,562	13,980	208,582	0	222,562	6,866	346	97.37	4,326	71,084	5,088	76,172
2015(12)	551,578	538,264	68,997	469,267	0	538,264	311,096	1,373	95.20	283,508	189,377	99,538	288,915
2016(12)	499,875	201,242	75,760	125,481	0	201,242	563,165	1,176	95.77	534,226	74,627	190,850	265,477
2017(12)	383,615	127,074	76,129	50,945	0	127,074	456,020	835	97.00	440,678	47,945	160,645	208,590
2018(12)	239,943	72,402	72,402	0	0	72,402	292,311	514	97.54	284,891	26,172	104,276	130,448
2019(12)	160,582	70,078	70,078	0	0	70,078	174,006	338	98.00	170,526	25,313	62,159	87,472
2020(12)	103,920	66,371	66,371	0	0	66,371	91,587	215	98.00	89,755	23,881	32,272	56,152
2021(12)	66,416	60,640	60,947	0	0	60,947	40,005	0	98.00	39,205	21,595	13,382	34,977
Total	2,235,868	1,440,419	514,450	926,277	0	1,440,726	1,973,351	4,978	—	1,883,914	512,783	682,961	1,195,745

Table 4E

Total Bohai Bay PUD 7-13 : _

Comp Tax Detail

Bohai Bay, China – Proved Undeveloped

Prod'n Start: 2013/07, As Of: July 1, 2013. Escalated Prices and Costs

Comp Tax detail 1

Date	WI Cost Rec Revenue Total M$US	WI Profit Revenue Total M$US	WI Taxable Revenue M$US	WI Operating Costs Total M$US	WI Windfall Tax M$US	WI Capital Depreciation Total M$US	WI Income Tax Deductions Total M$US	WI Taxable Income M$US	Income Tax Rate %	Income Taxes Total M$US
2013(12)	32,789	14,753	47,542	3,923	7,650	4,691	16,265	31,277	25	7,819
2014(12)	71,084	5,088	76,172	5,074	11,736	14,025	30,835	45,337	25	11,334
2015(12)	189,377	99,538	288,915	24,068	41,838	34,689	100,594	188,321	25	47,080
2016(12)	74,627	190,850	265,477	27,060	41,240	40,635	108,934	156,543	25	39,136
2017(12)	47,945	160,645	208,590	27,521	35,544	43,188	106,253	102,337	25	25,584
2018(12)	26,172	104,276	130,448	26,172	22,678	43,188	92,039	38,410	25	9,602
2019(12)	25,313	62,159	87,472	25,313	15,504	43,188	84,005	3,467	25	867
2020(12)	23,881	32,272	56,152	23,881	10,140	43,188	77,209	-21,056	25	-5,174
2021(12)	21,595	13,382	0	21,727	6,431	79,794	0	0	0	0
Total	512,783	682,961	1,160,768	184,739	192,762	346,584	616,132	544,636	—	136,249

Comp Tax detail 2

Date	WI Capital Costs Total M$US	WI Depreciation Development M$US	WI Capital Aband Total M$US	Oil Price $US/Bbl	Oil Price less US$55 $US/Bbl	Windfall Tax Rate %	Quick Deduction $US/Bbl	Proj PSC Oil Volumes MSTB	Proj Windfall Tax M$US	Comp Windfall Tax M$US
2013(12)	28,865	3,608	1,083	102.48	47.48	40.0	0.0	1,157	19,083	7,650
2014(12)	66,010	11,859	2,166	99.62	44.62	40.0	0.0	2,278	34,955	11,736
2015(12)	165,309	32,523	2,166	96.01	41.01	40.0	0.0	8,559	119,001	41,838
2016(12)	47,568	38,469	2,166	100.14	45.14	40.0	0.0	7,344	114,248	41,240
2017(12)	20,425	41,022	2,166	106.71	51.71	40.0	0.0	5,321	96,748	35,544
2018(12)	0	41,022	2,166	108.34	53.34	40.0	0.0	3,298	62,116	22,678
2019(12)	0	41,022	2,166	109.99	54.99	40.0	0.0	2,188	42,646	15,504
2020(12)	0	41,022	2,166	111.66	56.66	40.0	0.0	1,398	28,194	10,140
2021(12)	0	77,629	2,166	113.36	58.36	40.0	5.0	883	18,416	6,431
Total	328,177	328,177	18,407	—	—	—	—	32,427	535,406	192,762

Table 4F

Total Bohai Bay PB 7-13 : _

Economic Summary

Bohai Bay, China – Total Probable

Prod'n Start: 2013/07, As Of: July 1, 2013. Escalated Prices and Costs

Company Description

Model	China PSC (1992)
Global Params	SIL as of June 30, 2013
Escalation Date	2013/07
Discount Date	2013/07
Economic Limit	2025/02

Company Economic Indicators

	Net Revenue	Net Expl	Net Dev	Net Opex	Disc. Rate	BT NPV	AT NPV	BT PIR	AT PIR
Company (% of Total)	30.25	0.00	32.32	34.08	(%)	(M$US)	(M$US)	(fraction)	(fraction)
Company (% of Contr)	68.63	0.00	65.97	69.55	0	1,336,835	1,019,524	13.34	10.17
Partner (% of Contr)	0.00	0.00	0.00	0.00	5.0	1,026,697	783,431	12.09	7.82
Contr	44.08	0.00	49.00	49.00	10.0	808,983	617,841	11.04	8.43
NOC	45.88	0.00	51.00	51.00	12.0	740,123	565,500	10.68	7.72
					15.0	651,680	498,301	10.18	6.80
					20.0	535,081	409,760	9.46	5.59

AT ROR (%)	>800.00	Contr Take (%)	25.86
AT Payout (yrs)	0.00	NOC Take (%)	35.58
F&D ($US/BOE)	5.00	Gov't Take (%)	38.56

Company Economics (per Unit)

	(M$US)	(%)	($US/BOE)
Net Revenue	2,046,977	100.00	108.48
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	245,480	11.99	13.01
Tariffs	0	0.00	0.00
Prod & Asset Taxes	364,448	17.80	19.31
Capital Costs	100,213	4.90	5.31
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	1,336,835	65.31	70.85
Less Income Tax	317,311	15.50	16.82
After Tax Cash Flow	1,019,524	49.81	54.03

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	62,615	21,027	18,870
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	–	–	0
Total	(MBOE)	62,615	21,027	18,870

		Project	Company Net
Acquisition	(M$US)	–	0
Exploration	(M$US)	0	0
Development	(M$US)	291,812	94,327
Abandonment	(M$US)	18,016	5,885
Total	(M$US)	309,828	100,213

Cash Flow

All values are Company Net

Date	Cost Rec Revenue M$US	Profit Revenue M$US	Comp PSC Revenue M$US	Operating Costs M$US	Capital M$US	Production Taxes Total M$US	Capital Aband Total M$US	BTCF M$US	Income Taxes M$US	ATCF M$US
2013(12)	35	2,903	2,939	35	0	484	-314	2,733	686	2,047
2014(12)	4,860	14,114	18,974	122	4,738	2,993	-629	11,750	3,992	7,758
2015(12)	20,377	129,047	149,424	1,139	19,238	22,264	-629	107,412	31,069	76,343
2016(12)	60,511	244,563	305,074	3,776	56,735	48,648	-629	196,544	61,113	135,432
2017(12)	18,059	251,339	269,397	4,442	13,616	47,002	-629	204,966	51,970	152,996
2018(12)	4,837	221,904	226,741	4,837	0	40,294	-629	182,238	42,830	139,408
2019(12)	5,438	188,491	193,929	5,438	0	35,109	-629	154,010	35,739	118,271
2020(12)	5,861	167,952	173,813	5,861	0	32,042	-629	136,538	31,261	105,277
2021(12)	32,838	165,974	198,812	31,932	0	37,304	-629	130,205	21,817	108,388
2022(12)	66,096	144,891	210,987	66,096	0	40,268	3,263	101,360	15,447	85,913
2023(12)	64,918	103,693	168,611	64,918	0	32,717	3,263	67,713	12,762	54,950
2024(12)	55,111	63,224	118,335	53,422	0	23,332	3,263	38,317	8,626	29,692
2025(12)	4,111	5,831	9,942	3,462	0	1,991	1,439	3,050	0	3,050
Total	343,052	1,703,925	2,046,977	245,480	94,327	364,448	5,885	1,336,835	317,311	1,019,524

Table 4F

Total Bohai Bay PB 7-13 : _

Production Detail

Bohai Bay, China – Total Probable

Prod'n Start: 2013/07, As Of: July 1, 2013. Escalated Prices and Costs

Prod Detail 1

Date	# of Oil Wells	Proj Oil Rate Bbl/d	Proj Oil Volume MSTB	Comp Gross (WI) Oil MSTB	Comp Oil Volume MSTB	Oil Price $US/Bbl	# of Gas Wells	Gas Rate mcf/d	Proj Gas Volume MMSCF	Comp Gross (WI) Gas MMSCF	Comp Gas Volume MMSCF	Gas Price $US/mcf
2013(12)	0	423	78	31	29	102.48	0.0	0	0	0	0	0.00
2014(12)	1	1,738	634	206	191	99.53	0.0	0	0	0	0	0.00
2015(12)	10	16,109	5,880	1,854	1,556	96.01	0.0	0	0	0	0	0.00
2016(12)	35	30,171	11,043	3,597	3,047	100.14	0.0	0	0	0	0	0.00
2017(12)	42	23,672	8,640	2,916	2,524	106.72	0.0	0	0	0	0	0.00
2018(12)	51	18,569	6,778	2,304	2,093	108.34	0.0	0	0	0	0	0.00
2019(12)	62	15,352	5,604	1,916	1,763	109.98	0.0	0	0	0	0	0.00
2020(12)	68	13,326	4,877	1,680	1,557	111.66	0.0	0	0	0	0	0.00
2021(12)	131	14,848	5,419	1,878	1,754	113.37	0.0	0	0	0	0	0.00
2022(12)	178	15,507	5,660	1,957	1,833	115.09	0.0	0	0	0	0	0.00
2023(12)	153	12,311	4,494	1,538	1,443	116.84	0.0	0	0	0	0	0.00
2024(12)	116	8,760	3,206	1,062	998	118.61	0.0	0	0	0	0	0.00
2025(12)	63	5,109	301	88	83	120.42	0.0	0	0	0	0	0.00
Total	—	—	62,615	21,027	18,870	—	—	—	0	0	0	—

Prod Detail 2

Date	NGL Rate Bbl/d	Proj NGL Volume MSTB	Contr NGL Volume MSTB	Comp Gross (WI) NGL MSTB	Comp NGL Volume MSTB	NGL Price $US/Bbl	Proj BOE Volume MBOE	Comp Gross (WI) Total MSTB	Comp Net BOE Volume MBOE
2013(12)	0.0	0	0	0	0	0.00	78	31	29
2014(12)	0.0	0	0	0	0	0.00	634	206	191
2015(12)	0.0	0	0	0	0	0.00	5,880	1,854	1,556
2016(12)	0.0	0	0	0	0	0.00	11,043	3,597	3,047
2017(12)	0.0	0	0	0	0	0.00	8,640	2,916	2,524
2018(12)	0.0	0	0	0	0	0.00	6,778	2,304	2,093
2019(12)	0.0	0	0	0	0	0.00	5,604	1,916	1,763
2020(12)	0.0	0	0	0	0	0.00	4,877	1,680	1,557
2021(12)	0.0	0	0	0	0	0.00	5,419	1,878	1,754
2022(12)	0.0	0	0	0	0	0.00	5,660	1,957	1,833
2023(12)	0.0	0	0	0	0	0.00	4,494	1,538	1,443
2024(12)	0.0	0	0	0	0	0.00	3,206	1,062	998
2025(12)	0.0	0	0	0	0	0.00	301	88	83
Total	—	0	0	0	0	—	62,615	21,027	18,870

Table 4F

Total Bohai Bay PB 7-13 : _

PSC Detail

Bohai Bay, China – Total Probable

Bohai Bay, China – Total Probable

PSC Detail 1

Date	Proj Oil Volume MT	Proj Gas Volume	Proj Oil Sales Revenue M$US	Proj NGL Revenue M$US	Proj Gas Revenue M$US	Total Proj Revenue M$US	Proj VAT M$US	Oil Royalty Rate %	NGL Royalty Rate %	Gas Royalty Rate %	Proj Oil Royalty M$US	Proj NGL Royalty M$US	Proj Gas Royalty M$US	Total Proj Royalty M$US
2013(12)	12	0	7,983	0	0	7,983	399	0.00	0.00	0.00	0	0	0	0
2014(12)	90	0	63,172	0	0	63,172	3,159	0.00	0.00	0.00	0	0	0	0
2015(12)	828	0	564,536	0	0	564,536	28,227	2.00	2.01	0.00	29,802	0	0	29,802
2016(12)	1,565	0	1,105,757	0	0	1,105,757	55,288	2.18	3.53	0.00	50,392	0	0	50,392
2017(12)	1,233	0	922,101	0	0	922,101	46,105	1.43	2.30	0.00	24,363	0	0	24,363
2018(12)	968	0	734,299	0	0	734,299	36,715	0.33	0.33	0.00	2,637	0	0	2,637
2019(12)	801	0	616,296	0	0	616,296	30,815	0.00	0.00	0.00	0	0	0	0
2020(12)	699	0	544,595	0	0	544,595	27,230	0.00	0.00	0.00	0	0	0	0
2021(12)	993	0	614,375	0	0	614,375	30,719	0.00	0.00	0.00	0	0	0	0
2022(12)	811	0	651,405	0	0	651,405	32,570	0.00	0.00	0.00	0	0	0	0
2023(12)	643	0	525,029	0	0	525,029	26,251	0.00	0.00	0.00	0	0	0	0
2024(12)	285	0	380,317	0	0	380,317	19,016	0.00	0.00	0.00	0	0	0	0
2025(12)	0	0	36,298	0	0	36,298	1,815	0.00	0.00	0.00	0	0	0	0
Total	8,928	0	6,766,164	0	0	6,766,164	338,308	—	—	—	107,194	0	0	107,194

PSC Detail 2

Date	Proj Cost Rec Limit M$US	Total Elig Rec Costs M$US	Proj Cost Rec Revenue Opex M$US	Proj Cost Rec Revenue Dev M$US	Proj Cost Rec Revenue Expl M$US	Total Proj Cost Rec Revenue M$US	Proj Revenue After CR Total M$US	Proj Sales Vol Oil MT	Profit Share Rate %	Total Proj Profit Revenue M$US	Total Comp Cost Rec Revenue M$US	Total Comp Profit Revenue M$US	Comp PSC Revenue M$US
2013(12)	4,989	88	88	0	0	88	7,496	12	97.67	7,242	35	2,903	2,939
2014(12)	39,483	16,913	673	16,240	0	16,913	43,100	90	97.32	41,510	4,860	14,114	18,974
2015(12)	323,034	72,894	6,960	65,934	0	72,894	433,614	828	94.86	401,704	20,377	129,047	149,424
2016(12)	640,706	192,717	17,043	175,674	0	192,717	807,360	1,565	94.73	745,205	60,511	244,563	305,074
2017(12)	551,950	50,771	16,807	33,964	0	50,771	800,862	1,233	95.26	750,516	18,059	251,339	269,397
2018(12)	456,300	16,960	16,960	0	0	16,960	677,986	968	96.59	651,033	4,837	221,904	226,741
2019(12)	385,185	18,125	18,125	0	0	18,125	567,356	801	97.21	549,319	5,438	188,491	193,929
2020(12)	340,372	18,816	18,816	0	0	18,816	498,549	699	97.56	485,988	5,861	167,952	173,813
2021(12)	383,984	91,051	92,444	0	0	92,444	491,212	993	97.94	481,231	32,838	165,974	198,812
2022(12)	407,128	185,837	185,837	0	0	185,837	432,998	811	98.00	424,338	66,096	144,891	210,987
2023(12)	328,143	182,512	182,512	0	0	182,512	316,265	643	98.00	309,940	64,918	103,693	168,611
2024(12)	237,698	153,583	157,795	0	0	157,795	203,506	285	98.00	199,436	55,111	63,224	118,335
2025(12)	22,686	11,864	14,091	0	0	14,091	20,392	0	98.00	19,985	4,111	5,831	9,942
Total	4,121,658	1,012,133	728,152	291,812	0	1,019,964	5,300,697	8,928	—	5,067,445	343,052	1,703,925	2,046,977

Table 4F

Total Bohai Bay PB 7-13 : _

Comp Tax Detail

Bohai Bay, China – Total Probable

Prod'n Start: 2013/07, As Of: July 1, 2013. Escalated Prices and Costs

Comp Tax detail 1

Date	WI Cost Rec Revenue Total M$US	WI Profit Revenue Total M$US	WI Taxable Revenue M$US	WI Operating Costs Total M$US	WI Windfall Tax M$US	WI Capital Depreciation Total M$US	WI Income Tax Deductions Total M$US	WI Taxable Income M$US	Income Tax Rate %	Income Taxes Total M$US
2013(12)	35	2,903	2,938	35	473	-314	194	2,745	25	686
2014(12)	4,860	14,114	18,974	122	2,921	-36	3,006	15,968	25	3,992
2015(12)	20,377	129,047	149,424	1,139	21,641	2,368	25,148	124,276	25	31,069
2016(12)	60,511	244,563	305,074	3,776	47,387	9,460	60,623	244,451	25	61,113
2017(12)	18,059	251,339	269,397	4,442	45,913	11,162	61,517	207,880	25	51,970
2018(12)	4,837	221,904	226,741	4,837	39,421	11,162	55,420	171,321	25	42,830
2019(12)	5,438	188,491	193,929	5,438	34,372	11,162	50,972	142,956	25	35,739
2020(12)	5,861	167,952	173,813	5,861	31,386	11,162	48,409	125,403	25	31,261
2021(12)	32,838	165,974	254,514	31,932	36,559	-27,082	167,247	87,267	25	21,817
2022(12)	66,096	144,891	210,987	66,096	39,480	43,624	149,201	61,787	25	15,447
2023(12)	64,918	103,693	168,611	64,918	32,088	20,556	117,562	51,049	25	12,762
2024(12)	55,111	63,224	118,335	53,422	22,892	7,518	83,832	34,503	25	8,626
2025(12)	4,111	5,831	0	3,462	1,954	1,439	0	0	0	0
Total	343,052	1,703,925	2,092,737	245,480	356,485	102,183	823,132	1,269,605	—	317,311

Comp Tax detail 2

Date	WI Capital Costs Total M$US	WI Depreciation Development M$US	WI Capital Aband Total M$US	Oil Price $US/Bbl	Oil Price less US$55 $US/Bbl	Windfall Tax Rate %	Quick Deduction $US/Bbl	Proj PSC Oil Volumes MSTB	Proj Windfall Tax M$US	Comp Windfall Tax M$US
2013(12)	0	0	-314	102.48	47.48	40.0	0.0	72	1,179	473
2014(12)	4,738	592	-629	99.53	44.53	40.0	0.0	587	8,995	2,921
2015(12)	19,238	2,997	-629	96.01	41.01	40.0	0.0	4,943	68,733	21,641
2016(12)	56,735	10,089	-629	100.14	45.14	40.0	0.0	9,367	145,688	47,387
2017(12)	13,616	11,791	-629	106.72	51.72	40.0	0.0	7,508	136,560	45,913
2018(12)	0	11,791	-629	108.34	53.34	40.0	0.0	6,166	116,136	39,421
2019(12)	0	11,791	-629	109.98	54.98	40.0	0.0	5,159	100,574	34,372
2020(12)	0	11,791	-629	111.66	56.66	40.0	0.0	4,521	91,154	31,386
2021(12)	0	-26,453	-629	113.37	58.37	40.0	5.0	5,060	105,491	36,559
2022(12)	0	40,361	3,263	115.09	60.09	40.0	5.0	5,302	114,176	39,480
2023(12)	0	17,293	3,263	116.84	61.84	40.0	5.0	4,215	93,718	32,088
2024(12)	0	4,255	3,263	118.61	63.61	40.0	4.4	3,012	69,106	22,892
2025(12)	0	0	1,439	120.42	65.42	40.0	2.5	283	6,697	1,954
Total	94,327	96,298	5,885	—	—	—	—	56,194	1,058,206	356,485

Part II

The following of the text of the fair market value update analysis's dated 23 June 2014 issued by Sproule International Limited for purpose of inclusion in this circulars.

June 23, 2014

The Board of Directors
Win Business Energy Limited
33/F, 118 Connaught Road West
Sheung Wan, Hong Kong

FAIR MARKET VALUE UPDATE ANALYSIS OF CERTAIN PETROLEUM ASSETS OF KERR-MCGEE CHINA PETROLEUM LIMITED IN THE BOHAI BAY BASIN, PEOPLE'S REPUBLIC OF CHINA, AS OF JULY 1, 2013

This letter (the "Valuation Update Letter") was prepared by Sproule International Limited ("Sproule") at the request of Win Business Energy Limited (the "Buyer"), an indirect wholly-owned Hong Kong-incorporated subsidiary of Brightoil Petroleum (Holdings) Limited (the "Company").

The Buyer retained Sproule to prepare and deliver a value analysis of the estimated fair market value (the "Valuation Report") of certain assets held by Kerr-McGee China Petroleum Limited ("KMCPL"), a wholly owned subsidiary of Anadarko Petroleum Corporation ("Anadarko"), in the People's Republic of China ("China") as of January 1, 2014. The Buyer subsequently requested that Sproule provide this Letter to update certain analyses underpinning the Valuation Report as of July 1, 2013 (the "Effective Date").

The Valuation Report identifies the assets (the "Assets"), sets out the purpose of the Valuation Report, describes the scope of review, provides a brief industry overview, explains the basis for the Valuation Report and outlines the associated assumptions and conclusions. Please refer to the Valuation Report for further information.

This Letter is only intended to update certain assumptions and conclusions as of the Effective Date based on the framework outlined in the Valuation Report. All other aspects of the Valuation Report apply to this Letter, which should only be read in conjunction with the Valuation Report.

VALUE ANALYSIS UPDATE

(i) Discounted Cash Flow Approach

As a basis for the projected unlevered cash flows of the Assets as of the Effective Date, Sproule relied on the update letter dated June 22, 2014 to the Competent Person's Report (the "CPR Update Letter").

Production Volumes

Sproule based the production volumes on the volumes presented in the CPR Update Letter. Please see the CPR Update Letter for further information.

Price Forecast

The forecast of oil prices used in the Value Analysis were based on Sproule's June 30, 2013 price forecast for Indonesia Minas crude oil as presented in the CPR Update Letter. A negative adjustment of $US 1.65 per barrel (less than Minas) was applied to the Minas price forecast based on the actual price received by KMCPL in June 2013. Table 1 includes a summary of the price forecast used in the DCF Approach.

Discount rate

Sproule discounted the projected unlevered after tax cash flows of the Assets based on a weighted average cost of capital (the "WACC") as documented in the Valuation Report. Based on a review of the key assumptions of the underlying parameters, Sproule decided that the implied WACC as of the Effective Date was within the range used in the Valuation Report. Based on the foregoing, Sproule used a discount rate of 10 to 12 percent for the Assets in the updated DCF approach.

Cash Flow Analysis

Sproule relied on the cash flow analysis as presented in the CPR Update Letter. The base case utilized is presented in Table 1 below. The cash flow assumptions as presented in the CPR Update Letter were deemed reasonable following a review by Sproule.

Table 1 – Base Case 2P Cash Flows

US Thousands of dollars unless otherwise noted

	Avg. Prod. Boe/d[(1)]	Avg. Price $US/Boe	Revenue	Operating Costs	Capital Costs	Production Taxes	Abandonm. Costs	Before Tax Cash Flow	Cash Taxes	After Tax Cash Flow
2013	37,419	102.48	234,886	36,410	28,865	38,677	1,631	129,301	38,859	90,442
2014	28,928	99.61	339,528	82,938	70,748	53,571	3,263	129,008	34,661	94,347
2015	68,824	96.01	741,883	63,983	184,547	110,333	3,263	379,757	122,262	257,495
2016	71,438	100.14	799,059	67,387	104,302	127,270	3,263	496,837	129,828	367,010
2017	53,583	106.72	658,390	67,724	34,041	114,755	3,263	438,607	98,457	340,151
2018	38,803	108.34	492,906	67,007	–	87,566	3,263	335,070	65,284	269,785
2019	29,673	109.98	384,933	66,625	–	69,677	3,263	245,368	45,097	200,271
2020	23,302	111.66	308,175	65,922	–	56,806	3,263	182,184	31,261	150,923
2021	18,960	113.37	254,514	66,008	–	47,753	3,263	137,490	21,817	115,673
2022	15,507	115.09	210,987	66,096	–	40,268	3,263	101,360	15,447	85,913
2023	12,311	116.84	168,611	64,918	–	32,717	3,263	67,713	12,762	54,950
2024	8,760	118.61	118,335	53,422	–	23,332	3,263	38,317	8,626	29,692
2025	5,109	120.42	9,942	3,462	–	1,991	1,439	3,050	–	3,050
Cumulative			4,722,149	771,902	422,504	804,718	38,963	2,684,062	624,360	2,059,701

(1) Daily average production is presented on a project basis. All other figures are net to KMCPL.

DCF Approach Results

Sproule discounted the cash flows on a monthly basis. The results of the updated DCF approach have been summarized below in Table 2 for illustrative purposes only using a discount rate of 10 to 12 percent.

Table 2 – Summary of DCF Approach Results

	Discount Rate		
$USmm	**10%**	**11%**	**12%**
Asset Value	1,404	1,357	1,313

In order to test certain key assumptions in the DCF approach, Sproule performed sensitivity analyses as presented in Table 3.

Table 3 – Summary of Sensitivity Analyses

Variable	Sensitivity	Asset Value Impact[(1)] *$USMM*
Commodity Price	+/- 5%	71
Operating Costs	+/- 20%	71
Capital Costs	+/- 20%	55

(1) Relative to the mid-point of the discount rate of 11 percent

Sproule concluded that the DCF approach results as of the Effective Date did not change materially from those stated in the Valuation Report as of January 1, 2014.

(ii) Precedent Transactions Analysis

Sproule updated the precedent transactions analysis used in the Valuation Report to exclude any transactions announced after the Effective Date. In deriving implied values for the Assets, Sproule used the 2P reserves from the CPR Update Letter of 44.988 million boe on a Net KMCPL basis. With respect to daily production, Sproule used a normalized historical production level given that production since 2011 has been partially restricted due to issues related to a production swivel in the single point mooring system, as detailed in the Competent Person's Report. Sproule determined that the appropriate daily sustainable production historically as of the Effective Date remained at 55,000 boe per day on a project basis and 17,600 boe per day net to KMCPL.

A summary of the metrics suggested by the precedent transactions and implied Asset values is presented in Table 4.

Table 4 – Summary of Precedent Transactions Review and Implied Asset Values

Region	Metrics[1] Low	Metrics[1] High	Asset 2P Reserves (MMboe)[1]/ Production (boe per day)	Implied Asset Value ($USMM) Low	Implied Asset Value ($USMM) High
2P Reserves					
(US$ per Boe)					
Bohai Bay	$15.20	$24.21	45.0	684	1,089
Asia Pacific	$11.41	$17.12	45.0	513	770
North Sea	$12.70	$19.05	45.0	571	857
Daily Production					
(US$ per Boe/d)					
Bohai Bay	$31,000	$51,900	17,600	546	913
Asia Pacific	$47,100	$70,600	17,600	828	1,243
North Sea	$42,300	$63,400	17,600	744	1,116

(1) Production metrics and asset reserves are rounded for presentation purposes.

Sproule concluded that the implied values from the precedent transactions analysis as of the Effective Date did not change materially from those stated in the Valuation Report as of January 1, 2014.

FAIR MARKET VALUE UPDATE

On the basis of the framework outlined in the Valuation Report and the updated assumptions and analyses as of the Effective Date, Sproule determined that the fair market value of the Assets as of the Effective Date was not materially different from that stated in the Valuation Report as of January 1, 2014.

Yours very truly,

SPROULE INTERNATIONAL LIMITED

Original Signed by
Harry J. Helwerda, P.Eng., FEC, FGC (Hon.)

Harry J. Helwerda, P.Eng., FEC, FGC (Hon.)
President, Chief Operating Officer and Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. DISCLOSURE OF INTERESTS

2.1 Directors' interests or short positions

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executive of the Company in the Shares, underlying shares and debentures of the Company and the shares and debentures of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in Shares and share options of the Company

Directors	Name of company in which interests were held	Nature of interest	Long position/ Short position	Number of Shares held as at the Latest Practicable Date	Approximate percentage of the total issued shares (%) *(Note 1)*
Dr. Sit Kwong Lam	The Company	Interests of controlled corporations and beneficial owner	Long position	7,360,902,999	83.96 *(Note 2)*
Professor Chang Hsin Kang	The Company	Beneficial owner	Long position	2,340,000	0.02 *(Note 3)*
Mr. Tang Bo	The Company	Beneficial owner	Long position	4,600,000	0.05 *(Note 4)*
Mr. Tan Yih Lin	The Company	Beneficial owner	Long position	4,600,000	0.05 *(Note 4)*
Mr. Dai Zhujiang	The Company	Beneficial owner	Long position	2,150,000	0.02 *(Note 4)*
Mr. Kwong Chan Lam	The Company	Beneficial owner	Long position	2,150,000	0.02 *(Note 4)*
Mr. Lau Hon Chuen	The Company	Beneficial owner	Long position	2,150,000	0.02 *(Note 4)*
Mr. Justin Sawdon Stewart Murphy	The Company	Beneficial owner	Long position	200,000	0.002 *(Note 4b)*

Note:

1. The percentage shareholding is calculated based on the number of issued shares of the Company as at the Latest Practicable Date.

2. These 7,360,902,999 Shares refer to (a) 2,918,088,960 Shares held by Energy Empire Investments Limited, which is wholly and beneficially owned by Dr. Sit; (b) 3,446,516,706 Shares held by Canada Foundation Limited ("**Canada Foundation**"), which is wholly and beneficially owned by Dr. Sit; (c) 196,318,000Shares held by Brightoil Welfare Ltd. which is wholly and beneficially owned by Dr. Sit; and (d) 799,979,333 Shares to be allotted and issued to Canada Foundation upon exercise in full of the conversion rights attaching to the convertible notes issued by the Company on 27 October 2009 pursuant to a subscription agreement dated 25 June 2009 (the "**Subscription Agreement**"), a supplemental deed dated 2 September 2009 (the "**Supplemental Deed**") and a deed of extension dated 6 July 2012 (the "**Deed of Extension**").

3. These 2,340,000 Shares refer to (a) 190,000 Shares jointly held by Professor Chang Hsin Kang and his spouse; (b) 2,000,000 Shares to be allotted and issued to Professor Chang upon exercise in full of the share options issued by the Company on 22 April 2010; and (c) 150,000 shares granted to Professor Chang on 13 June 2014 subject to relevant vesting periods under the Share Award Scheme adopted by the Company on 14 May 2014.

4. These Shares include (a) the Shares which may be allotted and issued to the respective Directors upon exercise in full of the share options issued by the Company on 22 April 2010; (b) the shares granted to respective Directors on 13 June 2014 subject to relevant vesting periods under the Share Award Scheme adopted by the Company on 14 May 2014.

Save as disclosed above, none of the Directors had, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares and debentures of the Company and the shares and debentures of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

2.2 Directors' interests in the assets of the Enlarged Group

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in the assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Enlarged Group since 30 June 2013, the date to which the latest published audited consolidated financial statements of the Company were made up.

2.3 Directors' interest in contracts

As at the Latest Practicable Date, save for the following documents entered into between the Company (or its subsidiaries) and Shenzhen Brightoil, of which Dr. Sit is the ultimate controlling shareholder, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Enlarged Group which contract or arrangement was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group since 30 June 2013, being the date to which the latest audited consolidated accounts of the Group were made up:

(i) the agreement entered into on 8 May 2013 between the Company and Shenzhen Brightoil in relation to the purchase of fuel oil, diesel fuel, crude oil, gas oil as well as petrochemical and the related petroleum products from the Shenzhen Brightoil Group by the Group, details of which are disclosed in the circular of the Company dated 4 June 2013 ***(2013 Oil Purchase Agreement)***;

(ii) the agreement entered into on 8 May 2013 between the Company and Shenzhen Brightoil in relation to the sub-chartering and/or subletting of any of the Vessels to the Shenzhen Brightoil Group and/or the carrying of the cargoes of the Shenzhen Brightoil Group in the Vessels using all or part of the cargo-carrying space of the Vessels, details of which are disclosed in the circular of the Company dated 4 June 2013; and

(iii) the barge services agreement dated 8 May 2013 entered into between the Company and Shenzhen Brightoil in relation to the fuel delivery services provided by the Shenzhen Brightoil Group to the Group, details of which are disclosed in the announcement of the Company dated 8 May 2013.

2.4 Directors' interest in competing business

As at the Latest Practicable Date, Dr. Sit, the ultimate controlling shareholder of the Company, through his controlling companies (other than the Group), held 100% interest in the Shenzhen Brightoil Group which is principally engaged in, among others, the supply of duty-free marine bunkers in the PRC. Shenzhen Brightoil entered into the 2013 Oil Purchase Agreement with the Group for the provision of oil and delivery services to the Group.

Shenzhen Brightoil, for itself and on behalf of its subsidiaries, has undertaken to the Group that they will not engage in any direct competition with the Group in respect of the international trading and bunkering business (including trading of petroleum products) carried out by the Group from time to time in the PRC during the term of the 2013 Oil Purchase Agreement.

Save as disclosed above, as at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors or their respective associates (within the meaning defined in the Listing Rules) had any interest in any business which might compete with the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, there were no persons or entities (other than a Director and the chief executive of the Company) who had an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Enlarged Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, (i) each of Dr. Sit, Mr. Tang Bo and Mr. Tan Yih Lin (all being executive Directors) had entered into service contracts with the Company for a term of three years commencing from 20 June 2014 and (ii) Mr. Justin Sawdon Stewart Murphy had entered into a service contract with the Company for a term of three years commencing from 3 September 2013. Under the relevant services agreements, each of Dr. Sit, Mr. Tang Bo and Mr. Tan Yih Lin is entitled to a basic salary, which is determined on the basis of his qualification, experience, involvement in and contribution to the Company and by reference to the market rate, and a discretionary management bonus of an amount to be

determined by the Board upon completion of a 12 months of service. Mr. Justin Sawdon Stewart Murphy is entitled to a basic salary, which is determined by the Board with reference to his duties and responsibilities, the market benchmark and his contribution to the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Enlarged Group within the two years immediately preceding the Latest Practicable Date and are, or may be, material:

(a) the Stock Purchase Agreement, the amendment agreement dated 16 February 2014 and the further amendment agreement dated 27 June 2014 relating to the Stock Purchase Agreement entered into among the Parties; and

(b) the deed of extension dated 6 July 2012 entered into between the Company and Canada Foundation Limited ("Canada Foundation") to effect the extension of maturity date to the sixth anniversary of the issue date (i.e. 27 October 2015) of the 2009 Convertible Note issued by the Company to Canada Foundation on 27 October 2009 and subject to the terms thereunder.

6. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, no member of the Enlarged Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was pending or threatened against any member of the Enlarged Group.

7. EXPERTS AND CONSENTS

(a) The following is the qualifications of the experts who have given their opinion or advice in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified public accountants
Sproule International Limited	Independent Competent Person and Competent Evaluator as defined in the Listing Rules

(b) The letter and report from Deloitte Touche Tohmatsu were given on 30 June 2014 for incorporation in this circular.

(c) The Competent Person's Report, Valuation Report, the Competent Person's Report update letter dated 23 June 2014 and fair market value update dated 23 June 2014, all from Sproule International Limited was given on 30 June 2014 for incorporation in this circular.

(d) As at the Latest Practicable Date, none of the experts listed in paragraph (a) above had any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

(e) As at the Latest Practicable Date, none of the experts listed in paragraph (a) above had any direct or indirect interests in any assets which had since 30 June 2013 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by, or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Enlarged Group.

(f) All of the experts listed in paragraph (a) above have given and have not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report (as the case may be) and references to its name, in the form and context in which they respectively appear.

8. MISCELLANEOUS

(a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The head office and principal place of business is located at 33/F, 118 Connaught Road West, Sheung Wan, Hong Kong.

(b) The share registrar of the Company in Hong Kong is Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(c) The secretary of the Company is Ms. Cheung Wa Ying. Ms. Cheung obtained a master degree in Chinese Business Law from the Chinese University of Hong Kong and is a member of the Hong Kong Institute of Certified Public accountants and the Hong Kong Institute of Chartered Secretaries.

(d) The English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the head office and principal place of business of the Company in 33/F, 118 Connaught Road West, Sheung Wan, Hong Kong during normal business hours on any Business Day from the date of this circular until the date of the SGM:

(a) this circular;

(b) the memorandum and articles of association of the Company;

(c) the annual reports of the Group for the two years ended 30 June 2012 and 30 June 2013;

(d) the interim report of the Company for the six months ended 31 March 2014;

(e) the Accountants' Report on the Target Company, the text of which is set out in Appendix II of this circular;

(f) the report in relation to unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III of this circular;

(g) the Competent Person's Report prepared by Sproule International Limited, the text of which is set out in Appendix V of this circular;

(h) the Valuation Report prepared by Sproule International Limited, the text of which is set out in Appendix VI of this circular;

(i) the estimates of reserves, cash flow and valuation at 1 July 2013 prepared by Sproule International Limited, the text of which is set out in Appendix VII of this circular.

(j) the material contracts referred to in the section headed "5. Material Contracts" of Appendix VIII of this circular;

(k) the service contracts referred to the section headed "4. Service Contracts" of Appendix VIII of this circular; and

(l) the written consents referred to in the section headed "7. Experts and Consents" of Appendix VIII of this circular.

BRIGHTOIL PETROLEUM (HOLDINGS) LIMITED
光滙石油(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 933)

NOTICE IS HEREBY GIVEN THAT a special general meeting of Brightoil Petroleum (Holdings) Limited (the **Company**) will be held at 33/F, 118 Connaught Road West, Sheung Wan, Hong Kong on 16 July 2014 at 11:00 a.m. or any adjournment thereof (as the case may be) for the purpose of considering and, if thought fit, passing, with or without amendment or modification, the following resolutions:

ORDINARY RESOLUTION

"1. **THAT**:

(a) the stock purchase agreement dated 11 February 2014 (as amended pursuant to the amendment agreement dated 16 February 2014 and the further amendment agreement dated 27 June 2014) entered into among (i) the Company, (ii) Win Business Energy (Caofeidian) Limited (the **Buyer**), (iii) Anadarko China Holdings 2 Company (the **Seller**) and (iv) Anadarko Petroleum Corporation (a copy of which is tabled at this meeting and marked "A" and initialled by the chairman of this meeting for the purpose of identification), pursuant to which the Seller and the Buyer agreed that, subject to the satisfaction of the conditions precedent therein, the Seller will sell and the Purchaser will purchase 10,000 issued common share(s) of GBP1.00 each in the share capital of Kerr-McGee China Petroleum Ltd. (**Target Company**) representing 100% of the issued share capital of the Target Company, details of which are set out in the circular of the Company dated 30 June 2014, be and are hereby approved, ratified and confirmed;

(b) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents, instruments, agreements and deeds and do all such acts, matters and things as he/she may in his/her absolute discretion consider necessary or desirable for the purpose of and in connection with the implementation of the Stock Purchase

* *For identification purpose only*

Agreement and the transactions contemplated thereunder and to agree to such variations of the terms of the Stock Purchase Agreement and the transactions documents contemplated thereunder as he/she may in his/her absolute discretion consider necessary or desirable."

By order of the Board
Brightoil Petroleum (Holdings) Limited
Dr. Sit Kwong Lam
Chairman

Hong Kong, 30 June 2014

Notes:

1. A shareholder entitled to attend and vote at the meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder may appoint a proxy in respect of part only of his/her holding of Shares. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the appointment shall specify the number and class of the Shares in respect of which each such proxy is so appointed.

2. To be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be deposited at the Company's Hong Kong branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof.