

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document, or about what action to take, you should immediately consult a professional adviser authorised pursuant to the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document comprises an admission document for the purposes of the AIM Rules for Companies. This document does not constitute a prospectus for the purposes of the Prospectus Rules and it has therefore not been prepared in accordance with the Prospectus Rules and it has not been approved by the FSA nor has a copy been delivered to the FSA under regulation 3.2 of the Prospectus Rules Instrument 2005. An application has been made for the Enlarged Issued Share Capital of the Company to be admitted to trading on the AIM market of London Stock Exchange plc ("AIM"). It is expected that dealings in the Ordinary Shares will commence on 20 July 2007.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not examined or approved the contents of this document. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares of the Company to the Official List.

To the best of the knowledge and belief of the Directors and Proposed Directors (who have taken all reasonable care that such is the case) the information contained in this document, save for the information concerning the ACOC Concert Party and the PET Concert Party (for which each member of the respective concert party is responsible), is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors and Proposed Directors, whose names are set out on page 4, and the Company accept responsibility accordingly, including individual and collective responsibility for compliance with the AIM Rules. In connection with this document and/or the Subscription, no person is authorised to give any information or make any representation other than as contained in this document.

The whole text of this document should be read in full. The attention of prospective investors is drawn in particular to Part 2 of this document entitled "Risk Factors".

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**LHP Investments Plc**  
to be renamed  
**Nostra Terra Oil and Gas Company plc**

*(Incorporated in England and Wales under the Companies Act 1985 with  
Registered number 05338258)*

**Proposed acquisition of Nostra Terra (Overseas) Limited  
Approval of waiver of Rule 9 of the Takeover Code  
Proposed Subscription for 70,000,000 New Ordinary Shares  
Notice of Extraordinary General Meeting  
and  
Admission to trading on AIM**

Nominated Adviser  
**ARM Corporate Finance Limited**

Broker  
**Falcon Securities (UK) Limited**

**SHARE CAPITAL ON ADMISSION**

<i>Authorised</i>			<i>Issued</i>	
<i>Amount</i>	<i>Number</i>		<i>Amount</i>	<i>Number</i>
£1,000,000	1,000,000,000	Ordinary Shares of 0 1p each	£301,876 472	301,876,472

All of the Ordinary Shares will, upon Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission. ARM Corporate Finance Limited, which is authorised and regulated by the Financial Services Authority, is the Company's Nominated Adviser under the AIM Rules for Companies and AIM Rules for Nominated Advisers. It is emphasised however that ARM Corporate Finance Limited's responsibilities as the Company's Nominated Adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or Proposed Director or to any other person in respect of their decision to acquire Ordinary Shares in the Company in reliance on any part of this document. ARM Corporate Finance Limited has not authorised the contents of this document. No liability whatsoever is accepted by ARM Corporate Finance Limited for the accuracy of any information or opinions contained in this document or for the omission of any material information from this document for which the Company and the Directors and Proposed Directors are solely responsible.

Falcon Securities (UK) Limited is the Company's Broker and is a member of the London Stock Exchange and is acting exclusively for the Company. Falcon Securities (UK) Limited will not be responsible to anyone other than the Company for providing the protections afforded to customers of Falcon Securities (UK) Limited or for advising any other person on the arrangements described in this document.

This document does not constitute an offer of, or the solicitation of an offer, to subscribe for or buy Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation. In particular, this document is not for distribution in or into the United States of America, Canada, Australia or Japan. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered directly or indirectly in or into the United States of America, Canada, Australia or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended). The whole text of this document should be read.

Notice of an Extraordinary General Meeting of the Company to be held at at Finsgate, 5-7 Cranwood Street, London EC1V 9EE on 19 July 2007 is set out at the end of this document. Shareholders will find enclosed a Form of Proxy to use at the Extraordinary General Meeting. To be valid the Form of Proxy should be completed and returned in accordance with the instructions printed thereon as soon as possible and in any event must be received by the Company's Registrars, Share Registrars Limited, no later than 48 hours before the time appointed for holding the EGM. Completion and posting of the Form of Proxy will not prevent a shareholder from attending and voting in person at the EGM.

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## **DIRECTORS, SECRETARY AND ADVISERS**

<b>Directors</b>	Leo Ernest Vaughan Knifton <i>Chairman</i> Stephen Vaughan Oakes, <i>Director</i>
<b>Proposed Directors</b>	Sir Adrian Marmaduke Francis William Blennerhassett, <i>Proposed Non-Executive Chairman</i> Brian William Courtney, <i>Proposed Chief Executive Officer</i> Glenn MacNeil, <i>Proposed Chief Financial Officer</i> Neville Desmond Smith, <i>Proposed Chief Operating Officer</i>  all of  Finsgate, 5-7 Cranwood Street, London EC1V 9EE
<b>Company Secretary and Registered Office</b>	<b>International Registrars Limited</b> Finsgate, 5-7 Cranwood Street London EC1V 9EE
<b>Telephone number of the Company</b>	+44 (0)20 7251 3762
<b>Nominated Adviser</b>	<b>ARM Corporate Finance Limited</b> 12 Pepper Street London E14 9RP
<b>Broker</b>	<b>Falcon Securities (UK) Limited</b> 154 Bishopsgate London EC2M 4LN
<b>Reporting Accountants</b>	<b>Jeffreys Henry LLP</b> Finsgate 5-7 Cranwood Street London EC1V 9EE
<b>Competent Person</b>	<b>Trimble Engineering Associates Ltd.</b> 2200, 801 6 <sup>th</sup> Avenue S.W. Calgary Alberta T2P 3W2 Canada
<b>Solicitors to the Company</b>	<b>Pritchard Englefield</b> 14 New Street London EC2M 4HE
<b>Solicitors to the Admission</b>	<b>Fasken Martineau Stringer Saul LLP</b> 17 Hanover Square London W1S 1HU

<b>Solicitors to the Vendor</b>	<b>Ronaldsons</b> 55 Gower Street London WC1E 6HQ
<b>In Ukraine</b>	<b>Levenets, Maciw &amp; Partners</b> 19-B Instytutska Street Kyiv 01021 Ukraine
<b>Solicitors providing opinion on Cypriot law to Nostra Terra</b>	<b>Kinanis-Pyrgou + Co</b> 29A Anna Komnini Street P.O. Box 22303 1520 – Nicosia Cyprus
<b>Registrar</b>	<b>Share Registrars Limited</b> Craven House West Street Surrey GU9 7EN
<b>Bankers</b>	<b>National Westminster Bank Plc</b> Moorgate Branch PO Box 712 94 Moorgate London EC2M 6XT
<b>Website</b>	<a href="http://www.ntog.co.uk">www.ntog.co.uk</a>

## DEFINITIONS

In this document, where the context permits, the words and expressions set out below shall bear the following meanings:

<b>"A' Warrants"</b>	'A' warrants to subscribe for up to 2,500,000 Ordinary Shares at a price of 2p per share, as described in paragraph 7.1 of Part 7 of this document
<b>"ACOC Warrantholders"</b>	Kerry Knoll and Cairns Investment Holdings Limited
<b>"ACOC Concert Party"</b>	comprising ACOC, and its directors; Brian Courtney and Glenn MacNeil, together with Neville Desmond Smith
<b>"Acquisition"</b>	the proposed acquisition of the entire issued share capital of Nostra Terra pursuant to the terms of the Acquisition Agreement
<b>"Acquisition Agreement"</b>	the agreement dated 25 May 2007 between the Company (1) the Vendor (2) and Brian Courtney, Neville Desmond Smith and Glenn MacNeil (3) relating to the Acquisition, as described in paragraph 18.5 of Part 7 of this document
<b>"Act"</b>	Companies Act 1985 (as amended)
<b>"Admission"</b>	the admission of the Enlarged Issued Share Capital of the Company to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules for Companies
<b>"AGM" or "Annual General Meeting"</b>	the annual general meeting of the Company to be convened on 19 July 2007 for the purpose of passing the Resolutions
<b>"AIM"</b>	the AIM market of the London Stock Exchange
<b>"AIM Rules"</b>	the AIM Rules for Companies and the AIM Rules for Nominated Advisers, or whichever of these, in the context, is applicable
<b>"AIM Rules for Companies"</b>	the rules for companies governing admission to and trading on AIM, published by the London Stock Exchange
<b>"AIM Rules for Nominated Advisers"</b>	the rules for nominated advisers of companies admitted to and trading on AIM published by the London Stock Exchange
<b>"Anglo Crimean Asset Sale Agreement"</b>	the agreement dated 25 May 2007 between Anglo Crimean (1) NTOL (2) and Ucoco Energy (3) under which Anglo Crimean transferred all of the Ucoco Cyprus Assets to NTOL, details of which are set out in paragraph 19.7 of Part 7 of this document
<b>"ARM"</b>	ARM Corporate Finance Limited, nominated adviser to the Company, which is authorised and regulated by the Financial Services Authority
<b>"B' Warrants"</b>	the 'B' warrants to subscribe for up to 560,000 Ordinary Shares at a price of 1.5p per share, as described in paragraphs 8.1 and 8.2 of Part 7 of this document
<b>"C' Warrants"</b>	the 'C' warrants to subscribe for up to 9,000,000 Ordinary Shares at a price of 2p per share, as described in paragraph 8.3 of Part 7 of this document
<b>"Takeover Code"</b>	the City Code on Takeovers and Mergers
<b>"Combined Code"</b>	the Principles of Good Governance and Code of Best Practice published in June 2006 by the Financial Reporting Council
<b>"Company", "LHP Investments" or "LHP"</b>	LHP Investments Plc, a company incorporated in England and Wales on 20 January 2005 under the Companies Act 1985 with registered number 05338258
<b>"Competent Person's Report"</b>	the report prepared by Trimble Engineering Associates Ltd. and set out in Part 3 of this document.

<b>"Consideration"</b>	the Consideration Shares, the Creditors Loan Stock and the LHP Promissory Notes to be issued by LHP to the Vendor as consideration for the Acquisition
<b>"Consideration Shares"</b>	the 149,126,472 new Ordinary Shares to be issued to the Vendor pursuant to the Acquisition Agreement
<b>"Convertible Facility Agreement"</b>	the agreement dated 25 June 2007 between the Company and PET under which PET has agreed to make available to the Company a borrowing facility of up to £600,000, further details of which are set out in paragraph 10.1 and 18.17 of Part 7 of this document
<b>"Convertible Facility Notes"</b>	the £600,000 zero coupon convertible unsecured loan notes 2013 to be issued upon any advance under the Convertible Facility Agreement, the outstanding amount of which, following any such advance, may be converted into Ordinary Shares at the rate of one Ordinary Shares for each 0.5p of the principal amount advanced under the Convertible Facility Agreement (or, if less, 50 per cent. of the average closing bid price for the previous five trading days), further details of which are set out in paragraphs 10.2 18.17 and 18.18 of Part 7 of this document
<b>"Creditors"</b>	the persons to whom the Vendor has outstanding indebtedness that is to be satisfied by the transfer by the Vendor of the Creditors Loan Stock under the terms of the Creditors Settlement.
<b>"Creditors Settlement"</b>	the agreements between the Vendor and the Creditors for the settlement of their indebtedness by the application of the Creditors Loan Stock
<b>"Creditors Convertible Loan Stock"</b>	the £327,679.38 convertible non-interest bearing unsecured loan stock 2008 of the Company to be issued as part of the Consideration and to be transferred to the Creditors by the Vendor following completion of the Acquisition, and as described in paragraphs 9.1, 9.2 and 9.3 of Part 7 of this document
<b>"Creditors Non-Convertible Loan Stock"</b>	the £88,483 convertible non-interest bearing unsecured loan stock 2008 of the Company to be issued as part of the Consideration and to be transferred to the Creditors by the Vendor following completion of the Acquisition, and as described in paragraphs 9.1, 9.2 and 9.3 of Part 7 of this document
<b>"Creditors Loan Stock Instruments"</b>	the instruments of the Company dated 25 June 2007 creating the Creditors Loan Stock, as described in paragraphs 18.12 and 18.13 of Part 7 of this document
<b>"CREST"</b>	the computerised settlement system used to facilitate the transfer of title to shares in uncertificated form operated by CRESTCo
<b>"CRESTCo"</b>	CRESTCo Limited
<b>"Crimean Peninsula"</b>	an oblast and peninsula of southern Ukraine on the Black Sea and Sea of Azov
<b>"Directors" or "Board"</b>	the directors of the Company at the date of this document, whose names are set out on page 4 of this document
<b>"Dollars" or "US\$"</b>	United States Dollars
<b>"EGM" or "Extraordinary General Meeting"</b>	the extraordinary general meeting of the Company to be convened on 19 July 2007 for the purpose of passing the Resolutions
<b>"Enlarged Group"</b>	the Company and Nostra Terra (which includes the Representation) after the Acquisition
<b>"Enlarged Issued Share Capital"</b>	the entire issued share capital of the Company as enlarged by the issue of the Consideration Shares, the Subscription Shares and the Facility Fee Shares
<b>"Existing Shares"</b>	62,750,000 existing issued Ordinary Shares at the date of this document

<b>"Existing Warrants"</b>	the Founders Warrants and the 'A' Warrants or any of them
<b>"Facility"</b>	the borrowing facility of up to £600,000 made available by PET under the Convertible Facility Agreement
<b>"Facility Fee Shares"</b>	20,000,000 Ordinary Shares to be issued credited as fully paid to PET in partial satisfaction of the fee payable to PET in respect of the Convertible Facility Agreement
<b>"Falcon Securities"</b>	Falcon Securities (UK) Limited, Broker to the Company, which is authorised and regulated by the Financial Services Authority
<b>"Financial Services and Markets Act" or "FSMA"</b>	the Financial Services and Markets Act 2000
<b>"Founders Warrants"</b>	the warrants to subscribe for up to 2,000,000 Ordinary Shares at a price of 0.1p per share, as described in paragraphs 7.2 and 7.3 of Part 7 of this document
<b>"FSA"</b>	Financial Services Authority
<b>"Investment Agreement"</b>	the Investment Agreement dated 25 June 2007 between the Company (1) and GCIT Foundation and others (2) under which the investors are, subject to completion of the Acquisition and Admission, to subscribe £350,000 for 70,000,000 Ordinary Shares at an issue price of 0.5p per share and subject to Admission
<b>"JAA"</b>	the Joint Activity Agreement dated 27 January 2001 as amended and entered into by the Representation (1) and Krymgeologia (2) under which the Representation and Krymgeologia agreed to explore for and pilot production develop the hydrocarbons of the Oktyabrskoe License, Kovylenskaya License and Tatyankovskoe License
<b>"Kovylenskaya License"</b>	License # 2139 covering the Serebryanskoe Field dated 21 November 2002 covering 32 square kilometres
<b>"Krymgeologia"</b>	NAK Nadra Krymgeologia, a subsidiary of NAK Nadra Ukrainiy, a Joint Stock Company wholly owned by the State of Ukraine
<b>"Licence Area"</b>	the 154 square kilometre area of the Oktyabrskoe License containing 36 wells
<b>"Locked in Parties"</b>	the Vendor, the Directors, the Proposed Directors, Ucoco Energy, 3866980 Canada Inc. and Mr Oleg Rodkin
<b>"London Stock Exchange"</b>	London Stock Exchange plc
<b>"New LHP Promissory Note"</b>	the promissory note to be issued by the Company to the Vendor as part of the consideration for the Acquisition in the sum of US\$1,838,928, as described in paragraph 18.6 of Part 7 of this document
<b>"New NTOL Promissory Note"</b>	the promissory note issued by NTOL to the NTOL Promissory Note Holders in the sum of US\$436,460, as described in paragraph 19.3 of Part 7 of this document
<b>"New Warrants"</b>	the 'B' Warrants and the 'C' Warrants or any of them
<b>"Nostra Terra" or "NTOL"</b>	Nostra Terra (Overseas) Limited, a company incorporated in Cyprus with Company Number 112524. The registered address of NTOL is Suite 402, 65 Prodromou Avenue, Nicosia 2063, Cyprus
<b>"Notice of EGM"</b>	the notice set out at the end of this document convening the EGM
<b>"NTOL Agreement"</b>	the share purchase agreement dated 31 July 2006 between Anglo Crimean (1) the NTOL Promissory Note Holders, (2) N Desmond Smith (3) and NTOL (4) pursuant to which Anglo Crimean acquired the entire issued share capital of NTOL further details of which are set out in paragraph 19.2 of Part 7 of this document

<b>"NTOL Promissory Notes"</b>	the three promissory notes dated 31 July 2006, as varied by a deed of variation dated 5 December 2006, issued by Anglo Crimean under the NTOL Agreement, pursuant to which Anglo Crimean agreed to pay the sums of US\$852,755, US\$1,180,334 and US\$242,299 to the NTOL Promissory Note Holders which are to be cancelled prior to completion of the Acquisition
<b>"NTOL Promissory Note Holders"</b>	Nikea Nominees Limited and Nikea Trustees Limited, both companies incorporated in Cyprus , which act as trustee for X-Calibur
<b>"Official List"</b>	the official list of the UK Listing Authority
<b>"Oktyabrskoe Licence"</b>	licence # 2154 covering 154 square kilometres with 36 wells in the Oktyabrskoe and West Oktyabrskoe Fields and issued by the Ministry of Ecology and Natural Resources of the Ukraine to Krymgeologia on 29 November 2002 (and every extension thereto)
<b>"Oktyabrskoe Field"</b>	the oil field contained within the Licence Area
<b>"Ordinary Shares"</b>	ordinary shares of 0.1p each in the capital of the Company
<b>"Panel"</b>	the Panel on Takeovers and Mergers
<b>"PET"</b>	Power Elite Trading Inc., a company incorporated in the British Virgin Islands with company number 1004022 with two directors, Mr. David Rowland who owns 100% of the shares in PET and Albany Management Limited, Albany Management Limited being under the control of Mr. Rowland. PET's registered address is Sea Meadow House, Blackburne Highway, Road Town, Tortola, British Virgin Islands.
<b>"PET Concert Party"</b>	comprising PET, Falcon Securities, Cairns Investment Holding Limited, Leo Knifton, Stephen Oakes , Nigel Weller
<b>"Proposed Directors"</b>	Sir Adrian Blennerhassett, Brian Courtney, Glenn MacNeil and Neville Desmond Smith
<b>"Proposals"</b>	the Acquisition, the Subscription and Admission
<b>"Prospectus Rules"</b>	the Prospectus Rules brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No. 809/2004
<b>"Representation"</b>	the Ukrainian permanent representation office of Nostra Terra being a registered non-corporate entity registered by Nostra Terra with the Ministry of the Economy of Ukraine, under registration No ГП- 2669 on 7 November 2000 under the name "Representation Nostra Terra (Overseas) Ltd"
<b>"Resolutions"</b>	the resolutions set out in the Notice of EGM at the end of this document
<b>"Russia"</b>	the Russian Federation
<b>"Subscription"</b>	the subscription of an aggregate of £350,000 in return for the allotment of the Subscription Shares under the Investment Agreement
<b>"Subscription Shares"</b>	the 70,000,000 Ordinary Shares to be issued under the Investment Agreement
<b>"Tatyanovskoe Licence"</b>	the licence covering the Tatyanovskoe Field and issued by the Ministry of Ecology and Natural Resources of the Ukraine to Krymgeologia
<b>"Ucoco Cyprus Asset Sale Agreement"</b>	the agreement dated 25 May 2007 between Ucoco Cyprus and (1) Anglo Crimean (2) under which Ucoco Cyprus transferred all of the Ucoco Cyprus Assets to Anglo Crimean, details of which are set out in paragraph 19.6 of Part 7 of this document
<b>"Ucoco Cyprus Assets"</b>	the 25% interest in NTOL's share of the revenue from the JAA as was transferred from Ucoco Cyprus to Anglo Crimean and from Anglo Crimean to NTOL under the Ucoco Cyprus Asset Sale Agreement and the Anglo Crimean Asset Sale Agreement respectively



<b>"Ucoco Promissory Note"</b>	the promissory notes dated 10 May 2006 and the deed of variation dated 25 May 2007 pursuant to which Anglo Crimean agreed to pay the sum of US\$159,744.50 to Ucoco Energy, further details of which are set out in paragraph 19.4 of Part 7 of this document
<b>"Ucoco Cyprus"</b>	Ucoco Cyprus Limited, a company incorporated in Cyprus with company number HE141274
<b>"Ucoco Energy"</b>	Ucoco Energy Inc., a company incorporated in Ontario, Canada with registration number 4171501
<b>"UK"</b>	the United Kingdom of Great Britain and Northern Ireland
<b>"Ukraine"</b>	Ukraine, an independent republic since 1991, the former Ukrainian Soviet Socialist Republic located south-west of Russia
<b>"USSR"</b>	the former Union of Soviet Socialist Republics
<b>"Vendor", "Anglo Crimean" or "ACOC"</b>	Anglo Crimean Oil Company Limited, a company registered in the Isle of Man with the registration number 115197C
<b>"Vendor's Shareholders"</b>	the holders of the entire issued share capital of the Vendors as set out in paragraph 15.1 of Part 7 of this document
<b>"Well"</b>	oil well, being any perforation through the Earth's surface designed to find and release both petroleum oil and gas hydrocarbons
<b>"West Oktyabrskoe Field"</b>	the gas condensate field contained within the Licence Area
<b>"X-Calibur"</b>	X-Calibur Limited a company incorporated in the British Virgin Islands with number 1024411

## Glossary

<b>"API"</b>	American Petroleum Institute
<b>"bbl(s)"</b>	barrel(s). 42 US gallons liquid volume
<b>"bcpd"</b>	barrels of condensate per day
<b>"boe"</b>	barrels of oil equivalent. One bbl of oil is approximately the energy equivalent of 6,000 scf of natural gas
<b>"boepd"</b>	barrels of oil equivalent per day
<b>"bopd"</b>	barrels of oil per day
<b>"Bridge Plug"</b>	a restriction placed inside the well that is located and set to isolate the lower part of the wellbore. Bridge plugs may be permanent or retrievable, enabling the lower wellbore to be permanently sealed from production or temporarily isolated from a treatment conducted on an upper zone
<b>"Bscf"</b>	one billion standard cubic feet
<b>"Bscfe"</b>	one billion standard cubic feet of gas equivalent
<b>"Cenomanian"</b>	the Cenomanian (also known as the Woodbinian) is the first stage of the Late Cretaceous Epoch.
<b>"Condensate"</b>	liquid hydrocarbons produced with natural gas which are separated from it by cooling, expansion, and various other means (also called "distillate")
<b>"Crude Oil"</b>	liquid petroleum as it comes out of the ground. Crude oils range from very light (high in gasoline) to very heavy (high in residual oils). Sour crude is high in sulphur content. Sweet crude is low in sulphur and therefore often more valuable.
<b>"Direct lifting costs"</b>	the costs of producing oil from a well or lease; the operating expenses
<b>"Hydrocarbons"</b>	compounds containing only carbon and hydrogen
<b>"MM"</b>	one million
<b>"MMbbl"</b>	one million barrels
<b>"MMboe"</b>	one million boe
<b>"MMBtu"</b>	one million British thermal units, a heating equivalent measure for natural gas and is an alternate measure of natural gas reserves, as opposed to Mcf, which is strictly a measure of natural gas volumes
<b>"MMcf"</b>	one million cubic feet
<b>"MMscfd"</b>	one million standard cubic feet of gas per day
<b>"natural gas"</b>	a mixture of hydrocarbon compounds and small amounts of various non-hydrocarbons (such as carbon dioxide, helium, hydrogen sulphide, and nitrogen) existing in the gaseous phase or in solution with crude oil in natural underground reserves
<b>"Neocomian"</b>	a term applied to the lowest deposits of the Cretaceous Era
<b>"NGL"</b>	natural gas liquids. Portions of natural gas that are liquefied at the surface in lease separators, field facilities, or gas processing plants, leaving dry natural gas. They include, but are not limited to, ethane, propane, butane, natural gasoline, and condensate
<b>"NPI"</b>	net profits interest, which is the right and interest, expressed as a percentage, of the owner to receive a share of the oil and gas produced (or the income attributable to such production) after satisfaction of all government extraction and license related taxes and fees

<b>"P1"</b>	Proven: those oil or gas reserves considered to have at least a 90 per cent. chance of being recovered
<b>"P2"</b>	Probable: those oil or gas reserves considered to have at least a 50 per cent. chance of being recovered
<b>"Reserves"</b>	the estimated quantities of oil and gas that geological and engineering data indicate, with reasonable certainty, to be recoverable in future years from known reservoirs under existing economic and operating conditions.
<b>"Scf"</b>	one standard cubic foot of gas at 60° Fahrenheit and atmospheric pressure
<b>"Scfd"</b>	standard cubic feet per day
<b>"Scfe"</b>	standard cubic feet of gas equivalent. 6,000 standard cubic feet of gas is the approximate energy equivalent of one barrel of oil
<b>"Shut-In"</b>	to close valves on a well so that it stops production, or a well on which the valves have been closed.
<b>"Sp. gr."</b>	specific gravity. The ratio of the weight of a given volume of material to the weight of an equal volume of another substance used as a standard. For solids or liquids, the standard is usually water ( $H_2O = 1$ ) and for gases, the standard is air (air = 1)
<b>"Surface Separation"</b>	the process of separating liquid and gas hydrocarbons and water in a pressure vessel at the surface.
<b>"Tcf"</b>	one trillion cubic feet
<b>"Tonne"</b>	a measurement of metric weight equal to 1 cubic metre of water with specific gravity 1 at standard temperature and pressure
<b>"WI or Working Interests"</b>	the right and interest, expressed as a percentage, of the WI owner to participate in operations to explore for, develop and produce oil and gas reserves; and obligate such owner to meet its share of the costs and expenses of such exploration, development and production operations
<b>"Well Cap"</b>	a 30 metre concrete cap used to block/close a Well
<b>"Workover"</b>	the process of performing major maintenance or remedial treatment on an existing oil or gas well, which may include the removal and replacement of the production tubing string after production from the well has been stopped and a workover rig has been placed on location

## ADMISSION STATISTICS

Number of Consideration Shares being issued	149,126,472
Subscription Price	0 5p
Number of Subscription Shares being issued	70,000,000
Number of Facility Fee Shares being issued	20,000,000
Number of Existing Shares in issue	62,750,000
Total Number of Ordinary Shares in issue at Admission	301,876,472
Market Capitalisation of the Enlarged Group on Admission at the issue price of the Subscription Shares, based on the total number of Ordinary Shares in issue at Admission (as above)	£1,509,382
Number of Ordinary Shares to be issued on conversion of the Creditors Loan Stock	16,383,969
Number of Ordinary Shares to be issued on exercise of the Founders Warrants at 0.1p per share	2,000,000
Number of Ordinary Shares to be issued on exercise of the 'A' Warrants at 2p per share	2,500,000
Number of Ordinary Shares to be issued on exercise of the 'B' Warrants at 1.5p per share	560,000
Number of Ordinary Shares to be issued on exercise of the 'C' Warrants at 2p per share	9,000,000
Number of Ordinary Shares to be issued if the Facility is advanced and the Convertible Facility Notes are converted at 0.5p per share	120,000,000
TIDM	NTOG
ISIN for Ordinary Shares	GB00B067H256

## EXPECTED TIMETABLE

Date of this document	25 June 2007
Latest time and date for receipt of Form of Proxy	10am on 17 July 2007
EGM	19 July 2007
Completion of the Acquisition	20 July 2007
Admission effective and commencement of dealings	20 July 2007
CREST accounts credited	20 July 2007
Dispatch of definitive share certificates	By 27 July 2007

## **Part 1**

### **Information on the Enlarged Group**

#### **Introduction**

The Company has entered into the Acquisition Agreement which is subject, *inter alia*, to Admission and to certain of the resolutions being duly passed at the EGM, to purchase the entire share capital of Nostra Terra from the Vendor.

The Admission, following the issue of the Consideration Shares, would normally give rise to an obligation on the ACOC Concert Party to make a mandatory offer pursuant to Rule 9 of the Takeover Code to the remaining shareholders of the Company. The Panel has agreed, however, to waive this obligation to make a general offer to all shareholders subject to the passing on a poll by independent shareholders of resolution 1 set out in the Notice of EGM at the end of this Document.

Assuming maximum draw down of the Facility and conversion of the Convertible Facility Notes at the minimum price of 0.1p, the conversion of the Convertible Facility Notes would normally give rise to an obligation on the PET Concert Party to make a mandatory offer pursuant to Rule 9 of the Takeover Code to the remaining shareholders of the Company. The Panel has agreed, however, to waive this obligation to make a general offer to all shareholders subject to the passing on a poll by independent shareholders of resolution 2 set out in the Notice of EGM at the end of this Document.

Application will be made for the Enlarged Issued Share Capital to be admitted to trading on AIM, subject to the resolutions set out in the Notice of EGM being passed by shareholders at the Extraordinary General Meeting. The Directors expect that Admission will become effective and that trading in the Enlarged Issued Share Capital on AIM will commence on 20 July 2007.

The purpose of this document is to provide Shareholders with, *inter alia*, the background to the Acquisition and to seek their approval for the Acquisition and the Rule 9 Waiver at the EGM.

#### **Background to and reasons for the Acquisition**

LHP was established in order to identify and acquire companies in the financial services sector, with a particular emphasis on specialist fund management, including hedge fund businesses and funds of funds, but the Directors have recognised the attractions afforded by the oil and gas sector through Nostra Terra and therefore wish to seek shareholder approval for a change in strategy and the Acquisition, which they will do at the EGM.

The Directors and Proposed Directors regard the acquisition of Nostra Terra as being an attractive opportunity to create an oil production company through the re-opening of certain wells which were previously producing oil in the Licence Area and which were capped as being uneconomic in a period when oil prices were at much lower levels. The Directors and Proposed Directors expect the results of this re-opening programme to be known in a relatively short timeframe. In addition, the Company's relationship with Krymgeologia offers the potential of developing further opportunities for the exploration of other areas within the Crimea.

#### **Information on LHP Investments**

LHP raised a total of £178,000 after expenses and was admitted to AIM on 23 February 2005, when it was classified as an investing company. On 3 April 2006 LHP was suspended from AIM and subsequently de-listed pursuant to AIM Rule 8 and the guidance to it which required certain investing companies to meet certain provisions otherwise the trading of shares in that company on AIM would be cancelled under AIM Rule 41. LHP did not meet those provisions and was subsequently de-listed from AIM.

#### **Anglo Crimean**

Anglo Crimean is the current owner of the Ucoco Cyprus Assets and the entire issued share capital of Nostra Terra. Anglo Crimean has agreed under the Anglo Crimean Asset Sale Agreement to transfer the Ucoco Cyprus Assets to Nostra Terra. Anglo Crimean has then agreed under the Acquisition Agreement to sell the entire issued share capital in Nostra Terra to the Company in exchange for the Consideration. Anglo Crimean will control 49.40% of the Enlarged Issued Share Capital on Admission. Anglo Crimean is a company controlled by Brian Courtney, Glenn MacNeil and Neville Desmond Smith, three of the Proposed Directors of the Company. It is intended that the Consideration Shares to be issued to Anglo Crimean will be distributed to the shareholders of Anglo Crimean. It is also intended that Anglo Crimean be liquidated in due course.

#### **Nostra Terra**

On Admission, the Company will own Nostra Terra and intends to develop the Wells located in the area covered by the Oktyabrskoe Licence.

Nostra Terra was incorporated for the purpose of securing and exploiting three licences in the Tarkhankut Peninsula located on the northwest reaches of the greater Crimean Peninsula. The Representation, as required under Ukrainian law, was registered by the Ministry of the Economy of Ukraine on 7 November 2000. The office of the Representation is located in Simferopol, Crimea, Ukraine. The Representation is registered as a permanent representation of Nostra Terra, which has the right to carry on certain activities according to the coding system of Ukraine which includes activities in the sphere of geology as well as geological study; oil and gas production and; any financial activities.

Through the Representation, Nostra Terra will be participating in the JAA with Krymgeologia for the exploration and pilot production of natural resources in the Crimea region of Ukraine. The main objective of the JAA is to explore for and exploit hydrocarbons on the Oktyabrskoe Licence. This will be done by the development of the Wells currently located in the Licence Area.

The three licences which the JAA was planning on exploiting originally were (1) the Oktyabrskoe Licence, (2) the Tatyanskoe Licence and (3) the Kovylnenskaya Licence. These licenses formed the basis of the JAA. The Kovylnenskaya Licence has been returned to the State after Nostra Terra determined that it was not economic for Nostra Terra to develop the licence. The Tatyanskoe Licence was allowed to lapse contrary to the interests of the JAA and the JAA is contemplating whether to seek to attempt to have the Tatyanskoe Licence reissued for the benefit of the JAA. The Oktyabrskoe Licence remains registered in the name of Krymgeologia and is the main focus of Nostra Terra's strategy in relation to the development of interests of the Representation under the JAA.

### **The JAA**

On 27 January 2001 the Representation and Krymgeologia entered into the JAA. The JAA was preceded by an agreement between 255717 Alberta Limited and Krymgeologia dated 21 March 2000 (the "Alberta Agreement"). On 1 October 2000, 255717 Alberta Limited, a company wholly owned by N Desmond Smith, assigned its entire interest in the Alberta Agreement to Nostra Terra. The JAA defines the terms and conditions under which the parties will develop the hydrocarbon assets of the Oktyabrskoe Licence held by Krymgeologia. The participants agreed to enter into the JAA for the purpose of exploration and exploitation of the hydrocarbon fields including geophysical exploration of Wells and stratum, the complex of works on drilling, exploration and exploitation of Wells, the completion of Wells, hydrocarbon production, transportation and pre sale preparation of product. The management committee of the JAA, comprising three representatives from each party, with one vote per representative, is the supreme management body which takes decisions on issues of joint activities concerning the preparation of changes and amendments to the JAA, approval of the programmes of joint activity, budgets of joint activity and termination of joint activity. Under the control and management of the management committee, the Representation has been appointed as the operator of the JAA with the power to carry out all organisational, financial, accounting and practical activity of geological research and pilot production on the fields and areas within the Oktyabrskoe Licence in accordance the programme of joint activity, the budget of joint activity and the decisions of the management committee. Krymgeologia has, under the JAA, transferred as a part of its investment into the JAA, the available geological and geophysical information and the right to conduct activities within the limits of the Oktyabrskoe Licence. The Representation must ensure the financing of the joint activity under the JAA within the amounts and time periods defined by the agreed work programme of joint activity.

Under the JAA 60% of the profits generated from oil and gas production (after taxes and fees imposed in Ukraine) are applied towards repayment of capital expenses. The balance is split 70% to the Representation and 30% to Krymgeologia. In this way the split of earnings is 88% to the Representation and 12% to Krymgeologia until all capital costs are recovered, assuming the Representation continues to finance all capital expenses incurred under the JAA. Once all capital expenses have been recovered the split of earnings will be 60% to the Representation and 40% to Krymgeologia. The Representation will, therefore, be entitled to 88% of the profits generated from the production cashflow before payout of capital expenditures and 60% of the profits generated from the production cashflow after payout of capital expenditures of the Oktyabrskoe Field. Under the terms of the JAA, the management committee will decide at the appropriate time which party to the JAA will be appointed to deal with and handle the sale of hydrocarbons which have been extracted from the Oktyabrskoe Field.

NAK Krymgeologia is the named holder of the License under which the Joint Activity is exploring and pilot developing hydrocarbons in Crimea, Ukraine.

The Oktyabrskoe License will reach its term on 29 November 2007. NAK Krymgeologia has notified the Joint Activity that it has initiated the process of extension for exploration and pilot production for an additional five years and automatic conversion to a production license with a duration of fifteen years on 14 March 2007 without going to an open auction. The compilation of all necessary documentation is anticipated to be delivered to the appropriate Governmental departments by 29 August 2007.

### **The Oktyabrskoe Licence**

The Licence Area contains two reservoir horizons - the Neocomian and the Cenomanian, at depths of 1,700 metres and 2,800 metres respectively. The Licence Area covers 154 square kilometres and contains 36 Wells (19 in the Oktyabrskoe Field and 17 in the West Oktyabrskoe Field). The Directors and Proposed Directors understand that the Wells were drilled by the exploration arm of the USSR between 1960 and 1991 and were subsequently capped prior to the break-up of the USSR. The Directors and Proposed Directors understand that the Wells were not placed on production because the field was never transferred to a production department of the USSR. The Wells were subsequently shut in for safety and environmental reasons and have remained in that state up to today. The Enlarged Group intends to re-enter and develop a selection of the Wells using modern equipment and production techniques.

The Competent Person's Report, in Part 3 of this document, estimates that the Oktyabrskoe Licence contains Possible Developed company interest reserves of 499.8 Mbbbls of oil and condensate and 4.86 Bscf of natural gas - with a combined value of \$19.015 million (at a 10% discount rate and a constant value of \$65.35/bbl and \$3.66/Mcf). The section on Reserves and Present Worth in the CPR states: "Remaining reserves of oil, natural gas and natural liquids have been estimated as of February 28, 2007. Gross, Company working interest and Company net after royalties ("Net AR") share of possible reserves are shown on Table No. 3 by Company, License and Well and summarised as follows:

**NTOL**  
**Oktyabrskoe Licenses, Crimea, Ukraine**

**SUMMARY OF RESERVES**  
**Effective February 28, 2007**

The	Property Gross	Company Interest	Company Net AR
<b><i>Possible Developed</i></b>			
Oil – Mbbl	372.6	229.6	160.3
Sales Gas – MMcf	8,030.7	4,862.9	4,405.8
Condensate – Mbbl	446.1	270.2	188.6

present worth of future net revenue before income tax (net after royalties, operating expenses and capital investments), for the interests appraised herein is presented by the Company, License and Well on Table No. 3, and summarised as follows:

<b>SUMMARY OF PRESENT WORTH</b> <b>Effective February 28, 2007</b>		
		<b><i>Possible Developed</i></b> <b><i>(US\$ 000)</i></b>
	Undiscounted	30,833
	Discounted @ 5%	23,717
	10%	19,015
	15%	15,719
	20%	13,301
	25%	11,462

Hydrocarbon Production is forecast to peak in 2009 at 870 boepd gross (530 boepd group share).

Previous competent person's reports have been carried out on the Oktyabrskoe Licence, the Tatyanskovskoe Licence and the Kovylnenskaya Licence areas but have not been included in this document. An original report was carried out by Ryder Scott Company some 10 years ago by parties associated with certain of the Proposed Directors and has not been included due to its age. A report was further undertaken by Henderson & Associates Petroleum Consultants Ltd, dated 1 February 2006, which updated the Ryder Scott report but covered all three licence areas. NTOL is now concentrating its efforts solely on the Oktyabrskoe Licence, which forms the basis of the current Competent Person's Report.

#### **The Work Programme**

In accordance with the terms of the JAA, the Representation and Krymgeologia have finalised the 2007 approved work programme (the "Work Programme") which includes the re-entry of four Wells at the Oktyabrskoe Field; Wells #24, #10, #1, #50 and two Wells in the West Oktyabrskoe Field, Wells #31 and #9.

#### Re-Entry procedures

To drill a capped Well, the Representation, as operator, must develop a re-completion work plan and submit the same for approval to the appropriate Ukrainian regulatory authority. In the experience of the Proposed Directors the approval process, once the work plan has been submitted, can take up to two weeks at a nominal cost of approximately US\$50.

Nostra Terra is currently in discussion with NAK Nadra Ukrainy for well rental agreements to re-enter old well-bores in accordance with the 2007 Work Programme and with the owners and tenants of the land for surface use rental agreements to be used for joint activities. In the experience of the Proposed Directors this process should not cause any material delays or incur any material costs. Each phase of re-entering, drilling, completing and pilot producing a well is monitored by State authorities.

#### Logistics of the sale of the Enlarged Group's oil and gas

The intention of the Enlarged Group is for the Representation, as operator under the JAA, on the assumption that it is appointed under the JAA to deal with the disposal of hydrocarbons under the JAA, to negotiate with potential buyers for the hydrocarbons and conclude agreements on the basis that payment will be made in advance. Once payment has been received, the buyers will attend at the site of the Well to take delivery. It is the intention of the Proposed Directors to negotiate such arrangements on the basis that the buyers of the hydrocarbons will have sole responsibility for transportation from the site.

Prices of oil and gas on the Ukrainian market vary slightly from those on the international market but are not set by the State, instead, they follow those set at auction. Ukrainian condensate is sold by weight, and not volume. The Kyiv auction prices for condensate for the 12 months from March 2006 to March 2007 have been between 1,800 hrivinas per tonne to 3,140 hrivinas per tonne, ie \$45-US\$85 per barrel. While these reflect auction prices in Kyiv, it is the Proposed Directors' experience that the local market in which Nostra Terra operates can see slightly higher prices as oil and gas is sold to local concerns and there is no transportation to Kyiv.

Natural gas prices vary depending upon whether they are for domestic, industrial, or international customers.

#### Receipts of the JAA

Following receipt of payment, the Representation, as part of its obligations as operator, will be responsible for remitting payment for all State fees, production taxes and operating expenses on behalf of the JAA.

#### Re-investment of profits

The Group intends to re-invest its share of the net revenues into developing the production and reserves of the JAA until the Board believes these have been maximised.

### **Overview of the oil and natural gas sector in Ukraine**

The following information is extracted from a US Department of Energy (Energy Information Administration) document, dated March 2006, and is intended to provide an overview of the Ukrainian oil and gas sector as of that date. This information has been accurately reproduced and as far as the Company is aware and is able to ascertain from information published by the US Department of Energy, no facts have been omitted which would render the reproduced information inaccurate or misleading.

#### *Oil*

Ukraine has a population of approximately 47.5 million people – being 67% Ukrainian, 24% Russian and the balance predominantly peoples from the former Soviet Union, and, according to the *Oil and Gas Journal* has 395 million barrels of proven oil reserves, the majority of which are located in the Dnieper-Donets basin. Although Ukraine has made efforts at exploration, particularly in its sector of the Sea of Azov, oil production has remained relatively flat since independence. Consumption, on the other hand, has fallen dramatically, from 813,000 bopd in 1992 to around 415,000 bopd in 2004. Despite this decline in consumption, Ukraine remains highly dependent on imported oil, most of which comes from Russia and lesser amounts from Kazakhstan. In 2004, net crude oil imports totalled roughly 340,000 bopd, representing roughly 80 per cent. of consumption.

Ukraine's geographic location makes it an ideal corridor for oil and natural gas to transit from Russia and the Caspian Sea region to European markets. According to Ukrainian oil ministry data, Ukrainian oil pipelines transported an average of about 934,000 bopd in 2005, a decrease of 15 per cent. from 2004. Some of the decrease in transit volumes was due to Kazakhstan choosing cheaper transit routes (such as the Baltic Pipeline System in northern Russia) for its crude oil shipments. Of the total, 627,000 bopd were transported to Slovakia, Hungary and the Czech Republic, down 4 per cent. from 2004. The amount of oil supplied to Ukrainian refineries fell 32 per cent. on the year to 306,000 bopd. Oil transportation via the Druzhba pipeline system increased 17 per cent., to 480,000 bopd, in 2005. Oil transportation via the Prydniprovski Main Pipeline system fell 34 per cent. to 455,000 bopd.

As much as 1.6 million bopd could eventually be exported through Ukraine after a 15-year intergovernmental oil transit improvement agreement in 2003 comes to fruition. Most of the oil transited via Ukraine is Russian oil, sent in part through the 1.2-million-bopd capacity Druzhba pipeline. The southern fork of the pipeline runs through Ukraine (see map below). Also, the Prydniprovski Main Pipeline operates nine interconnected pipelines throughout Ukraine with a total length of 1,500 miles and a capacity of 2.1 million bopd. Prydniprovski transports crude to refineries in southern Ukraine as well as a substantial amount of Russian crude through Odessa on the Black Sea. Odessa loads approximately 192,000 bopd of Russian and Kazakh crude oil for export.

In 2001, Russia completed construction of a 160-mile pipeline that allows it to bypass Ukrainian territory. The Sukhodolnaya-Rodionavskaya line directly links two other pipelines and decreases oil flows through Ukraine by 500,000 bopd, or about 30 per cent. of Ukraine's total





Ukraine has six crude oil refineries, with a combined throughput capacity of approximately 880,000 bopd. However, with domestic demand at just over 30 per cent of the country's refining capacity, Ukraine's refineries are operating below capacity (around 69 per cent. in 2004, according to TNK-BP). Until recently, Ukraine's refineries did not even receive enough crude oil supplies to supply the country's domestic petroleum product demand.

Ukraine has begun to achieve better results in securing sufficient crude oil supplies for its refineries by offering oil exporters in Russia and Kazakhstan a stake in the country's refineries. Ukraine's recent success in privatizing its refineries has allowed the country to secure additional oil supplies to meet domestic demand, as well as to attract funds for necessary renovation work and to boost utilization rates at its refineries.

In early 2005, UkrTransNafta, which controls Ukraine's largest refinery at Kremenchug, announced a \$1.7 billion modernization plan to boost petroleum product quality in line with EU quality standards. The largest component of the plan includes upgrading the Kremenchug refinery to improve gasoline quality and to lower sulphur content.

#### Natural Gas

According to the *Oil and Gas Journal* Ukraine has roughly 40 Tcf of natural gas reserves, from which roughly 0.68 Tcf was produced in 2004. That year, the country consumed 3.1 Tcf of natural gas, making it the former Soviet Union's largest net natural gas importer (2.4 Tcf, or 78 per cent. of consumption).

Ukraine is the sixth-largest consumer of gas in the world and consumes more gas than Poland, the Czech Republic, Hungary, and Slovakia combined. Since the early 1990s, Ukraine's usage of natural gas as a share of its total energy consumption has increased 10 per cent. to comprise over half of Ukraine's energy usage.

Historically, Russia has met this demand, partially through natural gas offered as payment in-kind for transiting its gas on to Europe, and partially through annual sales contracts. In the past few years, Turkmenistan has become Ukraine's largest source of natural gas imports through long-term contracts. In May 2001, Ukraine and Turkmenistan signed an agreement calling for Turkmenistan to supply Ukraine with 8.8 Tcf per annum of natural gas between 2002 and 2006. Leaders of Turkmenistan and Ukraine pledged to increase levels to around 14 Tcf per annum for 2007-2032.

Ukraine 2005 (Estimate)	Production	Demand	Imports
Oil	86,100 bopd	406,700 bopd	320,600 bopd
Gas	0.7 Tcf per year	3.0 Tcf per year	2.3 Tcf per year

#### Summary

The Directors and Proposed Directors believe that Ukraine provides a good business opportunity for the Group because of the current relatively high oil price, historically low levels of investment and relatively low operating costs leading to potentially high returns.

As an important energy consumer the Directors and Proposed Directors believe that opportunities exist in Ukraine to participate in oil and gas development projects for experienced and knowledgeable companies with capital.

## Ukrainian operating environment

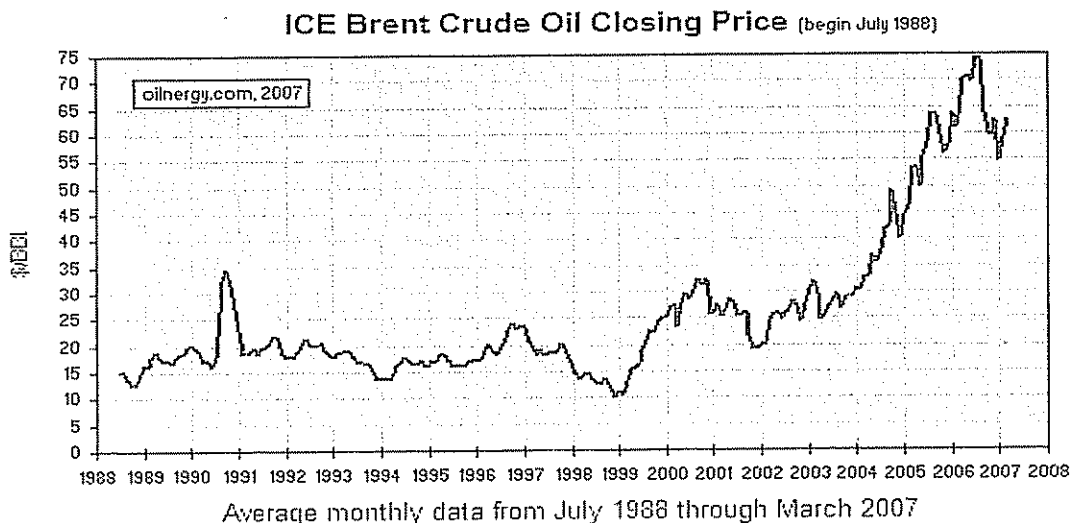
The Licence Area is located on the Crimean Peninsula of Ukraine which occupies a strategic position at the crossroads between Europe and Asia and in land area is the second-largest country in Europe. The Tarkhankut Peninsula is located on the northwest reaches of the greater Crimea Peninsula.

The Directors and Proposed Directors believe that there are several benefits to the location of the Licence Area:

- the geography is flat with excellent access. Most of Ukraine consists of fertile plains (steppes) and plateaus, mountains being found only in the west (the Carpathians), and in the Crimean Peninsula in the extreme south;
- the producing horizon depths lie at between 1,700 and 2,800 metres;
- climate is favourable being temperate continental with climate being Mediterranean-like only on the southern Crimean coast;
- the quality of the extracted oil is 48 degrees API;
- infrastructure is extensive and reliable across the whole country. Nearby infrastructure extends to road and rail access as well as deep water ports with storage and load out facilities. Refineries, gas storage facilities and national pipelines are also available;
- the oil can be shipped from Chernomorskoe or sent by rail to the refinery in Odessa; and
- it is approximately 10km to the Ukrainian gas pipeline network

## Oil Price Chart

The chart below provides an indication of the trend of the oil price over the past 10 years. As the price of oil has risen so the economics of production relating to smaller oil fields has improved, hence the attraction for Nostra Terra to re-open the capped wells in the Oktyabrskoe Licence area.



Source: [www.oilenergy.com](http://www.oilenergy.com)

## Krymgeologia

NAK "Krymgeologia" is a wholly owned subsidiary of the Joint Stock Company "Nadra Ukrainy". NAK Krymgeologia was formed in 2002 as a reorganisation of the State Geological Enterprise Krymgeologia.

Krymgeologia's head office is located in Simferopol, Autonomous Republic of Crimea and has two operational divisions located in Evpatoria and Fedosia. Krymgeologia is a well drilling service company and also an exploration and development company for oil and gas assets in Crimea.

Krymgeologia currently employs approximately 420 highly skilled specialists with experience in the performance of geological surveys and drilling well bores in Ukraine and throughout the world (Afghanistan, Pakistan, South Yemen, Ethiopia, Cuba, Mozambique, India and others).

Under Ukraine legislation, Krymgeologia has a license to drill exploration and development well bores, to drill for special hydrogeological well bores, re-completion and repair of well bores, geological investigations, laboratory analysis and the construction of materials used in the execution of its license. To date Krymgeologia has drilled 700 well bores and has ownership of 202 well bores in addition to being the license holder of 17 exploration and pilot production licenses.

In addition to activities in the oil and gas business Krymgeologia is also involved in the development of geothermal energy, currently supplying geothermal generated electrical power to the town of Chonger in the Kherson area of Ukraine.

### **Competition**

There are several junior oil companies active in the Crimea which could present competition for potential future licences as well as personnel and equipment. These include Transeuro Energy Corporation (a company listed on the Canadian TSX Venture Exchange).

The Proposed Directors believe that the offshore area between Odessa and the Crimea has been the scene of interest by international oil companies such as BP, Shell, Amoco, UNOCAL etc. but all have been more attracted to the higher production possibilities offered in other countries, where much larger reserves exist. Numerous other western companies have established operations in central Ukraine, most notably JKC, Cardinal Energy, and the Canadian Kroes Energy.

### **Environmental Issues**

The Representation has received a letter from the Procurator of Ukraine, Procurator of the Autonomous Republic of Crimea, Simferopol Inter-district Environmental Protection Procurator confirming that there were no claims with respect to any environmental violations from 2001 to May 2006 on the Oktyabrskoe Field and the Proposed Directors believe that there have been no environmental violations since then. No independent environmental survey has been undertaken. The Enlarged Group, through the Representation, and Krymgeologia, as the parties to the JAA, will be responsible under Ukrainian Law for any future environmental violations cited by the Procurator of Ukraine, Procurator of the Autonomous Republic of Crimea, Simferopol Inter-district Environmental Protection Procurator.

### **Business Strategy of the Enlarged Group**

NTOL's strategy has always been to become one of the leading independent oil and gas exploration and production companies operating in Ukraine and with potential to operate in other strategic locations in the future. It is the intention of the Enlarged Group to apply the same strategy to its operations.

### **Opportunities for the Enlarged Group**

Initially the Enlarged Group will focus on developing the Wells in the Licence Area and improving its seismic information so as to be able to upgrade its Reserves as well as to take advantage of "in-fill drilling" opportunities.

The Directors and the Proposed Directors believe that NTOL has developed a strong working relationship with Krymgeologia. As the Enlarged Group invests in the reopening of Wells the Directors and the Proposed Directors believe that the Enlarged Group will be in a good position to apply for further licence opportunities in the Crimea as well as within the rest of Ukraine.

### **Current trading**

#### LHP

LHP is currently an investment vehicle and will act as the holding company for the Enlarged Group. It has never engaged in any trading activities.

#### Nostra Terra

Nostra Terra's current level of activity is minimal. However, under the JAA, Nostra Terra has the right to receive a proportion of the income from the sales of production from well #1 and until 20 September 2006 this was the case. Due to the inactivity of Nostra Terra, it entered into an agreement with Krymgeologia on that date which allocated the income from this well to Krymgeologia until the JAA has been financed by Nostra Terra and has undertaken the agreed work programme on any two of the wells in the Licence Area, following which the income from well #1 would again accrue to the JAA.

### **Directors and Proposed Directors**

Conditional on the Proposals it is proposed that Brian Courtney will join the Board as Chief Executive Officer, Glenn MacNeil as Chief Financial Officer and Neville Desmond Smith as Chief Operating Officer. It is also proposed, subject to Admission that Sir Adrian Blennerhassett will join the Board as Non-Executive Chairman. Stephen Oakes is proposed to continue in office as a Non-Executive Director and Leo Knifton will be retiring at the AGM of the Company, which is to take place on the same day as the EGM.

## *Directors*

### *Leo Ernest Vaughan Knifton, aged 53, Chairman, resigning on Admission*

Leo Knifton, started his career in the City in 1970 as a Stock Jobber and Market Maker with Pinchin Denny. He became a Member of the Stock Exchange in 1982 and is a Fellow of the Securities Institute. In 1990 he formed Fort Knox Property Services and later Proshore Financial Services Limited, developing the Proshore business into a significant provider of mortgages and related financial products. He became an Appointed Representative of Alfred Henry Corporate Finance Limited in 2003 to develop a broad range of services to smaller listed businesses specialising in restructuring and reverse acquisitions. He is a director of the following AIM listed companies; Adorian plc, Adeste Investments plc, Alltrue Investments plc, Caplay plc, SBS Group plc and PNC Telecom plc.

### *Stephen Vaughan Oakes, aged 51, Director, Proposed Non-Executive Director on Admission*

Stephen Oakes has over 30 years experience in financial markets and is a Fellow of the Securities Institute. He began his career with stockbrokers Vickers da Costa Ltd, becoming a Member of the Stock Exchange in 1984. In 1985 he joined the then James Capel & Co (now HSBC Investment Bank plc) as a portfolio manager. Increasing management responsibility culminated in the position of Chief Executive Officer, HSBC Investment Management, firstly in respect of the international business and subsequently as acting CEO of the combined UK and international operations. He left HSBC in December 2002 and in October 2003 he joined Alfred Henry Corporate Finance Limited. He is currently a director of Alltrue Investments Plc and Chief Executive Officer of Falcon Securities (UK) Ltd. He is Chairman of Timestrip plc and is also a director of a number of companies whose shares are traded on AIM.

## *Proposed Directors*

### *Sir Adrian Blennerhassett, aged 67, Proposed Non-Executive Chairman*

Sir Adrian holds a Master's Degree of Geology from Imperial College, London and an MBA from Cranfield School of Business Management. Sir Adrian has previously held positions as general manager for Claremount Oil & Gas Ltd and has acted as technical director at Peninsula Petroleum Ltd. He has experience of corporate finance and securities activities and more recently had eleven years experience in corporate finance including mergers and acquisitions with Anglo European Amalgamations Limited and Chesham Amalgamations and Investments Limited.

### *Brian Courtney, aged 65, Proposed Chief Executive Officer*

Mr. Courtney has been actively investing in the oil and gas business for over thirty years, first working with Mr. Smith on the Ingoldsby 10-12 horizontal well, and most recently by serving as the Chairman and CEO of Ucoco Energy, Inc. In addition Mr. Courtney has held many senior executive positions and public company directorships including being founding president and former VP of America's Oracle Corporation Canada and director of EFT Canada Inc. Mr. Courtney served as CEO of Global Election Systems Inc., an American Stock Exchange listed company, and as chairman and CEO of Patent Enforcement and Royalties Limited, a TSX Venture Exchange listed company. Mr. Courtney has been investing in Ukraine for four years through Ucoco Energy and Ucoco Cyprus. Mr. Courtney is a graduate of the University of Manitoba (B.Comm.).

### *Neville Desmond Smith, aged 54, Proposed Chief Operating Officer*

Mr. Smith is a geologist who has worked in the oil and gas business for over thirty years and is an honours graduate in geology from the University of British Columbia. Mr. Smith has held several senior executive positions with upstream oil and gas international companies including companies in Canada, the USA, Azerbaijan and Ukraine. He was president and CEO of Tai Energy Corporation, formerly a public Canadian oil and gas company and COO of A&B Geoscience Corporation (Arawak Energy Corp.). Mr. Smith has been working in the former Soviet Union since 1995 and in Ukraine for the last six years.

### *Glenn MacNeil, aged 48, Proposed Chief Financial Officer*

Mr. MacNeil has been actively investing in the oil and gas business for over fifteen years and is a director of Hegco Canada, Inc. a Toronto Stock Exchange junior oil and gas company. Mr MacNeil holds a Bachelor of Business Administration degree (B.B.A.) and is also a Chartered Accountant (Canada), a Certified Management Accountant (Canada) and a Certified Public Accountant (USA). Mr MacNeil has also held a number of international senior executive positions with various publicly traded insurance companies over the past twenty years. In addition, he worked in public accounting with Deloitte and Touche. He is also a director of three FSA regulated companies and has been a director of a financial services company - Lancaster Sierra Capital Corporation, which trades on the Toronto Stock Exchange.

## **Corporate Governance and Internal Controls**

The Directors and the Proposed Directors recognise the importance of sound corporate governance, whilst taking into account the size and nature of the Enlarged Group. As the Group grows, the Directors and the Proposed Directors intend that the Company should develop policies and procedures which reflect the Combined Code, to the extent that they are appropriate to the size of the Company.

An audit committee, comprising Sir Adrian Blennerhassett, Glenn MacNeil and Stephen Oakes will operate with effect from Admission. The audit committee will determine the application of financial reporting and internal control principles, including reviewing the effectiveness of the Enlarged Group's financial reporting, internal control and risk management procedures and the scope, quality and results of the external audit. The audit committee will be chaired by Sir Adrian Blennerhassett.

A remuneration and nomination committee, comprising Sir Adrian Blennerhassett, Brian Courtney and Stephen Oakes will also be established to operate with effect from Admission. It will review the performance of the executive directors and will set their remuneration, determine the payment of bonuses to executive directors and consider bonus and option schemes. Each of the executive directors will take no part in discussions concerning their remuneration. The remuneration of the non-executive directors will be reviewed by the board. All director appointments will be considered by the committee before their formal recommendation to the board for approval. The remuneration and nomination committee will be chaired by Sir Adrian Blennerhassett.

The Proposed Board intend to comply with Rule 21 of the AIM Rules relating to directors' dealings as applicable to AIM companies and will also take all reasonable steps to ensure compliance by the Company's applicable employees. On Admission, the Proposed Board intends to adopt a model code for directors' dealings which is appropriate for an AIM listed company.

### **Details of the Acquisition**

On 25 May 2007, the Company entered into the Acquisition Agreement with the Vendor under which the Company conditionally agreed to purchase all the issued share capital of Nostra Terra.

The consideration for the Acquisition is to be:

- (a) £2,982,529 which is to be satisfied by the issue by LHP to the Vendor of the Consideration Shares at an issue price of 2p per share;
- (b) £461,222 which is to be satisfied by the issue by LHP to the Vendor of the Creditors Loan Stock and the payment of £45,060 in cash to certain of the creditors (this sum includes £3,047 payable to Neville Desmond Smith and £1,040 payable to Brian Courtney) and;
- (c) US\$1,838,928 which is to be satisfied by the issue by LHP to the Vendor of the New LHP Promissory Note.

Following completion of the Acquisition, the Vendor is proposing to distribute the Consideration Shares to the Vendor's Shareholders pro rata to their existing holdings of shares in the Vendor. The Creditors Loan Stock is to be distributed to the Creditors in satisfaction of the outstanding indebtedness owing to each of them under the terms of the Creditors Settlement. The New LHP Promissory Notes will, following completion of the Acquisition be transferred by the Vendor to the NTOL Promissory Note Holders in substitution for their entitlement under the NTOL Promissory Notes.

Completion of the Acquisition Agreement is conditional, inter alia, upon the passing of the Resolutions and Admission. Further details of the Acquisition Agreement are set out in paragraph 18.5 of Part 7 of this document.

Under the Acquisition Agreement the Vendor and certain of the Vendor's Shareholders have given warranties and indemnities (subject to certain limitations) appropriate to a transaction of the nature and scale of the Acquisition in respect of NTOL and its assets.

### **Investment**

Under the Investment Agreement certain investors have agreed to subscribe £350,000 for 70,000,000 Ordinary Shares at an issue price of 0.5p per share. Completion of the Subscription is conditional upon completion of the Acquisition and Admission.

### **Convertible Loan Note Facility**

The Company has obtained a borrowing facility of up to £600,000 that has been made available by PET. Under the Convertible Facility Agreement dated 25 June 2007, between the Company (1) and PET (2) the Facility is to be made available on the following terms:

- the grant of the Facility is subject to completion of the Acquisition and Admission;
- the Facility may be drawn down if the revenues of Nostra Terra received in respect of the first three of the Wells to be commissioned under the JAA pursuant to the 2007 Work Programme, in the period of 12 months following Admission are not sufficient for the working capital requirements of the Enlarged Group;
- PET's obligation to advance the Facility is secured by an escrow arrangement under which £300,000 is held by Ronaldson's in escrow and a guarantee given by Leo Knifton, Stephen Oakes and Nigel Weller as described below;
- borrowings under the Facility will be constituted as zero coupon convertible unsecured loan notes 2013 of the Company under the Convertible Facility Notes.
- if at the end of the 12 month facility period the Company has not drawn down at least £300,000 of the Facility, PET will have the right to require the Company to draw down whatever amount will bring the amount advanced to £300,000, which will accordingly be constituted as borrowings under the Convertible Loan Note Facility.
- the Company has entered into the Convertible Facility Notes to grant to PET zero coupon convertible unsecured notes 2013 in respect of the principal amount of the Facility to be advanced by PET. The holder will be entitled to convert the principal amount that PET has advanced to the Company under the Facility (including any amount that PET has required the Company to accept as an advance under the terms of the Facility) into Ordinary Shares at the rate of one Ordinary Share for each 0.5p of the principal amount converted (or, if less, 50 per cent. of the average closing bid price for the previous five trading days).

Further details of the Convertible Note Facility and the Convertible Facility Agreement are contained in paragraphs 10.1, 10.2, 18.17 and 18.18 of Part 7 of this document.

Leo Knifton, Stephen Oakes and Nigel Weller have entered into a guarantee dated 25 June 2007 (the "PET Guarantee") under which they have guaranteed PET's obligation under the Convertible Facility Agreement in respect of up to £300,000 of the Facility, such liability to be divided amongst them in the proportions of 50 per cent. for Leo Knifton and 25 per cent. for each of Stephen Oakes and Nigel Weller. Further details of the PET Guarantee are contained in paragraphs 10.4 and 18.19 of Part 7 of this document.

## **Warrants**

ACOC had granted warrants to the ACOC Warrantholders as part of their prior funding of the business granting to them the right to subscribe for ordinary shares in ACOC at fixed prices determined by reference to the market value of the issued ordinary shares of ACOC. The Company has agreed to secure the continuation of the rights granted under these warrants by granting to the holders of the ACOC warrants, comparable warrants in respect of Ordinary Shares in the Company. By an agreement dated 25 June 2007 between the Company (1), ACOC (2) and the ACOC Warrantholders (3) the ACOC Warrantholders have agreed, conditional on the Acquisition and Admission taking place no later than 31 July 2007, to cancel the existing warrants granted by ACOC in return for the Company granting to the ACOC Warrantholders 560,000 "B" Warrants to subscribe for Ordinary Shares at an exercise price of 1.5p per share in the period 12 months from Admission. Further details of the said agreement and of the "B" Warrants are contained in paragraphs 8.1, 8.2 and 18.10 of Part 7 of this document.

## **LHP Advance**

The Company has agreed to advance to NTOL a loan of up to £95,000 in order to fund the payment by NTOL of expenditure related to the JAA in order to meet its obligations under the JAA. This loan has been advanced under the terms of a loan agreement dated 25 May 2007 between NTOL (1) and the Company (2) on terms that the loan is to continue as an intra group loan following the Acquisition, but that if the Acquisition is not completed under the Acquisition Agreement, the loan will be immediately repayable within 90 days, failing which if the default is for reasons other than the Company's failure to complete the Acquisition, the Company will have the right to acquire all of the shares of NTOL for a consideration of £5,000.

## **Working Capital**

The Directors and Proposed Directors are of the opinion that, having made due and careful enquiry and having regard to the net proceeds received under the Subscription and the availability of the Facility, the working capital available to the Company will, from Admission, be sufficient for its present requirements, that is for at least the next 12 months from Admission.

## **Dividend Policy**

The Directors and the Proposed Directors are committed to building and developing the business of the Company. Accordingly, they propose to reinvest any profits generated during the next few years and do not expect to pay dividends for the foreseeable future.

## **Taxation**

### *EIS AND VCT Status*

In the opinion of the Directors and Proposed Directors the acquisition of Nostra Terra will not enable the Company to count as a qualifying company for the purposes of the EIS and VCT rules.

### *Taxation of Chargeable Gains*

For the purpose of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Subscription will be regarded as an acquisition of a new holding in the share capital of the Company.

To the extent that a shareholder acquires Ordinary shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will constitute the base cost of a shareholder's holding.

If a shareholder disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may, depending on his circumstances, arise.

### *Inheritance Tax*

Unquoted ordinary shares representing minority interests in the holding company of a trading group such as the Company potentially qualify for 100 per cent. business property relief which gives up to 100 per cent. exemption from Inheritance Tax. Therefore, where an investor makes a lifetime gift of shares or dies while still owner of the shares, no inheritance tax will be payable in respect of the value of the shares, provided certain conditions are met. The main condition is that the investor held the shares for two years before the date of transfer or death.

### *Stamp duty and Stamp Duty Reserve Tax*

No stamp duty or stamp duty reserve tax ("SDRT") will generally be payable on the issue of the Subscription Shares.

### *Dividends and other Distributions*

Under current UK legislation, no tax is withheld from dividend payments by the Company and consequentially, the Company accepts no responsibility for withholding taxes at source.

Dividends paid by the Company will carry an associated tax credit of one-ninth of the cash dividend or 10 per cent. of the aggregate of the cash dividend and associated tax credit. Individual shareholders resident in the UK receiving such dividends will be liable to income tax on the aggregate of the dividend and associated tax credits at the dividend ordinary rate (currently 10 per cent.) or the dividend upper rate (currently 32.5 per cent.) following the abolition of Schedule F income by Income Tax (Trading and Other Income) Act 2005.

The effect will be that taxpayers who are otherwise liable to pay tax at only the lower rate or basic rate of income tax will have no further liability to income tax in respect of such a dividend. Higher rate taxpayers will have an additional tax liability (after taking into account the tax credit) of 22.5 per cent. of the aggregate of the individual and associated tax credit. Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such dividends.

A UK resident corporate shareholder should not be liable to corporation tax or income tax in respect of dividends received from the Company unless that company is carrying on a trade of dealing in shares.

Trustees of discretionary trusts are liable to account for income tax at the rate applicable to trusts on the trust's income.

Shareholders who are not resident or ordinarily resident in the United Kingdom and do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the United Kingdom with which the Ordinary Shares are connected will not normally be liable to United Kingdom taxation on income or gains arising on the sale or other disposal of their shares.

The preceding paragraphs are intended as a general guide only for shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and HM Revenue & Customs practice. **These paragraphs are only a condensed tax summary and should not be construed as constituting advice which a potential investor should obtain from his or her own investment or taxation adviser before subscribing for Subscription Shares.**

**IF YOU ARE IN ANY DOUBT AS TO YOUR TAXATION POSITION, YOU SHOULD CONSULT AN APPROPRIATE PROFESSIONAL ADVISER WITHOUT DELAY.**

### **Admission, Dealings and Settlement**

The Directors and Proposed Directors will apply for the Enlarged Issued Share Capital to be admitted to trading on AIM.

Dealings in the Ordinary Shares are expected to commence on 20 July 2007

#### *CREST*

The Directors and Proposed Directors will arrange with CRESTCo for the Enlarged Issued Share Capital to be admitted to CREST with effect from Admission. Accordingly settlement of transactions in Ordinary Shares following Admission may, if a shareholder wishes, take place within the CREST system. CREST is a paperless settlement procedure, which allows title to securities to be evidenced without a certificate and transferred otherwise than by written instrument.

CREST is a voluntary system and shareholders who wish to receive and retain share certificates will be able to do so.

### **Lock-In and Orderly Market Arrangements**

The Locked in Parties, which on Admission include the Vendor, will hold an aggregate total of 165,970,639 or 54.98 per cent. of the Enlarged Issued Share Capital, on Admission. They have agreed, in accordance with Rule 7 of the AIM Rules, that they will not dispose of any interest in Ordinary Shares (including any Ordinary Shares issued to them as a result of an exercise of Warrants) for a period of one year from Admission, save as permitted under the AIM Rules. The Locked in Parties have further agreed with the Company not to dispose of any interest in Ordinary Shares held by them only through the Company's broker for a further twelve months after the first anniversary of the date of Admission, so as to maintain an orderly market in the Company. The Vendor is permitted to transfer the Consideration Shares to the Vendor's Shareholders provided that those who are Locked-in Parties have entered into the same lock-in and orderly market restrictions. If such transfer of the Consideration Shares occurred on Admission, the Locked-in Parties, excluding the Vendor, would hold on aggregate 118,935,804 or 39.40 per cent. of the Enlarged Issued Share Capital, on Admission.

## Takeover Code

The terms of the Proposals give rise to certain considerations under the Takeover Code. Brief details of the Panel, the Takeover Code and the protection they afford are given below.

The Takeover Code is issued on behalf of the Panel. The Takeover Code is designed principally to ensure fair and equal treatment of all shareholders in relation to takeovers.

Under Rule 9 ("Rule 9") of the Takeover Code, when any person, or group of persons acting in concert, acquires an interest in shares which, when taken together with shares in which he, or persons acting in concert with him, are interested, carry 30% or more of the voting rights of a company which is subject to the Takeover Code, that person is normally required to make a general offer in cash to all shareholders at the highest price paid by him, or any person acting in concert with him, within the 12 months preceding the date of the announcement of the offer.

Rule 9 of the Takeover Code further provides that, inter alia, where any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights of such company in which he is interested, such person, or persons acting in concert with him, is normally required by the Panel to make a general offer in cash to all shareholders of the company for the shares not already owned by him, or any other person acting in concert with him, at not less than the highest price paid by, him or any person acting in concert with him, within the 12 months preceding the date of the announcement of the offer.

Where any person, who, together with persons acting in concert with him, holds over 50 per cent. of the voting rights of a company, that person (or persons acting in concert with him), will be able, for so long as they continue to be acting in concert, to acquire additional shares which carry voting rights without any consequence under Rule 9 save that individual members of the concert parties will not be able to increase their percentage interests in shares through or between the Rule 9 thresholds without Panel consent.

Under the Takeover Code, a concert party arises when persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate to obtain or consolidate control of that company. Under the Takeover Code, control means an interest or interests in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control.

Upon completion of the Acquisition, agreement of the Facility and Admission, two separate concert parties, as defined by the Takeover Code, will exist, being the ACOC Concert Party and the PET Concert Party. Further details of the ACOC Concert Party and the PET Concert Party are set out in paragraph 25, in Part 7 of this document.

Upon Admission, following the issue of the Consideration Shares, the ACOC Concert Party will own in aggregate 149,126,472 Ordinary Shares representing approximately 49.40% of the Enlarged Issued Share Capital of the Company. Upon conversion of the Creditors Convertible Loan Stock by certain members of the ACOC Concert Party (and assuming that this conversion takes place prior to the distribution by ACOC of the Consideration Shares, as referred below), the ACOC Concert Party will own 150,724,288 Ordinary Shares representing approximately 49.67% of the issued share capital.

It is the intention of ACOC, which forms part of the ACOC Concert Party to distribute the Consideration Shares following Admission to its shareholders and hence it is expected that the members of the ACOC Concert Party will thereafter hold 114,078,096 Ordinary Shares representing approximately 37.79% of the Enlarged Issued Share Capital of the Company. Upon conversion of the Creditors Convertible Loan Stock by certain members of the ACOC Concert Party, the ACOC Concert Party will then own 115,675,912 Ordinary Shares representing approximately 38.12% of the issued share capital. Further details are set out in paragraph 15.1.2 of Part 7.

Therefore following Admission members of the ACOC Concert Party between them will be interested in more than 30% (but will not hold more than 50%) of the voting share capital of the Company and (for so long as they continue to be treated as acting in concert) any further increase in that aggregate shareholding will be subject to the provisions of Rule 9.

Upon Admission, the PET Concert Party will hold in aggregate 45,177,500 Ordinary Shares representing approximately 14.97% of the Enlarged Issued Share Capital. In addition, members of the PET Concert Party will hold warrants with rights to subscribe for a further 8,900,000 Ordinary Shares and assuming those rights are exercised, the PET Concert Party would hold an aggregate total of 54,077,500 Ordinary Shares representing approximately 17.40% of the issued share capital. Upon distribution of the Consideration Shares by ACOC, Cairns Investment Holdings Limited, which is a member of the PET Concert Party, will hold 3,260,441 Ordinary Shares. The aggregate number of Ordinary Shares held by the PET Concert Party will then be 57,337,941 representing approximately 18.45% of the issued share capital.

Assuming maximum draw down of the Facility and conversion of the Convertible Facility Notes at the minimum price of 0.1p (the nominal value of the Ordinary Shares) the PET Concert Party will then hold in aggregate 657,337,941 Ordinary Shares representing approximately 72.17% of the issued share capital and PET itself will hold 620,000,000 Ordinary Shares representing approximately 68.07% of the issued share capital. Further details are set out in paragraph 15.1.3 of Part 7.

Therefore assuming maximum draw down of the Facility and conversion of the Convertible Facility Notes at the minimum price of 0.1p (the nominal value of the Ordinary Shares) and assuming warrants held by members of the



PET Concert Party are exercised, members of the PET Concert Party and PET itself will hold more than 50% of the Company's voting share capital and therefore PET and the PET Concert Party (for so long as they continue to be treated as acting in concert) may accordingly be able to increase their aggregate shareholding without incurring any further obligation under Rule 9 to make a general offer, though individual members of the PET Concert Party, other than PET, will not be able to increase their percentage interests in shares through or between the Rule 9 thresholds without Panel consent.

The Panel has agreed to waive the obligation to make a general offer that will otherwise arise on the members of the ACOC Concert Party or the PET Concert Party as a result of the Acquisition and the draw down of the Facility respectively, subject to resolution 1, in respect of the ACOC Concert Party and subject to resolution 2, in respect of the PET Concert Party (as set out in the notice convening the EGM) being passed on a poll by the independent shareholders of LHP. To be passed, both resolutions 1 and 2 will require a simple majority of the votes cast.

Under the provisions of the Code only independent shareholders, being those existing shareholders who are not also shareholders in either concert party, nor are taking part in the Subscription, are able to vote at the EGM. Accordingly, Messrs Knifton and Oakes (directors of the Company), Weller and Cairns Investment Holding Limited will be unable to vote on either resolution 1 or resolution 2 at the EGM being members of the PET Concert Party. Ms. Haugen and GCIT Foundation, being parties to the Subscription, will also be unable to vote on either resolution 1 or 2 at the EGM.

Details of each member of the ACOC Concert Party and the PET Concert Party, their relationship and their interests in the Company, are set out below.

### **The Concert Parties**

#### *ACOC Concert Party*

ACOC, and its directors; Brian Courtney and Glenn MacNeil together with Neville Desmond Smith are acting in concert in relation to LHP for the purposes of the Takeover Code.

ACOC is registered in the Isle of Man, it owns 100% of Nostra Terra (Overseas) Limited ('NTOL'), which is being acquired by LHP. ACOC was incorporated for the purpose of acquiring all of the rights associated with the Oktyabrskoe Licence in the Ukraine, which rights will pass to LHP on Admission. ACOC holds no other material assets and ACOC is not a subsidiary of any other company.

Details of Messrs. Courtney, MacNeil and Smith can be found on page 22 of this document

Following Admission, it is proposed that ACOC distributes the Consideration Shares it receives in LHP to its shareholders and it is then the intention to liquidate ACOC. Details of the shareholders of ACOC can be found in paragraph 15.1 of Part 7 of this document. Following distribution of the Consideration Shares the members of the ACOC Concert Party will be Messrs Courtney, Smith and MacNeil; Ucoco Energy Inc, registered in Canada, which is an investment company controlled by Messrs Courtney, Smith and MacNeil, with no current material interests other than a shareholding in ACOC; Owen Smith, who is the brother of Neville Desmond Smith; 3866980 Canada Inc, owned by Brian Courtney and his wife, Danielle Courtney; 600086 Alberta Ltd and Masterworks (Overseas) Ltd which are beneficially owned by Neville Desmond Smith and; Oleg Rodkin who is a Ukrainian representative of ACOC.

#### *PET Concert Party*

PET, Falcon Securities, Cairns Investment Holding Limited, Leo Knifton, Stephen Oakes and Nigel Weller are acting in concert in relation to LHP for the purposes of the Takeover Code.

Falcon Securities (UK) Limited is a subsidiary of Alltrue Investments plc (which is quoted on AIM), a company under the control of Leo Ernest Vaughan Knifton, William Nigel Valentine Weller and Stephen Vaughan Oakes. Details of Messrs Knifton and Oakes can be found on page 21 of this document. Mr. Weller began his City career in 1967, gaining a broad range of experience in stockbroking and investment. He has held senior positions in Bisgood Bishop, Morgan Stanley and James Capel and was a founder shareholder and managing director of a brokerage, Javelin Securities. He is a member of the Securities Institute and the Institute of Directors. He is an appointed representative of Alfred Henry Corporate Finance Limited and a director of Alltrue Investments Plc, which is traded on AIM and its subsidiary Falcon Securities (UK) Limited, a stockbroker. He is also a director of a number of other companies.

PET is a British Virgin Islands registered company with two directors, Mr. David Rowland who owns 100% of the shares in PET and Albany Management Limited, Albany Management Limited being under the control of Mr. Rowland. PET's registered address is sea Meadow House, Blackburne Highway, Road Town, Tortola, British Virgin Islands.

Cairns Investment Holding Limited is registered in Guernsey. Its directors are Linda Rowland (Mr. David Rowland's wife) and Albany Management Limited. It is beneficially owned by Mr. Rowland.

David Rowland, 62, is a sophisticated investor who invests in property and other investments.

Neither Concert Party has any present intention of increasing its shareholding in the Company above the levels set out above.

## **Extraordinary General Meeting**

You will find at the end of this document a Notice of EGM to be held at Finsgate, 5-7 Cranwood Street, London EC1V 9EE at 10 am on 19 July 2007 at which the following resolutions will be proposed:

- ordinary resolutions to approve the waiver of the obligations on the Concert Parties (or any members of them) to make a general offer to Shareholders pursuant to Rule 9 of the Takeover Code in the event of the issue of New Ordinary Shares to the Concert Parties on completion of the Acquisition (subject to Shareholders' approval by voting on a poll);
- as an ordinary resolution to approve the change of strategy to enable the Company to carry out the Acquisition and conduct the business of the Enlarged Group following Admission;
- as an ordinary resolution to approve the Acquisition;
- as ordinary resolutions to approve the appointment of the Proposed Directors
- as an ordinary resolution to increase the authorised share capital of the Company;
- as an ordinary resolution to give authority to the directors to allot and issue all of the authorised but unissued share capital of the Company (as increased);
- as a special resolution to disapply the statutory pre-emption rights in respect of all of the authorised but unissued share capital of the Company;
- as a special resolution to change the name of the Company to 'Nosta Terra Oil and Gas Company plc'.
- as a special resolution to amend the Articles of Association of the Company to take account of recent legislative changes;

## **Action to be taken by all Shareholders**

You will find enclosed with this document a Form of Proxy for use at the EGM. Whether or not you intend to be present at the meeting you are requested to complete and sign the Form of Proxy in accordance with the instructions thereon and return it to Share Registrars Limited, Craven House, West Street, Surrey GU9 7EN as soon as possible and in any event so as to arrive no later than 10am on 17 July 2007. Completion and return of the Form of Proxy will not prevent you from attending the EGM and voting in person should you so wish.

## **Further Information**

Your attention is drawn to Parts 2 to 7 of this document which provide additional information on the matters and in particular, to the risk factors set out in Part 2 entitled "Risk Factors"

## **Recommendation**

**The Board, which has been so advised by ARM, consider the terms of the Proposals to be fair and reasonable and in the best interests of the Company and the Shareholders. In providing advice to the Board, ARM has taken into account the Directors' and Proposed Directors' commercial assessment of the Proposals.**

Accordingly, your Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the EGM as they intend to do in respect of their own shareholdings, which in aggregate amount to 16,844,167 shares representing 26.84 per cent. of the issued Ordinary Shares as at the date of this document. However, your Directors, being members of the PET Concert Party are not considered independent directors in respect of the Rule 9 Waivers, and therefore will not be able to vote on either resolution 1 or 2 at the EGM, nonetheless, ARM considers the Rule 9 waivers to be fair and reasonable and in the best interests of the Company and the Shareholders.

## **PART 2**

### **RISK FACTORS**

#### **AN INVESTMENT IN THE COMPANY IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK.**

In addition to the other relevant information in this document, the Directors and the Proposed Directors consider the following risk factors to be of particular relevance to the Enlarged Group's activities and to any investment in the Company. It should be noted that this list is not exhaustive and that other risk factors may apply. Any one or more of these risks could have a material adverse effect on the value of the Company and should be taken into account in assessing the Enlarged Group.

#### **Exploration, Production and General Operational Risks**

The exploration for and production of oil and other natural resources is speculative and involves a high degree of risk. In particular, the operations of the Enlarged Group may be disrupted by a variety of risks and hazards which are beyond the control of the Enlarged Group, including environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, earthquakes, unusual or unexpected geological formations, flooding and extended interruptions due to inclement or hazardous weather conditions, explosions and other accidents. These risks and hazards could also result in damage to, or destruction of, wells or production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability.

The nature of reserve quantification studies means that there can be no guarantee that estimates of quantities and quality of oil discovered will be available for extraction.

Delays in the construction and commissioning of projects or other technical difficulties may result in the Enlarged Group's current or future projected target dates for production being delayed or further capital expenditure being required. If the Enlarged Group fails to meet its work and/or expenditure obligations, the rights granted therein will be forfeited and the Enlarged Group will be liable to pay large sums, which could jeopardise its ability to continue operations.

#### **Oil and gas drilling is speculative**

Drilling oil and gas wells is speculative, may be unprofitable and may result in a total loss of your investment. The Enlarged Group may never identify commercially exploitable deposits or successfully drill, complete or develop oil and gas reserves. Completed wells may never produce oil or gas, or may not produce sufficient quantities to be profitable or commercially viable. An investment in the Ordinary Shares is suitable only for individuals who are financially able to withstand a complete loss of their investment.

#### **Development Projects**

Development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of cash operating costs based upon anticipated volume and quality of hydrocarbons to be produced and processed, the configuration of the hydrocarbon reservoir, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns may differ from those currently estimated.

#### **Technical Risk**

Return on investment is dependent upon successful oil and gas production from the Enlarged Group's projects. The Enlarged Group may experience a revenue decrease due to overestimation of reserves and oil or gas production profiles or higher capital costs or operating costs. The Enlarged Group may also suffer reduced revenues because of product transportation difficulties or project delays, neither of which are foreseen.

The reserve data set forth in this document and the Competent Person's Report are believed to represent only the most reliable estimates currently available. Estimation of reserves is inherently inexact and the accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretation, judgment, production projections, maintenance and development capital, and other uncertainties inherent in estimating quantities of recoverable oil and gas. Thus, there can be no guarantee that estimates of quantities of oil and gas disclosed in the Competent Person's Report will be produced.

#### **Short Operating History**

The Enlarged Group's business operations are at an early stage of development and its success will depend largely upon the outcome of the projects that the Enlarged Group is undertaking and proposes to undertake.

## **Reserve and Resource Estimates**

The Company has derived the oil and gas reserves and resource figures presented in this document from the estimates prepared by the management of NTOL and/or reported in the Competent Person's Report set out in Part 3 of this document and which are subject to the qualifications in the Competent Person's Report. Reserve figures are estimates and there can be no assurance that they will be recovered or that they can be brought into profitable production. Reserves and resources estimates may require revisions based on actual production experience. Furthermore, a decline in the market price of oil and gas that the Enlarged Group may discover could result in smaller reserves becoming uneconomic to recover and may ultimately result in a restatement of reserves.

## **Market Risk**

In the event of successful development of additional oil and gas reserves, the marketing of Nostra Terra's production of oil and gas from such reserves may be dependent on market fluctuations and the availability of processing and refining facilities and transportation infrastructure, including access to shipping facilities, pipelines and pipeline capacity at economic tariff rates over which the Enlarged Group may have limited or no control. Pipelines may be inadequately maintained and subject to capacity constraints and economic tariff rates may be increased with little or no notice and without taking into account producer concerns. Although Nostra Terra currently does not sell for export, the ability to export oil and gas may depend on obtaining licenses and quotas, the granting of which may be at the discretion of the relevant regulatory authorities. There may be delays in obtaining such export licences and quotas leading to the income receivable by Nostra Terra from the export of oil and gas being adversely affected, and it is possible that from time to time export licences may be refused.

## **Governmental regulation in Ukraine**

Ukraine's governmental, legal and regulatory restrictions may have a negative impact on the Enlarged Group's profitability. Increased restraints on the ability of the Enlarged Group to repatriate funds may limit its ability to distribute profits. Changes in tax laws and tax withholding requirements may reduce the availability of funds to the Enlarged Group. The Ukraine Government may freeze the Enlarged Group's assets to collect taxes or as a penalty for the excessive repatriation of funds, which would limit the Enlarged Group's ability to access its working capital and to distribute its profits. Restrictions on payments to intermediaries may make it more difficult to obtain equipment and supplies and to transport and market oil and gas. In addition, uncertainties arising from governmental sovereignty over the Enlarged Group's operations creates additional risks, including the potential nationalisation of its operations. Regulations relating to labour may increase the Enlarged Group's costs or otherwise alter the Enlarged Group's relationships with its employees.

## **Environmental regulation in Ukraine**

The Enlarged Group's operations in Ukraine are subject to environmental regulations promulgated by the Ukraine Government. Should the Enlarged Group initiate operations in other countries, such operations will be subject to environmental legislation in such jurisdictions. Current environmental legislation in Ukraine provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil, condensate and natural gas operations. In addition, certain types of operations may require the submission and approval of environmental impact assessments. The Enlarged Group's operations will be subject to such environmental policies and legislation. Environmental legislation and policy is periodically amended. Such amendments may result in stricter standards of enforcement and in more stringent fines and penalties for non-compliance. Environmental assessments of existing and proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The costs of compliance associated with changes in environmental regulations may result in the imposition of material fines and penalties. In an extreme case, such regulations may result in temporary or permanent suspension of production operations. There can be no assurance that these environmental costs or effects will not have a materially adverse effect on the Enlarged Group's future financial condition or results of operations. The Representation has received a letter from the Procurator of Ukraine, Procurator of the Autonomous Republic of Crimea, Simferopol Inter-district Environmental Protection Procurator confirming that there were no claims with respect to any environmental violations from 2001 to May 2006 on the Oktabskaye Field. No independent environmental survey has been undertaken. The Enlarged Group, through the Representation, and Krymgeologia, as the parties to the JAA, will be responsible under Ukrainian Law for any future environmental violations cited by the Procurator of Ukraine, Procurator of the Autonomous Republic of Crimea, Simferopol Inter-district Environmental Protection Procurator.

## **Requirements for permits and licences**

The operations of the Enlarged Group require licences, permits and in some cases renewals of existing licences and permits from various governmental authorities. The Directors and Proposed Directors believe that the Enlarged Group has the benefit of all necessary licences and permits to carry on the activities which it conducts under applicable laws and that the company is complying in all material respects with the terms of such licences and permits. However, the Enlarged Group's ability to obtain, sustain or renew such licences and permits on acceptable terms is subject to change in regulations and policies and to the discretion of the applicable governments.

## **Licence Renewal**

The Oktyabrskoe Licence will expire on 29 November 2007. The licence renewal procedure for 2007 was established by a Cabinet of Minister's Resolution dated 14 March 2007 under No. 480 "The Confirmation of the Procedure for 2007 regarding Special Permission for Use of the Subsoil" (hereinafter "Resolution No. 480"). The procedure for 2007 requires that all expired licences go to auction. The highest bidder wins the auction although the completion of the work program and obligations should be factored in. According to Article 7 of Resolution 480, it stipulates that no auction is conducted if the licence holder falls into one of the categories listed in that article. If the licence holder has conducted the geological studies as well as calculations of reserves at his cost, along with other administrative requirements, such as compensating the state for the costs of the geological studies, then no auction will be held and either the exploration licence should be renewed or a production licence should be granted. The Company is not aware of Krymgeologia having failed to satisfy any requirements under the Oktyabrskoe Licence and in a letter dated 2 April 2007, Krymgeologia has confirmed that it has, according to Article 14 of Resolution No. 480, the right to apply for an extension of the permission with respect to geological studies for another 5 years and for production for 20 years. Article 14 of Resolution No. 480 allows for an extension of the licence to the licence holder to complete the geological studies for a term of no longer than 5 years. Krymgeologia has compiled the necessary documentation and now is in the process of obtaining the necessary local permits including the consent from the Parliament of the Republic of Crimea. Once Krymgeologia obtains the permits, it will then file them with an application for an extension with the Minister for the Protection of the Environment three months prior to the expiration of the current permission i.e. before 29 August 2007. The Ministry for the Protection of the Environment then has 90 days to make a decision and then conclude a licence agreement which is an integral part of the licence (Article 8 of Resolution No. 480). The Company cannot guarantee that it will be renewed, but has no reason to believe it will not.

## **Insurance coverage**

There are significant exploration and operating risks associated with drilling oil and gas wells, including blowouts, sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions, environmental risks and fire, all of which can result in injury to persons as well as damage to or destruction of oil and gas wells, equipment, formations and reserves, production facilities and other property. In addition, the Enlarged Group will be subject to liability for environmental risks such as pollution and abuse of the environment. Although the Enlarged Group will exercise due care in the conduct of its business and will maintain what it believes to be customary insurance coverage for companies engaged in similar operations, the Enlarged Group is not fully insured against all risk in its business. The occurrences of a significant event against which the Enlarged Group is not fully insured could have a material adverse effect on its operations and financial performance. In addition, in the future some or all of the Enlarged Group's insurance coverage may become unavailable or prohibitively expensive.

## **Competition**

The Enlarged Group's competitors include the major oil and gas companies and independent oil and gas companies. The oil and gas business is highly competitive in the search for and acquisition of reserves and in the gathering and marketing of oil and gas production and in the recruitment and employment of qualified personnel. In addition, in Ukraine, the Enlarged Group will compete with oil and gas companies in the bidding for exploration and production licences. The Enlarged Group's competitors have significantly greater financial, technical and other resources than the Enlarged Group and are able to devote greater resources to the development of their businesses. If the Enlarged Group is unable to successfully compete, its business will suffer.

## **Prices for oil and gas**

The price of and demand for oil and gas is highly dependent on a number of factors, including worldwide supply and demand levels, energy policies, weather, competitiveness of alternative energy sources, global economic and political developments and the volatile trading patterns of the commodity futures markets. Natural gas prices also continue to be highly volatile. Changes in oil and gas prices can impact on the Enlarged Group's valuation of reserves. International oil and gas prices have fluctuated widely recently and may continue to do so in the future. Prices of oil and gas on the Ukrainian market vary slightly from those on the international market but are not set by the State, instead, they follow those set at auction. There can be no guarantee that Ukrainian domestic oil and gas prices will mirror those on the world market in the future. Lower oil and gas prices will adversely affect the Enlarged Group's revenues, business or financial condition and its valuation of its reserves. In periods of sharply lower commodity prices, the Enlarged Group may curtail production and capital spending projects and may defer or delay drilling wells because of lower cash flows. In addition, the demand for and supply of oil and gas in Ukraine and worldwide may affect the Enlarged Group's level of production.

## **Increase in drilling costs and the availability of drilling equipment**

The oil and gas industry historically has experienced periods of rapid cost increases. Increases in the cost of exploration and development would affect the Enlarged Group's ability to invest in prospects and to purchase or hire equipment, supplies and services. In addition, the availability of drilling rigs and other equipment and services is affected by the level and location of drilling activity around the world. An increase in drilling operations outside of Ukraine or in other areas of the Ukraine may reduce the availability of equipment and services to the Enlarged Group. The reduced availability of equipment and services may delay its ability to exploit reserves and adversely affect the Enlarged Group's operations and profitability.

### **Delays in production, marketing and transportation**

Various production, marketing and transportation conditions may cause delays in oil production and adversely affect the Enlarged Group's business. Drilling wells in areas remote from distribution and production facilities may delay production from those wells until sufficient reserves are established to justify construction of the necessary transportation and production facilities. The Enlarged Group's inability to complete wells in a timely manner would result in production delays.

In addition, market demand, which tends to be seasonal, may reduce or delay production from wells. The marketability and price of oil and natural gas that may be produced or discovered by the Enlarged Group will be affected by numerous factors beyond the control of the Enlarged Group. The ability of the Enlarged Group to market its natural gas may depend upon its ability to acquire space on pipelines that deliver natural gas to commercial markets. The Enlarged Group is also subject to market fluctuations in the prices of oil and natural gas, deliverability uncertainties related to the proximity of its reserves to adequate pipeline and processing facilities and extensive government regulation relating to price, taxes, royalties, licences, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business. Moreover, weather conditions may impede the transportation and delivery of oil by sea.

### **Decommissioning costs**

The Enlarged Group may become responsible for costs associated with abandoning and reclaiming wells, facilities and pipelines which it may use for production of oil and gas. Abandonment and reclamation of facilities and the costs associated therewith is often referred to as "decommissioning". There are no immediate plans to establish a reserve account for these potential costs, rather, the costs of decommissioning are expected to be paid from the proceeds of production in accordance with the practice generally employed in onshore and offshore oilfield operations. Should decommissioning be required, the costs of decommissioning may exceed the value of reserves remaining at any particular time to cover such decommissioning costs. The Enlarged Group may have to draw on funds from other sources to satisfy such costs. The use of other funds to satisfy such decommissioning costs could have a materially adverse effect on the Enlarged Group's financial position and future results of operations.

### **Need for additional capital**

The Company will need to raise additional funds in the future in order to fully develop its drilling programmes in Ukraine. Additional equity financing will be dilutive to holders of the Company's then-existing Ordinary Shares and could contain rights and preferences superior to the Ordinary Shares. Debt financing may involve restrictions on the Company's financing and operating activities. In either case, additional financing may not be available to the Company on acceptable terms. If the Company is unable to raise additional funds as needed, the scope of its operations may be reduced and, as a result, the Company may be unable to fulfil its long-term expansion programme.

### **Limited diversification**

Generally, risk is reduced through diversification. Diversification is maximised by drilling a large number of wells over a large area of prospects having different geological characteristics. The drilling and development programme, therefore, will have only a limited amount of diversification with a correspondingly higher degree of financial risk for investors.

### **Currency Exchange Risk**

As an international operator, the Enlarged Group's business transactions may not be denominated in the same currencies and to the extent that they are not, the Enlarged Group is exposed to foreign currency exchange rate risk. In addition, holders of the Enlarged Group's shares are subject to foreign currency exchange rate risk to the extent its business transactions are denominated in currencies other than the pounds sterling. Fluctuations in foreign currency exchange rates may adversely affect the Enlarged Group's profitability. At this time, the Enlarged Group does not plan to actively hedge its foreign currency exchange rate risk.

### **Economic and political risk**

The Enlarged Group's operations are in Ukraine where there may be a number of associated risks over which it will have no, or limited, control. These may include contract renegotiation, contract cancellation, economic, social, or political instability or change, hyperinflation, currency non-convertibility or instability and changes of laws affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing and petroleum export licensing and export duties as well as government control over domestic oil and gas pricing.

## **Legal Systems**

Ukraine and Cyprus have, and other jurisdictions in which the Enlarged Group might operate in the future may have, less developed legal systems than more established economies which could result in risks such as (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law, regulation or contract, or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to the Enlarged Group's licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

## **Force Majeure**

The economics of Nostra Terra's projects may be adversely affected by risks outside the control of the Enlarged Group including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, acts of God, explosions or other catastrophes, or epidemics.

## **General economic conditions**

Changes in the general economic climate in which the Enlarged Group operates may adversely affect the financial performance of the Enlarged Group. Factors, which may contribute to that general economic climate, include the level of direct and industrial disruption, the rate of growth of Ukraine's gross domestic product, interest rates and the rate of inflation.

## **Attraction and retention of key employees**

The Enlarged Group has a small management team, and the loss of a key individual or inability to attract suitably qualified staff could materially adversely impact the business. Difficulties may also be experienced in certain jurisdictions in obtaining suitable staff and retaining staff who are willing to work in that jurisdiction. The success of the Enlarged Group depends on the ability of the Proposed Directors to interpret market and geological data correctly and to interpret and respond to economic, market and other conditions in order to locate and adopt appropriate investment opportunities, monitor such investments, and ultimately, if required, successfully divest such investments. Further, no assurance can be given that the Enlarged Group's investment strategies can be successfully implemented in the future, that individuals with the required skills will continue their association or employment with the Enlarged Group or that replacement personnel with comparable skills can be found. The Board has sought to and will continue to ensure that executive directors and any key employees are appropriately incentivised. However, their services cannot be guaranteed.

## **Nature of AIM**

It may be difficult for an investor to sell his Ordinary Shares and the value of stocks or shares may go down as well as up. Sufficient movement in the price of shares should not be expected until sufficient time has elapsed for the Company to demonstrate its ability to achieve its projections. Investment in shares traded on AIM often carries a higher degree of risk than an investment in shares quoted on the Official List. The Ordinary Shares will not be quoted on the Official List.

The investment offered in this document may not be suitable for all recipients and investors are accordingly strongly advised to consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities in unquoted companies

**The risks above do not necessarily comprise all those faced by the Enlarged Group and are not intended to be presented in any assumed order of priority.**

**Part 3**  
**Competent Person's Report**

**COMPETENT PERSON'S REPORT**  
**ANGLO CRIMEAN OIL COMPANY**  
**RESERVES AND PRESENT WORTH**  
**OKTYABRSKOE LICENSE, CRIMEA, UKRAINE**  
**EFFECTIVE FEBRUARY 28, 2007**

Prepared for:

ANGLO CRIMEAN OIL COMPANY

Prepared by:



**TRIMBLE ENGINEERING ASSOCIATES LTD.**  
**PETROLEUM CONSULTANTS**  
**CALGARY, ALBERTA**





## TRIMBLE ENGINEERING ASSOCIATES LTD.

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Senior Engineer

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Technical Advisor

MERLE D. SPENCE, P.Eng.  
Senior Engineer

TIM J. NORICK, P.Eng.  
Petroleum Technologist

April 2, 2007

Anglo Crimean Oil Company  
155 Chartwell Road  
Oakville, Ontario, Canada, L6V 3Z7

Attention: Mr. Brian Courtney

LHP Investments PLC  
Finsgate, 5-7 Cranwood Street  
London, England, EC1V 9EE

Attention: Mr. Stephen Oakes

Nostra Terra (Overseas) Limited  
c/o PO Box 86020, 2106 - 33 Ave. SW  
Calgary, Alberta, Canada, T3T 1Z6

Attention: Mr. N. Desmond Smith

ARM Corporate Finance Ltd.  
12 Pepper Street  
London, England, E14 9RP

Attention: Mr. Alan MacKenzie

Dear Sirs:

**Re: Competent Person's Report  
Anglo Crimean Oil Company  
Reserves and Present Worth  
Oktyabrskoe License, Crimea, Ukraine  
Effective February 28, 2007**

### EXECUTIVE SUMMARY

As instructed by Anglo Crimean Oil Company (ACOC), Trimble Engineering Associates Ltd. (*Trimble*) has prepared this Competent Person's Report (CPR) for the reserves and present worth of future net revenue of the Oktyabrskoe license in Crimea, Ukraine, effective February 28, 2007 (*see Figure No. 1*). ACOC currently holds an interest in this license through its wholly owned subsidiary, Nostra Terra (*Overseas*) Limited (NTOL). NTOL has a legal representative office in the Ukraine, and is the Operator. It is proposed that LHP Investments PLC (*LHP*) acquire all of the share capital of NTOL as a requirement for admission to the AIM market of the London Stock Exchange (*AIM*).



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It is intended that this CPR will be published as part of the documentation for LHP's admission to AIM. Accordingly, this CPR has been prepared in accordance with the Guidance Note for Mining, Oil & Gas Companies, issued by the London Stock Exchange in March, 2006 (*Guidance*), including Table No.'s 1 and 2.

This report has also been prepared according to the "Practice Standard for Evaluation of Oil and Gas Reserves for Public Disclosure", as defined by the Association of Professional Engineers, Geologists and Geophysicists of Alberta (*APEGGA*), and adheres in all material aspects to the business practices, evaluation procedures and reserve definitions contained within National Instrument 51-101 and outlined more specifically in the Canadian Oil and Gas Evaluation Handbook (*COGEH*).

COGEH is a widely recognized document prepared by the Calgary Chapter of the Society of Petroleum Evaluation Engineers (*SPEE*) and the Petroleum Society of the Canadian Institute of Mining, Metallurgy & Petroleum (*CIM*), a professional organization recognized by AIM.

The statements contained in this report are given in good faith and have been derived from information believed to be reliable and accurate, and supplemented by our own investigations. We have relied upon this information and have no reason to believe that any material facts have been withheld from us and our report has taken into account all of the relevant information supplied to us.

We have undertaken a site visit and made reasonable inquiries to satisfy ourselves of the authenticity and reliability of the data provided, however, we do not imply that we have carried out a detailed audit of all technical, accounting or other records of ACOC or NTOL, or that our assessment has revealed all of the matters which a comprehensive audit or more extensive examination might disclose at the date of this report.

Trimble has given consent to LHP to use this report as part of the admission documentation to be published in connection with an application for LHP to be admitted to AIM, and to reference this report in any applicable disclosure document, provided that no portion be used out of context in such a manner as to convey a meaning which differs from that set out in the whole.



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**INTRODUCTION**

**Sources of Information**

In the preparation of this report, Trimble has relied primarily on data provided from the records of ACOC, NTOL, and the Crimean State Government Enterprise "SGE Krymgeologia" (KG). Trimble has also relied on information gathered from industry information sources, regulatory bodies and from our own files.

Trimble has endeavoured, by visiting the site and making reasonable enquiries, to confirm the authenticity and completeness of certain technical data used in the preparation of this report and to ensure that Trimble had access to all relevant technical and other information.

All factual information including property ownership has been accepted as presented by ACOC, NTOL and KG and Trimble has not undertaken a comprehensive effort to independently verify this data, as this is beyond the scope of the assignment. Reference has been made to other sources of information, published and unpublished, including government reports and reports prepared by other firms for ACOC, NTOL and/or KG.

ACOC has provided the following parameters:

- Product pricing as at February 28, 2007
- Operating and capital costs
- Tax and royalty burden details

As requested by ACOC:

- All results herein are before income tax
- All prices, capital and operating costs have been held constant
- All dollar values have been expressed in US currency

All basic data and worksheets for this evaluation will be retained in our files for future reference.



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**Currency**

For the purposes of this report, all results have been prepared in \$US. The revenues from operations will be paid in the Ukraine in the currency of Hrivnas. The assumption has been made that the future constant exchange rate is 5.00 Hrivnas per \$1.00 US.

**Description of Reserves - Background**

The Oktyabrskoe License is located in Northwestern Crimea. Crimea is a large peninsula, surrounded by the Black Sea, forming part of Southern Ukraine. The proposed development is separated into 2 distinct areas, Oktyabrskoe and West Oktyabrskoe.

It is proposed that LHP, through ACOC, will acquire NTOL. NTOL, through a registered permanent representative in Ukraine, is party to a Joint Activity Agreement (*JAA*) with KG whereby NTOL and KG have agreed to explore for and pilot produce hydrocarbons from the Oktyabrskoe License in Crimea, Ukraine.

Phase 1 of the Oktyabrskoe development, evaluated herein, involves seven (7) wellbores originally drilled by the Russian controlled state geological department. Much of this development occurred in the 1960's but never advanced to production and development due to competing alternative higher priorities within the Russian production department. LHP plans to re-enter these wellbores and place them on production with the expectation that performance will be similar to original test rates. Six (6) of the seven (7) well-zones in this evaluation have previously been completed and tested with commercial hydrocarbon production rates, and these results are summarized on Table No.'s 6-1 and 6-2 herein.

The reserves in this report have been calculated volumetrically using core data, petrophysical data from log analysis and mapped geological data summarized in the files of NTOL (*See Figure No. 's 2 through 5*).

Each well requires the removal or drilling out of a bridge plug to re-establish productivity. The Oktyabrskoe #10 Cenomanian is the only zone herein that has not previously been completed and tested. It is included herein based on a review of the well logs (*Trimble site visit*), and based on analogy to Oktyabrskoe #50.



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### Oktyabrskoe

For Oktyabrskoe, it has been assumed that gas will be flared and only oil reserves have been assigned. Oil will be produced to tanks and trucked to market as required.

Significantly, Oktyabrskoe well #1 (O #1), is currently producing and LHP will earn an interest in this production by re-entering two (2) nearby wellbores. The reserves for this well have been classified as *possible developed* only, even though a small component of the reserves is clearly *proved developed producing* for this well.

### West Oktyabrskoe

For West Oktyabrskoe, gas will ultimately be the principal product. Condensate reserves have been estimated using liquid to gas ratios consistent with the historical performance of the wells prior to their suspension in 1982. Significantly, the West Oktyabrskoe wells were suspended due to hydrocarbon liquid loading. At the time, KG did not have the mandate or the capital to install liquid lifting equipment. This is a key factor for the proposed re-activation of West Oktyabrskoe.

To optimize ultimate recovery of the condensate from the Neocomian reservoir, it is proposed that West Oktyabrskoe well #9 (WO #9) be reactivated as a gas injection well. West Oktyabrskoe well #31 (WO #31) and West Oktyabrskoe well #28 (WO #28) will be reactivated for production and tied in to inject gas at WO #9.

For the purposes of this evaluation, gas re-injection is proposed to continue through 2008. Starting in January, 2009 it is proposed (*and reflected herein*) that gas gathering and compression facilities are to be constructed independently by third parties in order to sell the produced gas. NTOL will not have a capital commitment in this regard but its gas will be subject to a gathering and compression fee of approximately \$0.50/Mcf.



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**Risk and Uncertainty**

Based on the historical technical data alone, Trimble would consider assigning some *proved* and *probable reserves* if this property were situated in the Western Canadian Sedimentary Basin, or another mature developed oil and gas region in the world. However, in consideration of the passage of time, as well as the political and economic immaturity, and the cultural and infrastructural uncertainties associated with operating in Ukraine, Trimble has classified 100% of the reserves herein as *possible developed*.

Risk and uncertainties are inherent with a project like this because it is not currently possible to observe the condition of the target reservoirs or the wellbores that will be re-activated to exploit them. Based on Trimble's brief opportunity to witness the field operation, infrastructure, equipment and personnel, Trimble has no reason to believe that there are, or will be, significant problems relating to:

- Environmental damage,
  - An environmental review of these properties has not been undertaken by Trimble. Very minor hydrocarbon leaks were witnessed, however, they did not appear to be causing material reservoir depletion or environmental damage.
- Reservoir depletion,
  - Trimble has not witnessed any evidence of offsetting production that could reasonably be expected to have depleted the target reservoirs.
- Wellbore casing degradation,
  - Unknown until the wells are re-entered.
- Roads, services, transportation,
  - Observed to be adequate in good weather.
- Theft, or
- Political/legal issues.

Reserve estimates and production forecasts have been prepared on the basis of generally accepted engineering methods. Although these estimates are considered reasonable, future performance may vary from the forecasts presented herein and may justify future increases or decreases.



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**OVERVIEW**

**Ownership**

The Oktyabrskoe License expires November 17, 2007 but it is to be extended for 5 years, with automatic conversion to a 20 year production license based on the work program evaluated herein. Under the legislation documented in Ukraine it is normal practice to extend such a license.

Effectively, the project interests evaluated for this report are

- *100.0% Capital interest,*
- *88.0% net working interest before project payout, and*
- *60.0% working interest after project payout*

The operator of the subject fields/structures is NTOL.

Effective interests and burdens are summarized herein on Table No. 7.

**Assumptions**

Regarding the Joint Activity Agreement (*JAA*) between KG and NTOL, Trimble has no reason to believe otherwise, and assumes that:

- The license issued by the Ukrainian State Committee for Geology to the benefit of KG (*and therefore the JAA*) expiring on November 17, 2007 will be extended and ultimately converted to a 20 year production license.
- The current legislation of both the Ukraine and autonomous republic of Crimea will not be altered to materially adversely affect the current licenses or agreements in place at the time of this report.
- NTOL will fulfill its obligations as operator under the terms of the JAA with KG.
- The licenses, agreements, and contracts held by NTOL can be assigned to a third party without material economic implications.
- Construction and operation of gas compression and processing facilities, and transmission laterals to NTOL's wells will be ready to accept raw gas according to the work plan evaluated herein.



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**Site Visit**

As part of the evaluation process, a site visit was undertaken by Mr. Stephen Trimble between February 5<sup>th</sup> and February 12<sup>th</sup>. During this visit, Mr. Trimble observed the location and condition of the existing field operation and equipment, including visits to local contractor facilities and the offices of KG.

While in the field, Mr. Trimble:

- witnessed oil and gas production from Oktyabrskoe Well #1,
- located and observed the location of effectively all wells proposed for reactivation,
- met with senior representatives of the local sub-contractor who would be primarily responsible for the project implementation, and
- met with a senior representative of the company that purchases oil production in the area.

While attending the KG Offices, Mr. Trimble met with various KG staff and reviewed requested technical materials in order to validate certain data used in the preparation of this report. Data reviewed included production tests, well logs, core analysis, and seismic. Where available, geologic and seismic derived maps were also presented and reviewed.

Significantly, while Trimble has not verified all of the data provided by ACOC (*via NTOL files*), Trimble has verified a sampling of the data and found a strong correlation between the data presented and the information observed on this field trip, most particularly as it relates to petrophysical parameters taken from logs and production test documentation.

**Interviews**

In addition to the interviews that occurred during the site visit, Trimble has also interviewed two (2) authors of pre-existing evaluation reports, Mr. Ian Henderson and Mr. Edward Kozowy. Mr. Kozowy has also been to the Oktyabrskoe site and the testimony of these prior authors has served to further corroborate the validity of the NTOL data.





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**Reserve Definitions**

This evaluation has been prepared in accordance with the reserve definitions referred to in National Instrument 51-101 (*NI 51-101*) and defined specifically in the Canadian Oil and Gas Evaluation Handbook (*COGEH*).

The reserve definitions in COGEH are derived from the Canadian Securities Administrators (*CSA*) National Instrument 51-101 (*NI 51-101*) which was finalized in August 2002. These definitions were developed by an Alberta Securities Commission (*ASC*) task force on behalf of the *CSA*, and incorporate many aspects of the *CIM* definitions circa 1993 and the Society of Petroleum Engineers/World Petroleum Congress (*SPE/WPC*) definitions circa 1997. The *ASC* task force published these definitions in June, 1999.

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on:

- analysis of drilling, geological, geophysical, and engineering data;
- the use of established technology;
- specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed.

Reserves are classified according to the degree of certainty associated with the estimates.

***Proved Reserves*** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

***Probable Reserves*** are those additional reserves that are less certain to be recovered than ***proved*** reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated ***proved plus probable*** reserves.



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**Possible Reserves** are those additional reserves that are less certain to be recovered than **probable** reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated **proved plus probable plus possible** reserves.

Other criteria that must also be met for the categorization of reserves are provided in Section 5.3.2 of COGEH.

Each of the reserves categories (**proved**, **probable**, and **possible**) may be divided into developed and undeveloped categories.

**Developed Reserves** are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

Developed producing reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

Developed non-producing reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

**Undeveloped Reserves** are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (**proved**, **probable**, and **possible**) to which they are assigned.



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In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities, and completion intervals in the pool and their respective development and production status.

**Levels of Certainty for Reported Reserves**

The qualitative certainty levels contained in the definitions in Section 5.4.1 of COGEH are applicable to individual Reserves Entities, which refers to the lowest level at which reserves are performed, and to Reported Reserves, which refers to the highest level sum of the individual entity estimates for which reserves estimates are presented. Reported Reserves should target the following levels of certainty under a specific set of economic conditions:

- at least 90 percent probability that the quantities actually recovered will equal or exceed the estimated ***proved*** reserves;
- at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated ***proved plus probable*** reserves;
- at least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated ***proved plus probable plus possible*** reserves.

A quantitative measure of the certainty levels pertaining to the estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in Section 5.5.3 of COGEH.



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**RESERVES AND PRESENT WORTH**

Remaining reserves of oil, natural gas and natural gas liquids have been estimated as of February 28, 2007. Gross, Company working interest and Company net after royalties (*Net AR*) share of *possible* reserves are shown on Table No. 3 by Company, License and well and summarized as follows:

<b>Anglo Crimean Oil Company Oktyabrskoe Licenses, Crimea, Ukraine SUMMARY OF RESERVES Effective February 28, 2007</b>			
	<b>Property Gross</b>	<b>Company Interest</b>	<b>Company Net AR</b>
<i>Possible Developed</i>			
Oil – Mbbl	372.6	229.6	160.3
Sales Gas – MMcf	8,030.7	4,862.9	4,405.8
Condensate – Mbbl	446.1	270.2	188.6

The present worth of future net revenue before income tax (*net after royalties, operating expenses and capital investments*), for the interests appraised herein is presented by Company, License and well on Table No. 3, and summarized as follows:

<b>Anglo Crimean Oil Company Oktyabrskoe Licenses, Crimea, Ukraine SUMMARY OF PRESENT WORTH Effective February 28, 2007</b>	
	<i>Possible Developed</i>
Undiscounted	30,833
Discounted @ 5%	23,717
10%	19,015
15%	15,719
20%	13,301
25%	11,462



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The present worth results summarized in the preceding table do not necessarily represent fair market value, though they are a material factor in the determination of fair market value.

Where barrels of oil equivalent (BOE) are shown in this evaluation, Trimble has used 6 Mcf to 1 bbl to 1 boe as the conversion.

Composite economic results, including annualized net cash flow, are included herein for the total Company on Table No. 4-1.

Composite economic results for each of the Licenses and individually appraised wells are included herein on Table No's 4-2-1 through 4-3-4.

Reserve Data Sheets for each of the individually appraised wells are included herein on Table No's 5-1-1 through 5-2-3.

Operating costs provided by ACOC have been adjusted upwards by Trimble to account for inflationary effects. Trimble considers the operating costs to be reasonable.

Capital costs have been provided by ACOC and implemented without adjustment. Trimble has not separately verified these capital estimates but considers them to be reasonable. Estimates of well abandonment costs have been incorporated for the appraised wells at \$50,000 per well.

As requested by ACOC, capital and operating costs have not been escalated.

Economic Parameters, including product pricing, are summarized on Table No. 8.

Evaluation Comments are included in various locations throughout this report and summarized on Table No. 9.

A Glossary of Terms is included herein on Table No. 10.



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### PRODUCT PRICES

Net effective pricing for oil, gas and condensate has been provided by ACOC and implemented without independent verification by Trimble. As a conservative assumption, these prices (*summarized on Table No. 8*) have been held constant.

Since hydrocarbons are effectively purchased at the wellhead in Ukraine, and the pricing provided by ACOC takes crude quality into account, no further price adjustments have been imposed for transportation or otherwise.

### CONCLUSIONS

Based on the historical technical data alone, Trimble would consider assigning *proved, probable and possible reserves*, where the total would equal the total *possible reserves* assigned herein. However, in consideration of the passage of time, as well as the political and economic immaturity, and the cultural and infrastructural uncertainties associated with operating in Ukraine, Trimble has classified 100% of the reserves herein as *possible developed*.

By definition, therefore, Trimble concludes that there is at least a 10% probability that the rate and reserve estimates herein will be realized or exceeded upon implementation of the proposed development plan.

Further, Trimble considers the proposed work plan, capital and cost estimates, and proposed timing to be reasonable and appropriate, and concludes that there is at least a 10% probability that the outcome will be commercially feasible.

Unforeseen circumstances relating to factors such as facilities, equipment, regulatory/legal delays, weather, pricing, inflation, and/or reservoir performance may have positive or negative implications for the estimates herein.

The Oktyabrskoe well #1 continues to flow oil intermittently, producing at a rate of approximately 20 bbl/d from the Neocomian, for approximately 12 hours per day (*therefore approx. 10 bbl per calendar day*). In this report, Trimble has factored in 2 years of cumulative production at these rates to estimate cumulative production to the effective date.



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At the time of publishing, Trimble is not aware of any material changes, before or after the effective date of this report, that would warrant a change in these reported results.

While the estimates herein are considered reasonable, it is not possible to precisely determine the outcome of exploration and development activities, and considerable variation to the proposed exploration and development programs and estimated results may be required as new data becomes available.

**QUALIFICATIONS AND INDEPENDENCE**

This report has been prepared by Mr. Stephen C. Trimble, P.Eng., who has relevant and appropriate experience, competence, and independence to appraise this project and to be considered a “Competent Person” according to AIM.

- Incorporated in 1971, Trimble Engineering Associates Ltd. has been providing technical services, primarily oil and gas evaluations, to the global oil and gas industry for over 35 years. Trimble permanent technical staff (8) are very senior and have over 225 man-years of experience among them.
- Mr. Stephen C. Trimble, B.Sc, P.Eng., APEGGA, SPE, CIM, is the President of Trimble Engineering Associates Ltd. with 18+ years Oil and Gas Industry experience, 15+ years of which pertains specifically to Oil and Gas evaluations.
- Mr. Merlyn D. Spence, B.Sc, P.Eng., APEGGA, is a Senior Engineer for Trimble Engineering Associates Ltd. with 25+ years Oil and Gas Industry experience, 20+ years of which pertains specifically to Oil and Gas evaluations.



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No member or employee of Trimble, is, or is intended to be a director, officer or other direct employee of ACOC, NTOL or LHP. No member or employee of Trimble has, or has had, any share holding, or the right (*whether enforceable or not*) to subscribe for securities, or the right (*whether legally enforceable or not*) to nominate persons to subscribe for securities in LHP.

Fees have been charged at a commercial rate for the preparation of this report, the payment of which is not contingent either upon the conclusions of the report or on the success of the proposed listing of LHP on AIM.

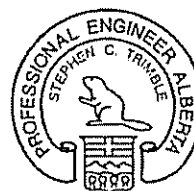
We have appreciated the opportunity to prepare this evaluation for you and would be pleased to review the contents with you at your convenience.

Yours truly,

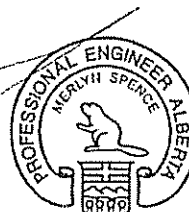
<b>PERMIT TO PRACTICE</b>
TRIMBLE ENGINEERING ASSOCIATES LTD.
Signature <u>Stephen C. Trimble</u>
Date <u>April 2, 2007</u>
<b>PERMIT NUMBER: P 0544</b>
The Association of Professional Engineers, Geologists and Geophysicists of Alberta

**TRIMBLE ENGINEERING ASSOCIATES LTD.**

Stephen C. Trimble, P.Eng.



Merlyn D. Spence, P.Eng.



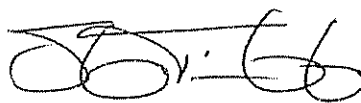
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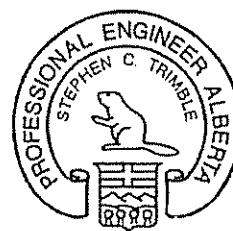
## CERTIFICATE OF QUALIFICATION

I, **Stephen C. Trimble**, Petroleum Engineer, at 2200, 801 - 6th Avenue, S.W., Calgary, Alberta, Canada, hereby certify:

1. That I am the President of **Trimble Engineering Associates Ltd.**, which Company did prepare a report entitled "*Reserves and Present Worth, Oktyabrskoe License, Crimea, Ukraine, Effective February 28, 2007*", for **Anglo Crimean Oil Company (ACOC)**.
2. That I graduated with a Bachelor of Science degree in Geological Engineering from the University of Waterloo, Waterloo, Ontario in April, 1988. That I am a Registered Professional Engineer in the Province of Alberta, and that I have over eighteen (18) years experience in petroleum engineering studies and evaluations in Canada.
3. That I have undertaken a site visit and made reasonable inquiries to satisfy myself of the authenticity and reliability of the data provided, however, I do not imply that I've carried out a detailed audit of all technical, accounting or other records of ACOC., or that my assessment has revealed all of the matters which a comprehensive audit or more extensive examination might disclose at the date of this report.
4. That neither **Trimble Engineering Associates Ltd.**, nor its officers have any direct or indirect interest, nor do they expect to receive any interest directly or indirectly in any of the properties or securities owned by **Anglo Crimean Oil Company, Nostra Terra (Overseas) Limited, or LHP Investments PLC.**



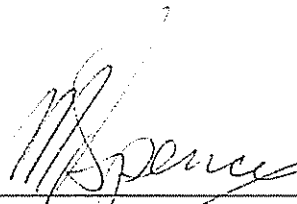
Stephen C. Trimble, P.Eng.

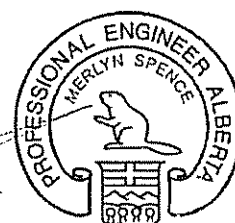


## CERTIFICATE OF QUALIFICATION

I, **Merlyn Spence**, Petroleum Engineer, at 2200, 801 - 6th Avenue, S.W.,  
Calgary, Alberta, Canada, hereby certify:

1. That I am a Senior Engineer with **Trimble Engineering Associates Ltd.**, which Company did prepare a report entitled "*Reserves and Present Worth, Oktyabrskoe License, Crimea, Ukraine, Effective February 28, 2007*", for **Anglo Crimean Oil Company (ACOC)**.
2. That I graduated with a Bachelor of Engineering degree in Civil Engineering from the Royal Military College of Canada (Kingston, Ontario) in June, 1976. That I am a Registered Professional Engineer in the Province of Alberta, and that I have over twenty-five (25) years experience in petroleum engineering operations, marketing and evaluations in Canada.
3. A personal field inspection of the properties was not made by me, however, a site visit was undertaken by Mr. Stephen C. Trimble, President of Trimble Engineering. I have made reasonable inquiries to satisfy myself of the authenticity and reliability of the data provided, however, I do not imply that I've carried out a detailed audit of all technical, accounting or other records of ACOC., or that my assessment has revealed all of the matters which a comprehensive audit or more extensive examination might disclose at the date of this report.
4. That I do not have any direct or indirect interest, nor do I expect to receive any interest directly or indirectly in any of the properties or securities owned by **Anglo Crimean Oil Company, Nostra Terra (Overseas) Limited, or LHP Investments PLC.**

  
Merlyn D. Spence, P.Eng.



TRIMBLE ENGINEERING ASSOCIATES LTD.

**Anglo Crimean Oil Company  
Oktyabrskoe License, Crimea, Ukraine  
Effective February 28, 2007**

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Oktyabrskoe Licenses, Crimea, Ukraine  
Effective February 28, 2007**

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**Anglo Crimean Oil Company  
Oktyabrskoe Licenses, Crimea, Ukraine  
Effective February 28, 2007**

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**Anglo Crimean Oil Company  
Oktyabrskoe Licenses, Crimea, Ukraine  
Effective February 28, 2007**

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**ANGLO CRIMEAN OIL COMPANY (ACOC)  
OKTYABRSKOE LICENSE, CRIMEA, UKRAINE  
Summary of Assets  
February 28, 2007**

Country	Licence	Blocks	Operator	Interest %	Status	Licence Expiry Date	Licence Area Km <sup>2</sup>	Comments
Ukraine	Oktyabrskoe	Oktyabrskoe & West Oktyabrskoe	Nostra Terra (Overseas) Limited	Pay 100 to earn 88 BPO, 60 APO	Development	November 17, 2007	154	Re-enter and re-activate 6 abandoned wells.
								5 re-entered wells to be producers.
								1 re-entered well to be for gas re-injection then production.
								Equip 1 existing well with artificial lift
								5 year extension is expected, followed by automatic conversion to 20 year production licence

**ANGLO CRIMEAN OIL COMPANY (ACOC)**  
**OKTYABRSKOE LICENSE, CRIMEA, UKRAINE**  
**Summary of Oil & Gas Reserves**  
**February 28, 2007**

Product	License Sub-Area	Wells	Gross				Company Interest				Operator
			Proved	Proved Plus Probable	Proved Plus Probable	Proved Plus Probable	Proved	Proved Plus Probable	Proved Plus Probable	Proved Plus Probable	
Oil and Liquids (Mbbl)	Oktyabrskoe	1. Oktyabrskoe #24	0	0	0	97.7	0	0	0	60.3	Nostra Terra (Overseas) Limited
	Oktyabrskoe	2. Oktyabrskoe #10	0	0	0	97.7	0	0	0	60.5	Nostra Terra (Overseas) Limited
	Oktyabrskoe	3. Oktyabrskoe #1	0	0	0	79.5	0	0	0	48.4	Nostra Terra (Overseas) Limited
	Oktyabrskoe	4. Oktyabrskoe #50	0	0	0	97.7	0	0	0	60.4	Nostra Terra (Overseas) Limited
	Oktyabrskoe	Total				372.6				229.6	
Oil and Liquids (Mbbl)	West Oktyabrskoe	5. West Oktyabrskoe #31	0	0	0	79.2	0	0	0	48.3	Nostra Terra (Overseas) Limited
	West Oktyabrskoe	6. West Oktyabrskoe #9	0	0	0	154.9	0	0	0	93.7	Nostra Terra (Overseas) Limited
	West Oktyabrskoe	7. West Oktyabrskoe #28	0	0	0	212.1	0	0	0	128.2	Nostra Terra (Overseas) Limited
	West Oktyabrskoe	Total				446.1				270.2	
	Total					818.7				499.8	
Gas (MMcf)	West Oktyabrskoe	5. West Oktyabrskoe #31	0	0	0	1,425.6	0	0	0	869.3	Nostra Terra (Overseas) Limited
	West Oktyabrskoe	6. West Oktyabrskoe #9	0	0	0	2,787.3	0	0	0	1,686.3	Nostra Terra (Overseas) Limited
	West Oktyabrskoe	7. West Oktyabrskoe #28	0	0	0	3,817.8	0	0	0	2,307.3	Nostra Terra (Overseas) Limited
	West Oktyabrskoe	Total				8,030.7				4,862.9	
	Total					8,030.7				4,862.9	



TABLE NO 3

## Summary of Reserves and Present Worth

## Anglo Crimean Oil Company

## TOTAL COMPANY

February 28, 2007

Reserves : Oil Mbbl, Sales Gas MMcf, Gas By-Products Mbbl

				PRESENT WORTH - Before Income Tax							
Entity	Case	Category	Product	RESERVES			Undisc M\$	5% M\$	10% M\$	15% M\$	20% M\$
				Gross	Company	Net AR					
Anglo Crimean Oil Company											
Oktyabrskoe											
1	Oktyabrskoe #24										
	Cenomanian S K2	PSD	Oil	97.7	60.3	42.1	2.042	1.689	1.430	1.234	1.082
2	Oktyabrskoe #10										
	Cenomanian S K2	PSD	Oil	97.7	60.5	42.2	2.024	1.664	1.400	1.200	1.046
3	Oktyabrskoe # 1										
	Neocomian A-21 Lower K1	PSD	Oil	79.5	48.4	33.8	1.730	1.482	1.291	1.141	1.020
4	Oktyabrskoe #50										
	Cenomanian S K2	PSD	Oil	97.7	60.4	42.1	2.013	1.594	1.299	1.083	921
Total for Oktyabrskoe											
		Total PV+PB+PS Oil		372.6	229.6	160.3	7.810	6.429	5,420	4,659	4,068
West Oktyabrskoe											
5	West Oktyabrskoe #31										
	Neocomian - Albian	PSD	Gas C5	1,425.6 79.2	869.3 48.3	787.6 33.7	3,977	3,333	2,847	2,471	2,173
6	West Oktyabrskoe # 9										
	Neocomian - Albian	PSD	Gas C5	2,787.3 154.9	1,686.3 93.7	1,527.8 65.4	7,988	5,905	4,532	3,580	2,893
7	West Oktyabrskoe #28										
	Neocomian - Albian	PSD	Gas C5	3,817.8 212.1	2,307.3 128.2	2,090.4 89.5	11,058	8,049	6,215	5,010	4,165
Total for West Oktyabrskoe											
		Total PV+PB+PS Gas C5		8,030.7 446.1	4,862.9 270.2	4,405.8 188.6	23,023	17,288	13,595	11,061	9,232
Total for Anglo Crimean Oil Company											
		Total PV+PB+PS Oil		372.6	229.6	160.3	30,833	23,717	19,015	15,719	13,301
		Gas		8,030.7	4,862.9	4,405.8					
		C5		446.1	270.2	188.6					

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TOTAL COMPANY  
Price Scenario : Constant

Economic Results Summary  
**Anglo Crimean Oil Company**  
**TOTAL COMPANY**  
February 28, 2007

Ukraine  
**Anglo Crimean Oil Company**  
**Total PS**

REMAINING RESERVES				INTEREST (%)		PRESENT WORTH					
		Gross	Company	Net AR	Company	Burden	Discount Rate (%)	Operating Income M\$	ARTC M\$	Capital M\$	Before Tax Cash Flow M\$
Oil	Mbbl	372.6	229.6	160.3	61 618	30 179					
Gas - Raw	MMcf	8,923.0	5,403.2		60 554						
Gas - Sales	MMcf	8,030.7	4,862.9	4,405.8	60 554	9 400					
Condensate	Mbbl	446.1	270.2	188.6	60 554	30 179	0.0	32 762	0	1,929	30,833
Bulane	Mbbl	0.0	0.0	0.0	0.000	0.000	5.0	25,501	0	1,784	23,717
Propane	Mbbl	0.0	0.0	0.0	0.000	0.000	10.0	20,708	0	1,693	19,015
Ethane	Mbbl	0.0	0.0	0.0	0.000	0.000	15.0	17,349	0	1,630	15,719
NGLs	Mbbl	446.1	270.2	188.6	60 554	30 179	20.0	14,882	0	1,581	13,301
Sulphur	Mt	0.0	0.0	0.0	0.000	0.000	25.0	13,002	0	1,541	11,462
Total BOE	Mbbl	2 157.2	1 310.2	1 083.2	60 738	17 326					

## COMPANY INTEREST REVENUE SUMMARY (M\$)

WI SALES REVENUE						ROYALTY BURDENS						Total	%	
Year	Oil	Gas	NGL's	Sulphur	Total	Crown Royalty		Freehold Royalty		ORR		Mineral Tax	Royalty & Taxes	% Royalty & Taxes
						UnAdj.	Adj.	UnAdj.	Adj.	UnAdj.	Adj.			
2007	1,629	192	191	0	2,012	0	0	0	0	76	76	0	567	28
2008	2,760	1,878	1,863	0	6,501	0	0	0	0	739	739	0	1,572	24
2009	2,216	2,631	2,610	0	7,456	0	0	0	0	1,035	1,035	0	1,704	23
2010	1,801	2,165	2,148	0	6,114	0	0	0	0	852	852	0	1,395	23
2011	1,465	1,821	1,807	0	5,093	0	0	0	0	716	716	0	1,158	23
2012	1,192	1,535	1,523	0	4,250	0	0	0	0	604	604	0	964	23
2013	971	1,296	1,286	0	3,553	0	0	0	0	510	510	0	803	23
2014	792	1,096	1,088	0	2,976	0	0	0	0	431	431	0	670	23
2015	646	929	922	0	2,497	0	0	0	0	366	366	0	561	22
2016	528	789	782	0	2,099	0	0	0	0	310	310	0	470	22
2017	393	645	640	0	1,678	0	0	0	0	254	254	0	372	22
2018	298	513	509	0	1,321	0	0	0	0	202	202	0	292	22
2019	195	442	439	0	1,076	0	0	0	0	174	174	0	233	22
2020	84	381	378	0	843	0	0	0	0	150	150	0	175	21
2021	32	329	326	0	688	0	0	0	0	129	129	0	139	20
Sub	15,004	16,644	16,510	0	48,158	0	0	0	0	6,547	6,547	0	11,075	20
Rem	0	1,154	1,145	0	2,299	0	0	0	0	454	454	0	454	20
Total	15,004	17,798	17,655	0	50,457	0	0	0	0	7,001	7,001	0	11,529	23

OPERATING INCOME						CAPITAL					B. TAX CASHFLOW		
	Revenue												
Year	After Royalty	OpCosts	Other Expense	Other Income	Operating Income	ARTC	Tangible	Intangible	Abandon. Costs	Total	UnDisc.	Cum	15 % Disc.
2007	1,445	167	0	0	1,278	0	1,375	0	0	1,375	-97	-97	-93
2008	4,929	642	0	0	4,287	0	300	0	0	300	3,987	3,890	3,309
2009	5,753	785	0	0	4,968	0	0	50	0	50	4,918	8,808	3,550
2010	4,719	666	0	0	4,053	0	0	0	0	0	4,053	12,861	2,544
2011	3,934	578	0	0	3,357	0	0	0	0	0	3,357	16,217	1,832
2012	3,286	504	0	0	2,782	0	0	0	0	0	2,782	18,999	1,320
2013	2,750	444	0	0	2,307	0	0	0	0	0	2,307	21,305	952
2014	2,306	393	0	0	1,913	0	0	0	0	0	1,913	23,218	686
2015	1,937	351	0	0	1,586	0	0	0	0	0	1,586	24,804	495
2016	1,630	316	0	0	1,314	0	0	0	0	0	1,314	26,118	356
2017	1,306	262	0	0	1,044	0	0	0	60	60	984	27,101	232
2018	1,029	211	0	0	818	0	0	0	0	0	818	27,919	168
2019	843	178	0	0	666	0	0	0	60	60	606	28,524	108
2020	668	137	0	0	531	0	0	0	0	0	531	29,056	82
2021	548	113	0	0	435	0	0	0	30	30	405	29,461	55
Sub	37,083	5,747	0	0	31,336	0	1,675	50	150	1,875	29,461	29,461	15,595
Rem	1,845	419	0	0	1,426	0	0	0	54	54	1,372		124
Total	38,928	6,166	0	0	32,762	0	1,675	50	204	1,929	30,833	30,833	15,719

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TOTAL COMPANY  
Price Scenario: Constant

Economic Results - Production  
**Anglo Crimean Oil Company**  
**TOTAL COMPANY**  
 February 28, 2007

**Ukraine**  
**Anglo Crimean Oil Company**  
**Total PS**

**PRODUCTION SUMMARY**

Year	OIL							RAW GAS		SALES GAS					
	Oil Wells	Gas Wells	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price	Gross Rate	Gross Volume	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price	
			bbl/d	Mbbl	Mbbl	Mbbl	\$/bbl								Mcf/d
2007	3	1	176.5	32.3	24.9	17.4	65.35	1,172.6	71.5	1,055.3	64.4	52.6	47.6	3.66	
2008	4	2	190.2	69.6	42.2	29.5	65.35	2,511.9	919.3	2,260.7	827.4	513.1	464.9	3.66	
2009	4	3	154.8	56.5	33.9	23.7	65.35	3,576.4	1,305.4	3,218.8	1,174.9	718.8	651.2	3.66	
2010	4	3	125.8	45.9	27.6	19.2	65.35	3,001.8	1,095.7	2,701.6	986.1	591.7	536.0	3.66	
2011	4	3	102.3	37.4	22.4	15.6	65.35	2,524.7	921.5	2,272.3	829.4	497.6	450.9	3.66	
2012	4	3	83.3	30.4	18.2	12.7	65.35	2,127.8	776.6	1,915.0	699.0	419.4	380.0	3.66	
2013	4	3	67.9	24.8	14.9	10.4	65.35	1,796.7	655.8	1,617.0	590.2	354.1	320.8	3.66	
2014	4	3	55.3	20.2	12.1	8.5	65.35	1,519.9	554.8	1,367.9	499.3	299.6	271.4	3.66	
2015	4	3	45.2	16.5	9.9	6.9	65.35	1,288.1	470.2	1,159.3	423.1	253.9	230.0	3.66	
2016	4	3	36.9	13.5	8.1	5.6	65.35	1,093.5	399.1	984.2	359.2	215.5	195.3	3.66	
2017	3	3	27.4	10.0	6.0	4.2	65.35	894.5	326.5	805.1	293.8	176.3	159.7	3.66	
2018	3	2	20.8	7.6	4.6	3.2	65.35	711.4	259.7	640.3	233.7	140.2	127.0	3.66	
2019	2	2	13.6	5.0	3.0	2.1	65.35	613.0	223.7	551.7	201.4	120.8	109.5	3.66	
2020	1	2	5.9	2.1	1.3	0.9	65.35	528.5	192.9	475.6	173.6	104.2	94.4	3.66	
2021	0	2	2.3	0.8	0.5	0.3	65.35	455.9	166.4	410.3	149.7	89.8	81.4	3.66	
Sub				372.6	229.6	160.3			8,339.1		7,505.2	4,547.6	4,120.1		
Rem									583.9		525.5	315.3	285.7		
Total				372.6	229.6	160.3			8,923.0		8,030.7	4,862.9	4,405.8		

**CONDENSATE (C5+)**

Year	C5+/Gas Ratio bbl/MMcf	Gross Volume Mbbbl	Company Volume Mbbbl	Net AR Volume Mbbbl	Avg. Price \$/bbl
2007	50.0	3.6	2.9	2.0	65.35
2008	50.0	46.0	28.5	19.9	65.35
2009	50.0	65.3	39.9	27.9	65.35
2010	50.0	54.8	32.9	23.0	65.35
2011	50.0	46.1	27.6	19.3	65.35
2012	50.0	38.8	23.3	16.3	65.35
2013	50.0	32.6	19.7	13.7	65.35
2014	50.0	27.7	16.6	11.6	65.35
2015	50.0	23.5	14.1	9.8	65.35
2016	50.0	20.0	12.0	8.4	65.35
2017	50.0	16.3	9.8	6.8	65.35
2018	50.0	13.0	7.8	5.4	65.35
2019	50.0	11.2	6.7	4.7	65.35
2020	50.0	9.6	5.8	4.0	65.35
2021	50.0	8.3	5.0	3.5	65.35
Sub		417.0	252.6	176.4	
Rem		29.2	17.5	12.2	
Total		446.1	270.2	188.6	

**BUTANES (C4)**

Year	C4/Gas Ratio bbl/MMcf	Gross Volume Mbbbl	Company Volume Mbbbl	Net AR Volume Mbbbl	Avg. Price \$/bbl
2007	0.0	0.0	0.0	0.0	0.00
2008	0.0	0.0	0.0	0.0	0.00
2009	0.0	0.0	0.0	0.0	0.00
2010	0.0	0.0	0.0	0.0	0.00
2011	0.0	0.0	0.0	0.0	0.00
2012	0.0	0.0	0.0	0.0	0.00
2013	0.0	0.0	0.0	0.0	0.00
2014	0.0	0.0	0.0	0.0	0.00
2015	0.0	0.0	0.0	0.0	0.00
2016	0.0	0.0	0.0	0.0	0.00
2017	0.0	0.0	0.0	0.0	0.00
2018	0.0	0.0	0.0	0.0	0.00
2019	0.0	0.0	0.0	0.0	0.00
2020	0.0	0.0	0.0	0.0	0.00
2021	0.0	0.0	0.0	0.0	0.00

**PROPANE (C3)**

Year	C3/Gas Ratio bbl/MMcf	Gross Volume Mbbbl	Company Volume Mbbbl	Net AR Volume Mbbbl	Avg. Price \$/bbl
2007	0.0	0.0	0.0	0.0	0.00
2008	0.0	0.0	0.0	0.0	0.00
2009	0.0	0.0	0.0	0.0	0.00
2010	0.0	0.0	0.0	0.0	0.00
2011	0.0	0.0	0.0	0.0	0.00
2012	0.0	0.0	0.0	0.0	0.00
2013	0.0	0.0	0.0	0.0	0.00
2014	0.0	0.0	0.0	0.0	0.00
2015	0.0	0.0	0.0	0.0	0.00
2016	0.0	0.0	0.0	0.0	0.00
2017	0.0	0.0	0.0	0.0	0.00
2018	0.0	0.0	0.0	0.0	0.00
2019	0.0	0.0	0.0	0.0	0.00
2020	0.0	0.0	0.0	0.0	0.00
2021	0.0	0.0	0.0	0.0	0.00

**ETHANE**

Year	C2/Gas Ratio bbl/MMcf	Gross Volume Mbbbl	Company Volume Mbbbl	Net AR Volume Mbbbl	Avg. Price \$/bbl
2007	0.0	0.0	0.0	0.0	0.00
2008	0.0	0.0	0.0	0.0	0.00
2009	0.0	0.0	0.0	0.0	0.00
2010	0.0	0.0	0.0	0.0	0.00
2011	0.0	0.0	0.0	0.0	0.00
2012	0.0	0.0	0.0	0.0	0.00
2013	0.0	0.0	0.0	0.0	0.00
2014	0.0	0.0	0.0	0.0	0.00
2015	0.0	0.0	0.0	0.0	0.00
2016	0.0	0.0	0.0	0.0	0.00
2017	0.0	0.0	0.0	0.0	0.00
2018	0.0	0.0	0.0	0.0	0.00
2019	0.0	0.0	0.0	0.0	0.00
2020	0.0	0.0	0.0	0.0	0.00
2021	0.0	0.0	0.0	0.0	0.00
Sub					
Rem					
Total					

**SULPHUR**

Year	Sulf/Gas Ratio lb/MMcf	Gross Volume MMcf	Company Volume MMcf	Net AR Volume MMcf	Avg. Price \$/lb
2007	0.0	0.0	0.0	0.0	0.00
2008	0.0	0.0	0.0	0.0	0.00
2009	0.0	0.0	0.0	0.0	0.00
2010	0.0	0.0	0.0	0.0	0.00
2011	0.0	0.0	0.0	0.0	0.00
2012	0.0	0.0	0.0	0.0	0.00
2013	0.0	0.0	0.0	0.0	0.00
2014	0.0	0.0	0.0	0.0	0.00
2015	0.0	0.0	0.0	0.0	0.00
2016	0.0	0.0	0.0	0.0	0.00
2017	0.0	0.0	0.0	0.0	0.00
2018	0.0	0.0	0.0	0.0	0.00
2019	0.0	0.0	0.0	0.0	0.00
2020	0.0	0.0	0.0	0.0	0.00
2021	0.0	0.0	0.0	0.0	0.00

**BOE's**

Year	Gross Rate boe/d	Gross Volume Mboe	Company Volume Mboe	Net AR Volume Mboe	Avg. Price \$/boe
2007	254.7	45.6	36.5	27.4	54.97
2008	692.5	253.5	156.3	126.9	41.60
2009	870.1	317.6	193.6	160.1	38.51
2010	726.2	265.1	159.0	131.5	38.45
2011	607.3	221.7	133.0	110.1	38.29
2012	508.9	185.7	111.4	92.3	38.14
2013	427.2	155.9	93.6	77.6	37.98
2014	359.3	131.2	78.7	65.3	37.82
2015	302.8	110.5	66.3	55.1	37.66
2016	255.6	93.3	56.0	46.5	37.50
2017	205.3	75.3	45.2	37.7	37.14
2018	163.1	59.5	35.7	29.8	36.97
2019	136.2	49.7	29.8	25.0	36.06
2020	111.6	40.7	24.4	20.7	34.52
2021	93.4	34.1	20.5	17.4	33.60
Sub		2,040.4	1,240.2	1,023.4	
Rem		116.8	70.1	59.8	
Total		2,157.2	1,310.2	1,083.2	

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TOTAL COMPANY  
 Price Scenario : Constant

Economic Results Summary  
**Anglo Crimean Oil Company**  
**OKTYABRSKOE**  
 February 28.2007

Crimea  
 Oktyabrskoe  
 Total PS

Property Classification : Core  
 Province : Crimea  
 Area : Oktyabrskoe

REMAINING RESERVES				INTEREST (%)			PRESENT WORTH				
		Gross	Company	Net AR	Company	Burden	Discount Rate (%)	Operating Income M\$	ARTC M\$	Capital M\$	Before Tax Cash Flow M\$
Oil	Mbbl	372.6	229.6	160.3	61 618	30 179					
Gas - Raw	MMcf	0.0	0.0		0.000						
Gas - Sales	MMcf	0.0	0.0	0.0	0.000	0.000					
Condensate	Mbbl	0.0	0.0	0.0	0.000	0.000	0.0	8,805	0	995	7,810
Butane	Mbbl	0.0	0.0	0.0	0.000	0.000	5.0	7,356	0	927	6,429
Propane	Mbbl	0.0	0.0	0.0	0.000	0.000	10.0	6,305	0	885	5,420
Ethane	Mbbl	0.0	0.0	0.0	0.000	0.000	15.0	5,516	0	857	4,659
NGLs	Mbbl	0.0	0.0	0.0	0.000	0.000	20.0	4,905	0	836	4,068
Sulphur	Mt	0.0	0.0	0.0	0.000	0.000	25.0	4,421	0	820	3,600
Total BOE	Mbbl	372.6	229.6	160.3	61 618	30 179					

## COMPANY INTEREST REVENUE SUMMARY (M\$)

WT SALES REVENUE						ROYALTY BURDENS						Total	%	
Year	Oil	Gas	NGL's	Sulphur	Total	Crown Royalty		Freehold Royalty		ORR		Mineral Tax	Royalty & Taxes	% Royalty & Taxes
						UnAdj.	Adj.	UnAdj.	Adj.	UnAdj.	Adj.			
2007	1,629	0	0	0	1,629	0	0	0	0	0	0	0	492	30
2008	2,760	0	0	0	2,760	0	0	0	0	0	0	0	833	30
2009	2,216	0	0	0	2,216	0	0	0	0	0	0	0	669	30
2010	1,801	0	0	0	1,801	0	0	0	0	0	0	0	543	30
2011	1,465	0	0	0	1,465	0	0	0	0	0	0	0	442	30
2012	1,192	0	0	0	1,192	0	0	0	0	0	0	0	360	30
2013	971	0	0	0	971	0	0	0	0	0	0	0	293	30
2014	792	0	0	0	792	0	0	0	0	0	0	0	239	30
2015	646	0	0	0	646	0	0	0	0	0	0	0	195	30
2016	528	0	0	0	528	0	0	0	0	0	0	0	159	30
2017	393	0	0	0	393	0	0	0	0	0	0	0	119	30
2018	298	0	0	0	298	0	0	0	0	0	0	0	90	30
2019	195	0	0	0	195	0	0	0	0	0	0	0	59	30
2020	84	0	0	0	84	0	0	0	0	0	0	0	25	30
2021	32	0	0	0	32	0	0	0	0	0	0	0	10	30
Total	15,004	0	0	0	15,004	0	0	0	0	0	0	0	4,528	30

OPERATING INCOME						CAPITAL				B. TAX CASHFLOW			
Year	Revenue After Royalty	OpCosts	Other Expense	Other Income	Operating Income	ARTC	Tangible	Intangible	Abandon. Costs	Total	UnDisc.	Cum	15 % Disc.
2007	1,138	124	0	0	1,014	0	875	0	0	875	139	139	132
2008	1,927	221	0	0	1,707	0	0	0	0	0	1,707	1,845	1,417
2009	1,547	191	0	0	1,356	0	0	0	0	0	1,356	3,202	979
2010	1,257	168	0	0	1,089	0	0	0	0	0	1,089	4,291	683
2011	1,023	150	0	0	872	0	0	0	0	0	872	5,163	476
2012	832	136	0	0	697	0	0	0	0	0	697	5,859	331
2013	678	124	0	0	554	0	0	0	0	0	554	6,414	229
2014	553	114	0	0	439	0	0	0	0	0	439	6,852	157
2015	451	107	0	0	345	0	0	0	0	0	345	7,197	108
2016	369	100	0	0	268	0	0	0	0	0	268	7,465	73
2017	274	83	0	0	192	0	0	0	30	30	162	7,627	38
2018	208	70	0	0	138	0	0	0	0	0	138	7,765	28
2019	136	51	0	0	85	0	0	0	60	60	25	7,791	5
2020	59	22	0	0	36	0	0	0	0	0	36	7,827	6
2021	23	10	0	0	13	0	0	0	30	30	-17	7,810	-2
Total	10,476	1,671	0	0	8,805	0	875	0	120	995	7,810	7,810	4,659

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OKTYABRSKOE  
 Price Scenario : Constant

TRIMBLE ENGINEERING ASSOCIATES LTD.

Economic Results - Production  
Anglo Crimean Oil Company  
OKTYABRSKOE  
February 28, 2007Crimea  
Oktyabrskoe  
Total PS

## PRODUCTION SUMMARY

Year	Oil Wells	Gas Wells	OIL					RAW GAS			SALES GAS				
			Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price	Gross Rate	Gross Volume		Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price
			bbl/d	Mbbl	Mbbl	Mbbl	\$/bbl	Mcf/d	MMcf		Mcf/d	MMcf	MMcf	MMcf	\$/Mcf
2007	3		176.5	32.3	24.9	17.4	65.35	0.0	0.0		0.0	0.0	0.0	0.0	0.00
2008	4		190.2	69.6	42.2	29.5	65.35	0.0	0.0		0.0	0.0	0.0	0.0	0.00
2009	4		154.8	56.5	33.9	23.7	65.35	0.0	0.0		0.0	0.0	0.0	0.0	0.00
2010	4		125.8	45.9	27.6	19.2	65.35	0.0	0.0		0.0	0.0	0.0	0.0	0.00
2011	4		102.3	37.4	22.4	15.6	65.35	0.0	0.0		0.0	0.0	0.0	0.0	0.00
2012	4		83.3	30.4	18.2	12.7	65.35	0.0	0.0		0.0	0.0	0.0	0.0	0.00
2013	4		67.9	24.8	14.9	10.4	65.35	0.0	0.0		0.0	0.0	0.0	0.0	0.00
2014	4		55.3	20.2	12.1	8.5	65.35	0.0	0.0		0.0	0.0	0.0	0.0	0.00
2015	4		45.2	16.5	9.9	6.9	65.35	0.0	0.0		0.0	0.0	0.0	0.0	0.00
2016	4		36.9	13.5	8.1	5.6	65.35	0.0	0.0		0.0	0.0	0.0	0.0	0.00
2017	3		27.4	10.0	6.0	4.2	65.35	0.0	0.0		0.0	0.0	0.0	0.0	0.00
2018	3		20.8	7.6	4.6	3.2	65.35	0.0	0.0		0.0	0.0	0.0	0.0	0.00
2019	2		13.6	5.0	3.0	2.1	65.35	0.0	0.0		0.0	0.0	0.0	0.0	0.00
2020	1		5.9	2.1	1.3	0.9	65.35	0.0	0.0		0.0	0.0	0.0	0.0	0.00
2021	0		2.3	0.8	0.5	0.3	65.35	0.0	0.0		0.0	0.0	0.0	0.0	0.00
Total				372.6	229.6	160.3									

Year	CONDENSATE (C5+)					BUTANES (C4)					PROPANE (C3)				
	C5+/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price	C4/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price	C3/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price
	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl
2007	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2008	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2009	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2010	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2011	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2012	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2013	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2014	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2015	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2016	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2017	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2018	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2019	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2020	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2021	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
Total															

Year	ETHANE					SULPHUR					BOE's				
	C2/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price	S2/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price
	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl	lb/MMcf	Mil	Mil	Mil	\$/lb	boe/d	Mboe	Mboe	Mboe	\$/boe
2007	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	176.5	32.3	24.9	17.4	65.35
2008	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	190.2	69.6	42.2	29.5	65.35
2009	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	154.8	56.5	33.9	23.7	65.35
2010	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	125.8	45.9	27.6	19.2	65.35
2011	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	102.3	37.4	22.4	15.6	65.35
2012	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	83.3	30.4	18.2	12.7	65.35
2013	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	67.9	24.8	14.9	10.4	65.35
2014	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	55.3	20.2	12.1	8.5	65.35
2015	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	45.2	16.5	9.9	6.9	65.35
2016	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	36.9	13.5	8.1	5.6	65.35
2017	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	27.4	10.0	6.0	4.2	65.35
2018	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	20.8	7.6	4.6	3.2	65.35
2019	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	13.6	5.0	3.0	2.1	65.35
2020	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	5.9	2.1	1.3	0.9	65.35
2021	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	2.3	0.8	0.5	0.3	65.35
Total												372.6	229.6	160.3	

Disc Date: Mar 1 2007  
Archive: <Current Run>  
2007/04/03 3:41 PMOKTYABRSKOE  
Price Scenario: Constant

## Economic Results Summary

TABLE NO 4-2-2

Page 1

## Anglo Crimean Oil Company

OKTYABRSKOE

February 28, 2007

Oktyabrskoe

1. Oktyabrskoe #24

PSD

Property Classification : Core  
 Province : Crimea  
 Area : Oktyabrskoe  
 Property : Oktyabrskoe

REMAINING RESERVES				INTEREST (%)		PRESENT WORTH					
		Gross	Company	Net AR	Company	Burden	Discount Rate (%)	Operating Income M\$	ARTC M\$	Capital M\$	Before Tax Cash Flow M\$
Oil	Mbbl	97.7	60.3	42.1	61.760	30.179					
Gas - Raw	MMcf	0.0	0.0		0.000						
Gas - Sales	MMcf	0.0	0.0	0.0	0.000	0.000					
Condensate	Mbbl	0.0	0.0	0.0	0.000	0.000	0.0	2,322	0	260	2,042
Butane	Mbbl	0.0	0.0	0.0	0.000	0.000	5.0	1,952	0	262	1,689
Propane	Mbbl	0.0	0.0	0.0	0.000	0.000	10.0	1,682	0	251	1,430
Ethane	Mbbl	0.0	0.0	0.0	0.000	0.000	15.0	1,478	0	244	1,234
NGLs	Mbbl	0.0	0.0	0.0	0.000	0.000	20.0	1,320	0	238	1,082
Sulphur	Mt	0.0	0.0	0.0	0.000	0.000	25.0	1,195	0	234	961
Total SOE	Mbbl	97.7	60.3	42.1	61.760	30.179					

## COMPANY INTEREST REVENUE SUMMARY (M\$)

WI SALES REVENUE						ROYALTY BURDENS						Total	%	
Year	Oil	Gas	NGL's	Sulphur	Total	Crown Royalty		Freehold Royalty		ORR		Mineral Tax	Royalty & Taxes	Royalty & Taxes
						UnAdj.	Adj.	UnAdj.	Adj.	UnAdj.	Adj.			
2007	521	0	0	0	521	0	0	0	0	0	0	0	157	30
2008	701	0	0	0	701	0	0	0	0	0	0	0	211	30
2009	571	0	0	0	571	0	0	0	0	0	0	0	172	30
2010	465	0	0	0	465	0	0	0	0	0	0	0	140	30
2011	378	0	0	0	378	0	0	0	0	0	0	0	114	30
2012	308	0	0	0	308	0	0	0	0	0	0	0	93	30
2013	251	0	0	0	251	0	0	0	0	0	0	0	76	30
2014	204	0	0	0	204	0	0	0	0	0	0	0	62	30
2015	166	0	0	0	166	0	0	0	0	0	0	0	50	30
2016	135	0	0	0	135	0	0	0	0	0	0	0	41	30
2017	110	0	0	0	110	0	0	0	0	0	0	0	33	30
2018	90	0	0	0	90	0	0	0	0	0	0	0	27	30
2019	45	0	0	0	45	0	0	0	0	0	0	0	13	30
Total	3,943	0	0	0	3,943	0	0	0	0	0	0	0	1,190	30

OPERATING INCOME						CAPITAL				B. TAX CASHFLOW			
Year	Revenue After Royalty	OpCosts	Other Expense	Other Income	Operating Income	ARTC	Tangible	Intangible	Abandon Costs	Total	UnDisc.	Cum	15 % Disc.
2007	364	39	0	0	324	0	250	0	0	250	74	74	71
2008	489	56	0	0	434	0	0	0	0	0	434	508	360
2009	398	49	0	0	350	0	0	0	0	0	350	858	252
2010	324	43	0	0	281	0	0	0	0	0	281	1,139	177
2011	264	38	0	0	226	0	0	0	0	0	226	1,365	123
2012	215	34	0	0	180	0	0	0	0	0	180	1,546	86
2013	175	31	0	0	144	0	0	0	0	0	144	1,689	59
2014	142	29	0	0	114	0	0	0	0	0	114	1,803	41
2015	116	27	0	0	89	0	0	0	0	0	89	1,892	28
2016	94	25	0	0	69	0	0	0	0	0	69	1,961	19
2017	77	24	0	0	53	0	0	0	0	0	53	2,014	13
2018	63	23	0	0	40	0	0	0	0	0	40	2,054	8
2019	31	13	0	0	18	0	0	0	30	30	-12	2,042	-2
Total	2,753	431	0	0	2,322	0	250	0	30	280	2,042	2,042	1,234

Disc Date: Mar 1, 2007  
 Archive : <Current Run>  
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OKTYABRSKOE  
 Price Scenario : Constant

TRIMBLE ENGINEERING ASSOCIATES LTD.

Economic Results - Production  
**Anglo Crimean Oil Company**  
**OKTYABRSKOE**  
February 28, 2007

TABLE NO 4-2-2  
Page 2

**Oktyabrskoe**  
**1. Oktyabrskoe #24**  
**PSD**

**PRODUCTION SUMMARY**

Year	Oil Wells	OIL					RAW GAS		SALES GAS				
		Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price	Gross Rate	Gross Volume	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price
		bbl/d	Mbbl	Mbbl	Mbbl	\$/bbl	Mcf/d	MMcf	Mcf/d	MMcf	MMcf	MMcf	\$/Mcf
2007	1	56.9	10.4	8.0	5.6	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2008	1	48.8	17.9	10.7	7.5	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2009	1	39.9	14.6	8.7	6.1	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2010	1	32.5	11.8	7.1	5.0	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2011	1	26.4	9.6	5.8	4.0	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2012	1	21.5	7.9	4.7	3.3	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2013	1	17.5	6.4	3.8	2.7	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2014	1	14.3	5.2	3.1	2.2	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2015	1	11.6	4.2	2.5	1.8	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2016	1	9.5	3.5	2.1	1.4	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2017	1	7.7	2.8	1.7	1.2	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2018	1	6.3	2.3	1.4	1.0	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2019	1	3.1	1.1	0.7	0.5	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Total			97.7	60.3	42.1								

**CONDENSATE (C5+)**

Year	C5+/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price
	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl
2007	0.0	0.0	0.0	0.0	0.00
2008	0.0	0.0	0.0	0.0	0.00
2009	0.0	0.0	0.0	0.0	0.00
2010	0.0	0.0	0.0	0.0	0.00
2011	0.0	0.0	0.0	0.0	0.00
2012	0.0	0.0	0.0	0.0	0.00
2013	0.0	0.0	0.0	0.0	0.00
2014	0.0	0.0	0.0	0.0	0.00
2015	0.0	0.0	0.0	0.0	0.00
2016	0.0	0.0	0.0	0.0	0.00
2017	0.0	0.0	0.0	0.0	0.00
2018	0.0	0.0	0.0	0.0	0.00
2019	0.0	0.0	0.0	0.0	0.00
Total					

**BUTANES (C4)**

Year	C4/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price
	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl
2007	0.0	0.0	0.0	0.0	0.00
2008	0.0	0.0	0.0	0.0	0.00
2009	0.0	0.0	0.0	0.0	0.00
2010	0.0	0.0	0.0	0.0	0.00
2011	0.0	0.0	0.0	0.0	0.00
2012	0.0	0.0	0.0	0.0	0.00
2013	0.0	0.0	0.0	0.0	0.00
2014	0.0	0.0	0.0	0.0	0.00
2015	0.0	0.0	0.0	0.0	0.00
2016	0.0	0.0	0.0	0.0	0.00
2017	0.0	0.0	0.0	0.0	0.00
2018	0.0	0.0	0.0	0.0	0.00
2019	0.0	0.0	0.0	0.0	0.00
Total					

**PROPANE (C3)**

Year	C3/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price
	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl
2007	0.0	0.0	0.0	0.0	0.00
2008	0.0	0.0	0.0	0.0	0.00
2009	0.0	0.0	0.0	0.0	0.00
2010	0.0	0.0	0.0	0.0	0.00
2011	0.0	0.0	0.0	0.0	0.00
2012	0.0	0.0	0.0	0.0	0.00
2013	0.0	0.0	0.0	0.0	0.00
2014	0.0	0.0	0.0	0.0	0.00
2015	0.0	0.0	0.0	0.0	0.00
2016	0.0	0.0	0.0	0.0	0.00
2017	0.0	0.0	0.0	0.0	0.00
2018	0.0	0.0	0.0	0.0	0.00
2019	0.0	0.0	0.0	0.0	0.00
Total					

**ETHANE**

Year	C2/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price
	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl
2007	0.0	0.0	0.0	0.0	0.00
2008	0.0	0.0	0.0	0.0	0.00
2009	0.0	0.0	0.0	0.0	0.00
2010	0.0	0.0	0.0	0.0	0.00
2011	0.0	0.0	0.0	0.0	0.00
2012	0.0	0.0	0.0	0.0	0.00
2013	0.0	0.0	0.0	0.0	0.00
2014	0.0	0.0	0.0	0.0	0.00
2015	0.0	0.0	0.0	0.0	0.00
2016	0.0	0.0	0.0	0.0	0.00
2017	0.0	0.0	0.0	0.0	0.00
2018	0.0	0.0	0.0	0.0	0.00
2019	0.0	0.0	0.0	0.0	0.00
Total					

**SULPHUR**

Year	Sulf/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price
	lb/MMcf	Mil	Mil	Mil	\$/lb
2007	0.0	0.0	0.0	0.0	0.00
2008	0.0	0.0	0.0	0.0	0.00
2009	0.0	0.0	0.0	0.0	0.00
2010	0.0	0.0	0.0	0.0	0.00
2011	0.0	0.0	0.0	0.0	0.00
2012	0.0	0.0	0.0	0.0	0.00
2013	0.0	0.0	0.0	0.0	0.00
2014	0.0	0.0	0.0	0.0	0.00
2015	0.0	0.0	0.0	0.0	0.00
2016	0.0	0.0	0.0	0.0	0.00
2017	0.0	0.0	0.0	0.0	0.00
2018	0.0	0.0	0.0	0.0	0.00
2019	0.0	0.0	0.0	0.0	0.00
Total					

**BOE's**

Year	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price
	boe/d	Mboe	Mboe	Mboe	\$/boe
2007	56.9	10.4	8.0	5.6	65.35
2008	48.8	17.9	10.7	7.5	65.35
2009	39.9	14.6	8.7	6.1	65.35
2010	32.5	11.8	7.1	5.0	65.35
2011	26.4	9.6	5.8	4.0	65.35
2012	21.5	7.9	4.7	3.3	65.35
2013	17.5	6.4	3.8	2.7	65.35
2014	14.3	5.2	3.1	2.2	65.35
2015	11.6	4.2	2.5	1.8	65.35
2016	9.5	3.5	2.1	1.4	65.35
2017	7.7	2.8	1.7	1.2	65.35
2018	6.3	2.3	1.4	1.0	65.35
2019	3.1	1.1	0.7	0.5	65.35
Total		97.7	60.3	42.1	

Disc. Date: Mar 1 2007  
Archive: <Current Run>  
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OKTYABRSKOE  
Price Scenario: Constant

## Economic Results Summary

TABLE NO. 4-2-3

Page 1

## Anglo Crimean Oil Company

OKTYABRSKOE

February 28, 2007

Oktyabrskoe

2. Oktyabrskoe #10

PSD

Property Classification : Core  
 Province : Crimea  
 Area : Oktyabrskoe  
 Property : Oktyabrskoe

## REMAINING RESERVES

## INTEREST (%)

## PRESENT WORTH

		REMAINING RESERVES			INTEREST (%)		PRESENT WORTH				
		Gross	Company	Net AR	Company	Burden	Discount Rate (%)	Operating Income M\$	ARTC M\$	Capital M\$	Before Tax Cash Flow M\$
Oil	Mbbbl	97.7	60.5	42.2	61,936	30,179					
Gas - Raw	MMcf	0.0	0.0		0.000						
Gas - Sales	MMcf	0.0	0.0	0.0	0.000	0.000					
Condensate	Mbbbl	0.0	0.0	0.0	0.000	0.000	0.0	2,329	0	305	2,024
Butane	Mbbbl	0.0	0.0	0.0	0.000	0.000	5.0	1,951	0	287	1,664
Propane	Mbbbl	0.0	0.0	0.0	0.000	0.000	10.0	1,675	0	276	1,400
Ethane	Mbbbl	0.0	0.0	0.0	0.000	0.000	15.0	1,468	0	268	1,200
NGLs	Mbbbl	0.0	0.0	0.0	0.000	0.000	20.0	1,308	0	262	1,046
Sulphur	Mil	0.0	0.0	0.0	0.000	0.000	25.0	1,180	0	257	923
Total BOE	Mbbbl	97.7	60.5	42.2	61,936	30,179					

## COMPANY INTEREST REVENUE SUMMARY (M\$)

WI SALES REVENUE						ROYALTY BURDENS						Total	%	
Year	Oil	Gas	NGL's	Sulphur	Total	Crown Royalty		Freehold Royalty		ORR		Mineral Tax	Royalty & Taxes	% Royalty & Taxes
						UnAdj.	Adj.	UnAdj.	Adj.	UnAdj.	Adj.			
2007	467	0	0	0	467	0	0	0	0	0	0	0	141	30
2008	713	0	0	0	713	0	0	0	0	0	0	0	215	30
2009	580	0	0	0	580	0	0	0	0	0	0	0	175	30
2010	473	0	0	0	473	0	0	0	0	0	0	0	143	30
2011	385	0	0	0	385	0	0	0	0	0	0	0	116	30
2012	313	0	0	0	313	0	0	0	0	0	0	0	95	30
2013	255	0	0	0	255	0	0	0	0	0	0	0	77	30
2014	208	0	0	0	208	0	0	0	0	0	0	0	63	30
2015	169	0	0	0	169	0	0	0	0	0	0	0	51	30
2016	138	0	0	0	138	0	0	0	0	0	0	0	42	30
2017	112	0	0	0	112	0	0	0	0	0	0	0	34	30
2018	91	0	0	0	91	0	0	0	0	0	0	0	28	30
2019	51	0	0	0	51	0	0	0	0	0	0	0	15	30
Total	3,954	0	0	0	3,954	0	0	0	0	0	0	0	1,193	30

## OPERATING INCOME

## CAPITAL

## B. TAX CASHFLOW

Year	OPERATING INCOME					CAPITAL				B. TAX CASHFLOW			
	Revenue After Royalty	OpCosts	Other Expense	Other Income	Operating Income	ARTC	Tangible	Intangible	Abandon. Costs	Total	UnDisc.	Cum	15 % Disc.
2007	326	35	0	0	291	0	275	0	0	275	16	16	15
2008	498	56	0	0	442	0	0	0	0	0	442	457	367
2009	405	49	0	0	356	0	0	0	0	0	356	813	257
2010	330	43	0	0	287	0	0	0	0	0	287	1,100	180
2011	269	39	0	0	230	0	0	0	0	0	230	1,330	126
2012	219	35	0	0	184	0	0	0	0	0	184	1,514	87
2013	178	32	0	0	146	0	0	0	0	0	146	1,660	60
2014	145	29	0	0	116	0	0	0	0	0	116	1,776	42
2015	118	27	0	0	91	0	0	0	0	0	91	1,867	28
2016	96	25	0	0	71	0	0	0	0	0	71	1,938	19
2017	78	24	0	0	54	0	0	0	0	0	54	1,992	13
2018	64	23	0	0	41	0	0	0	0	0	41	2,033	8
2019	36	15	0	0	21	0	0	0	30	30	-9	2,024	-2
Total	2,761	432	0	0	2,329	0	275	0	30	305	2,024	2,024	1,200

Disc Date: Mar 1, 2007  
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OKTYABRSKOE  
 Price Scenario: Constant

TRIMBLE ENGINEERING ASSOCIATES LTD.



Economic Results - Production  
**Anglo Crimean Oil Company**  
**OKTYABRSKOE**  
February 28, 2007

TABLE NO. 4-2-3  
Page 2

Oktvabrskoe  
2. Oktyabrskoe #10  
PSD

PRODUCTION SUMMARY

Year	OIL							RAW GAS		SALES GAS				
	Oil Wells	Gas Wells	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price	Gross Rate	Gross Volume	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price
			bbl/d	Mbbl	Mbbl	Mbbl	\$/bbl			Mcf/d	MMcf	Mcf/d	MMcf	MMcf
2007	1		57.4	8.8	7.1	5.0	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2008	1		49.7	18.2	10.9	7.6	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2009	1		40.6	14.8	8.9	6.2	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2010	1		33.0	12.1	7.2	5.0	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2011	1		26.9	9.8	5.9	4.1	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2012	1		21.9	8.0	4.8	3.3	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2013	1		17.8	6.5	3.9	2.7	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2014	1		14.5	5.3	3.2	2.2	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2015	1		11.8	4.3	2.6	1.8	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2016	1		9.6	3.5	2.1	1.5	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2017	1		7.8	2.9	1.7	1.2	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2018	1		6.4	2.3	1.4	1.0	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2019	1		3.6	1.3	0.8	0.5	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Total				97.7	60.5	42.2								

CONDENSATE (C5+)						BUTANES (C4)					PROPANE (C3)				
Year	C5+Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price	C4Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price	C3Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price
	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl
2007	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2008	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2009	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2010	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2011	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2012	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2013	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2014	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2015	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2016	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2017	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2018	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2019	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
Total															

ETHANE						SULPHUR					BOE's				
Year	C2Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price	Su/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price
	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl	lb/MMcf	Mil	Mil	Mil	\$/lb	boe/d	Mboe	Mboe	Mboe	\$/boe
2007	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	57.4	8.8	7.1	5.0	65.35
2008	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	49.7	18.2	10.9	7.6	65.35
2009	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	40.6	14.8	8.9	6.2	65.35
2010	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	33.0	12.1	7.2	5.0	65.35
2011	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	26.9	9.8	5.9	4.1	65.35
2012	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	21.9	8.0	4.8	3.3	65.35
2013	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	17.8	6.5	3.9	2.7	65.35
2014	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	14.5	5.3	3.2	2.2	65.35
2015	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	11.8	4.3	2.6	1.8	65.35
2016	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	9.6	3.5	2.1	1.5	65.35
2017	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	7.8	2.9	1.7	1.2	65.35
2018	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	6.4	2.3	1.4	1.0	65.35
2019	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	3.6	1.3	0.8	0.5	65.35
Total												97.7	60.5	42.2	

Disc Date: Mar 1 2007  
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OKTYABRSKOE  
Price Scenario : Constant

## Economic Results Summary

TABLE NO 4-2-4

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## Anglo Crimean Oil Company

OKTYABRSKOE

February 28, 2007

Oktyabrskoe

3. Oktyabrskoe # 1

PSD

Property Classification : Cora  
 Province : Crimea  
 Area : Oktyabrskoe  
 Property : Oktyabrskoe

REMAINING RESERVES				INTEREST (%)		PRESENT WORTH					
		Gross	Company	Net AR	Company	Burden	Discount Rate (%)	Operating Income M\$	ARTC M\$	Capital M\$	Before Tax Cash Flow M\$
Oil	Mbbl	79.5	48.4	33.8	60.865	30.179					
Gas - Raw	MMcf	0.0	0.0		0.000						
Gas - Sales	MMcf	0.0	0.0	0.0	0.000	0.000					
Condensate	Mbbl	0.0	0.0	0.0	0.000	0.000	0.0	1.860	0	130	1,730
Bulane	Mbbl	0.0	0.0	0.0	0.000	0.000	5.0	1.598	0	117	1,482
Propane	Mbbl	0.0	0.0	0.0	0.000	0.000	10.0	1.399	0	108	1,291
Ethane	Mbbl	0.0	0.0	0.0	0.000	0.000	15.0	1.243	0	103	1,141
NGLs	Mbbl	0.0	0.0	0.0	0.000	0.000	20.0	1.119	0	99	1,020
Sulphur	Mt	0.0	0.0	0.0	0.000	0.000	25.0	1.018	0	96	922
Total BOE	Mbbl	79.5	48.4	33.8	60.865	30.179					

## COMPANY INTEREST REVENUE SUMMARY (M\$)

WI SALES REVENUE						ROYALTY BURDENS						Mineral Tax	Total Royalty & Taxes	% Royalty & Taxes
Year	Oil	Gas	NGL's	Sulphur	Total	Crown Royalty		Freehold Royalty		ORR				
						UnAdj.	Adj.	UnAdj.	Adj.	UnAdj.	Adj.			
2007	385	0	0	0	385	0	0	0	0	0	0	0	116	30
2008	683	0	0	0	683	0	0	0	0	0	0	0	206	30
2009	531	0	0	0	531	0	0	0	0	0	0	0	160	30
2010	412	0	0	0	412	0	0	0	0	0	0	0	124	30
2011	320	0	0	0	320	0	0	0	0	0	0	0	97	30
2012	249	0	0	0	249	0	0	0	0	0	0	0	75	30
2013	193	0	0	0	193	0	0	0	0	0	0	0	58	30
2014	150	0	0	0	150	0	0	0	0	0	0	0	45	30
2015	117	0	0	0	117	0	0	0	0	0	0	0	35	30
2016	91	0	0	0	91	0	0	0	0	0	0	0	27	30
2017	32	0	0	0	32	0	0	0	0	0	0	0	10	30
Total	3,162	0	0	0	3,162	0	0	0	0	0	0	0	954	30

OPERATING INCOME						CAPITAL					B. TAX CASHFLOW		
	Revenue		Other	Other	Operating				Abandon.				
Year	Royalty	OpCosts	Expense	Income	Income	ARTC	Tangible	Intangible	Costs	Total	UnDisc.	Cum	15 % Disc.
2007	269	29	0	0	240	0	100	0	0	100	140	140	133
2008	477	55	0	0	423	0	0	0	0	0	423	562	351
2009	371	46	0	0	324	0	0	0	0	0	324	886	234
2010	288	40	0	0	248	0	0	0	0	0	248	1,134	155
2011	224	35	0	0	188	0	0	0	0	0	188	1,323	103
2012	174	31	0	0	142	0	0	0	0	0	142	1,465	68
2013	135	28	0	0	107	0	0	0	0	0	107	1,571	44
2014	105	26	0	0	79	0	0	0	0	0	79	1,650	28
2015	81	24	0	0	57	0	0	0	0	0	57	1,707	18
2016	63	23	0	0	40	0	0	0	0	0	40	1,748	11
2017	22	9	0	0	13	0	0	0	30	30	-17	1,730	-4
Total	2,208	347	0	0	1,860	0	100	0	30	130	1,730	1,730	1,141

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OKTYABRSKOE  
 Price Scenario : Constant

TRIMBLE ENGINEERING ASSOCIATES LTD.

Economic Results - Production  
**Anglo Crimean Oil Company**  
**OKTYABRSKOE**  
February 28, 2007

TABLE NO. 4-2-4  
Page 2

**Oktvabrskoe**  
**3. Oktvabrskoe # 1**  
**PSD**

**PRODUCTION SUMMARY**

Year	Oil Wells	Gas Wells	OIL					RAW GAS		SALES GAS				
			Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price	Gross Rate	Gross Volume	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price
			bbl/d	Mbbl	Mbbl	Mbbl	\$/bbl	Mcf/d	MMcf	Mcf/d	MMcf	MMcf	MMcf	\$/Mcf
2007	1		56.8	8.7	5.9	4.1	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2008	1		47.6	17.4	10.5	7.3	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2009	1		37.1	13.5	8.1	5.7	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2010	1		28.8	10.5	6.3	4.4	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2011	1		22.4	8.2	4.9	3.4	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2012	1		17.4	6.3	3.8	2.7	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2013	1		13.5	4.9	3.0	2.1	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2014	1		10.5	3.8	2.3	1.6	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2015	1		8.1	3.0	1.8	1.2	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2016	1		6.3	2.3	1.4	1.0	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2017	0		2.2	0.8	0.5	0.3	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Total				79.5	48.4	33.8								

**CONDENSATE (C5+)**

Year	C5+/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price
	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl
2007	0.0	0.0	0.0	0.0	0.00
2008	0.0	0.0	0.0	0.0	0.00
2009	0.0	0.0	0.0	0.0	0.00
2010	0.0	0.0	0.0	0.0	0.00
2011	0.0	0.0	0.0	0.0	0.00
2012	0.0	0.0	0.0	0.0	0.00
2013	0.0	0.0	0.0	0.0	0.00
2014	0.0	0.0	0.0	0.0	0.00
2015	0.0	0.0	0.0	0.0	0.00
2016	0.0	0.0	0.0	0.0	0.00
2017	0.0	0.0	0.0	0.0	0.00
Total					

**BUTANES (C4)**

Year	C4/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price
	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl
2007	0.0	0.0	0.0	0.0	0.00
2008	0.0	0.0	0.0	0.0	0.00
2009	0.0	0.0	0.0	0.0	0.00
2010	0.0	0.0	0.0	0.0	0.00
2011	0.0	0.0	0.0	0.0	0.00
2012	0.0	0.0	0.0	0.0	0.00
2013	0.0	0.0	0.0	0.0	0.00
2014	0.0	0.0	0.0	0.0	0.00
2015	0.0	0.0	0.0	0.0	0.00
2016	0.0	0.0	0.0	0.0	0.00
2017	0.0	0.0	0.0	0.0	0.00
Total					

**PROPANE (C3)**

Year	C3/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price
	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl
2007	0.0	0.0	0.0	0.0	0.00
2008	0.0	0.0	0.0	0.0	0.00
2009	0.0	0.0	0.0	0.0	0.00
2010	0.0	0.0	0.0	0.0	0.00
2011	0.0	0.0	0.0	0.0	0.00
2012	0.0	0.0	0.0	0.0	0.00
2013	0.0	0.0	0.0	0.0	0.00
2014	0.0	0.0	0.0	0.0	0.00
2015	0.0	0.0	0.0	0.0	0.00
2016	0.0	0.0	0.0	0.0	0.00
2017	0.0	0.0	0.0	0.0	0.00
Total					

**ETHANE**

Year	C2/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price
	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl
2007	0.0	0.0	0.0	0.0	0.00
2008	0.0	0.0	0.0	0.0	0.00
2009	0.0	0.0	0.0	0.0	0.00
2010	0.0	0.0	0.0	0.0	0.00
2011	0.0	0.0	0.0	0.0	0.00
2012	0.0	0.0	0.0	0.0	0.00
2013	0.0	0.0	0.0	0.0	0.00
2014	0.0	0.0	0.0	0.0	0.00
2015	0.0	0.0	0.0	0.0	0.00
2016	0.0	0.0	0.0	0.0	0.00
2017	0.0	0.0	0.0	0.0	0.00
Total					

**SULPHUR**

Year	Sulf/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price
	lb/MMcf	Mil	Mil	Mil	\$/lb
2007	0.0	0.0	0.0	0.0	0.00
2008	0.0	0.0	0.0	0.0	0.00
2009	0.0	0.0	0.0	0.0	0.00
2010	0.0	0.0	0.0	0.0	0.00
2011	0.0	0.0	0.0	0.0	0.00
2012	0.0	0.0	0.0	0.0	0.00
2013	0.0	0.0	0.0	0.0	0.00
2014	0.0	0.0	0.0	0.0	0.00
2015	0.0	0.0	0.0	0.0	0.00
2016	0.0	0.0	0.0	0.0	0.00
2017	0.0	0.0	0.0	0.0	0.00
Total					

**BOE's**

Year	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price
	boe/d	Mboe	Mboe	Mboe	\$/boe
2007	56.8	8.7	5.9	4.1	65.35
2008	47.6	17.4	10.5	7.3	65.35
2009	37.1	13.5	8.1	5.7	65.35
2010	28.8	10.5	6.3	4.4	65.35
2011	22.4	8.2	4.9	3.4	65.35
2012	17.4	6.3	3.8	2.7	65.35
2013	13.5	4.9	3.0	2.1	65.35
2014	10.5	3.8	2.3	1.6	65.35
2015	8.1	3.0	1.8	1.2	65.35
2016	6.3	2.3	1.4	1.0	65.35
2017	2.2	0.8	0.5	0.3	65.35
Total		79.5	48.4	33.8	

Disc Date: Mar 1 2007  
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OKTYABRSKOE  
Price Scenario : Constant

## Economic Results Summary

TABLE NO 4-2-5

Page 1

Anglo Crimean Oil Company  
OKTYABRSKOE

February 28, 2007

Oktvabrskoe  
4. Oktyabrskoe #50  
PSD

Property Classification : Core  
Province : Crimea  
Area : Oktyabrskoe  
Property : Oktyabrskoe

REMAINING RESERVES				INTEREST (%)			PRESENT WORTH				
		Gross	Company	Net AR	Company	Burden	Discount Rate (%)	Operating Income M\$	ARTC M\$	Capital M\$	Before Tax Cash Flow M\$
Oil	Mbbbl	97.7	60.4	42.1	61,772	30,179					
Gas - Raw	MMcf	0.0	0.0		0.000						
Gas - Sales	MMcf	0.0	0.0	0.0	0.000	0.000					
Condensate	Mbbbl	0.0	0.0	0.0	0.000	0.000	0.0	2,293	0	280	2,013
Butane	Mbbbl	0.0	0.0	0.0	0.000	0.000	5.0	1,855	0	261	1,594
Propane	Mbbbl	0.0	0.0	0.0	0.000	0.000	10.0	1,549	0	250	1,299
Ethane	Mbbbl	0.0	0.0	0.0	0.000	0.000	15.0	1,326	0	243	1,083
NGLs	Mbbbl	0.0	0.0	0.0	0.000	0.000	20.0	1,158	0	237	921
Sulphur	Mt	0.0	0.0	0.0	0.000	0.000	25.0	1,028	0	233	795
Total BOE	Mbbbl	97.7	60.4	42.1	61,772	30,179					

## COMPANY INTEREST REVENUE SUMMARY (M\$)

WI SALES REVENUE						ROYALTY BURDENS						Total	%	
Year	Oil	Gas	NGL's	Sulphur	Total	Crown Royalty		Freehold Royalty		ORR		Mineral Tax	Royalty & Taxes	Royalty & Taxes
						UnAdj.	Adj.	UnAdj.	Adj.	UnAdj.	Adj.			
2007	257	0	0	0	257	0	0	0	0	0	0	0	78	30
2008	663	0	0	0	663	0	0	0	0	0	0	0	200	30
2009	534	0	0	0	534	0	0	0	0	0	0	0	161	30
2010	451	0	0	0	451	0	0	0	0	0	0	0	136	30
2011	381	0	0	0	381	0	0	0	0	0	0	0	115	30
2012	322	0	0	0	322	0	0	0	0	0	0	0	97	30
2013	272	0	0	0	272	0	0	0	0	0	0	0	82	30
2014	230	0	0	0	230	0	0	0	0	0	0	0	70	30
2015	195	0	0	0	195	0	0	0	0	0	0	0	59	30
2016	165	0	0	0	165	0	0	0	0	0	0	0	50	30
2017	139	0	0	0	139	0	0	0	0	0	0	0	42	30
2018	118	0	0	0	118	0	0	0	0	0	0	0	35	30
2019	99	0	0	0	99	0	0	0	0	0	0	0	30	30
2020	84	0	0	0	84	0	0	0	0	0	0	0	25	30
2021	32	0	0	0	32	0	0	0	0	0	0	0	10	30
Total	3,944	0	0	0	3,944	0	0	0	0	0	0	0	1,190	30

OPERATING INCOME						CAPITAL					B. TAX CASHFLOW		
	Revenue												
	After		Other	Other	Operating				Abandon.				15 %
Year	Royalty	OpCosts	Expense	Income	Income	ARTC	Tangible	Intangible	Costs	Total	UnDisc.	Cum	Disc.
2007	180	20	0	0	159	0	250	0	0	250	-91	-91	-87
2008	463	54	0	0	409	0	0	0	0	0	409	318	339
2009	373	47	0	0	326	0	0	0	0	0	326	644	235
2010	315	42	0	0	273	0	0	0	0	0	273	917	171
2011	266	38	0	0	228	0	0	0	0	0	228	1,145	124
2012	225	35	0	0	190	0	0	0	0	0	190	1,335	90
2013	190	33	0	0	158	0	0	0	0	0	158	1,493	65
2014	161	30	0	0	130	0	0	0	0	0	130	1,623	47
2015	136	28	0	0	107	0	0	0	0	0	107	1,731	34
2016	115	27	0	0	88	0	0	0	0	0	88	1,819	24
2017	97	25	0	0	72	0	0	0	0	0	72	1,890	17
2018	82	24	0	0	58	0	0	0	0	0	58	1,948	12
2019	69	23	0	0	46	0	0	0	0	0	46	1,994	8
2020	59	22	0	0	36	0	0	0	0	0	36	2,030	6
2021	23	10	0	0	13	0	0	0	30	30	-17	2,013	-2
Total	2,754	461	0	0	2,293	0	250	0	30	280	2,013	2,013	1,083

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OKTYABRSKOE  
Price Scenario : Constant

TRIMBLE ENGINEERING ASSOCIATES LTD.

Economic Results - Production  
**Anglo Crimean Oil Company**  
**OKTYABRSKOE**  
 February 28, 2007

TABLE NO 4-2-5  
 Page 2

Oktabrskoe  
 4. Oktyabrskoe #50  
 PSD

**PRODUCTION SUMMARY**

Year	Oil Wells	Gas Wells	OIL					RAW GAS		SALES GAS				
			Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg Price	Gross Rate	Gross Volume	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg Price
			bbl/d	Mbbl	Mbbl	Mbbl	\$/bbl	Mcf/d	MMcf	Mcf/d	MMcf	MMcf	MMcf	\$/Mcf
2007	1		48.9	4.5	3.9	2.7	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2008	1		44.0	16.1	10.1	7.1	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2009	1		37.3	13.6	8.2	5.7	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2010	1		31.5	11.5	6.9	4.8	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2011	1		26.7	9.7	5.8	4.1	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2012	1		22.5	8.2	4.9	3.4	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2013	1		19.0	6.9	4.2	2.9	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2014	1		16.1	5.9	3.5	2.5	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2015	1		13.6	5.0	3.0	2.1	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2016	1		11.5	4.2	2.5	1.8	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2017	1		9.7	3.5	2.1	1.5	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2018	1		8.2	3.0	1.8	1.3	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2019	1		6.9	2.5	1.5	1.1	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2020	1		5.9	2.1	1.3	0.9	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2021	0		2.3	0.8	0.5	0.3	65.35	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Total				97.7	60.4	42.1								

CONDENSATE (C5+)						BUTANES (C4)					PROPANE (C3)				
Year	C5+/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg Price	C4/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg Price	C3/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg Price
	bb/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl	bb/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl	bb/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl
2007	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2008	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2009	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2010	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2011	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2012	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2013	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2014	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2015	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2016	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2017	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2018	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2019	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2020	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2021	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
Total															

ETHANE						SULPHUR					BOES				
Year	C2/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg Price	Sul/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg Price	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg Price
	bb/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl	ll/MMcf	Mil	Mil	Mil	\$/ll	boe/d	Mboe	Mboe	Mboe	\$/boe
2007	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	48.9	4.5	3.9	2.7	65.35
2008	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	44.0	16.1	10.1	7.1	65.35
2009	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	37.3	13.6	8.2	5.7	65.35
2010	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	31.5	11.5	6.9	4.8	65.35
2011	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	26.7	9.7	5.8	4.1	65.35
2012	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	22.5	8.2	4.9	3.4	65.35
2013	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	19.0	6.9	4.2	2.9	65.35
2014	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	16.1	5.9	3.5	2.5	65.35
2015	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	13.6	5.0	3.0	2.1	65.35
2016	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	11.5	4.2	2.5	1.8	65.35
2017	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	9.7	3.5	2.1	1.5	65.35
2018	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	8.2	3.0	1.8	1.3	65.35
2019	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	6.9	2.5	1.5	1.1	65.35
2020	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	5.9	2.1	1.3	0.9	65.35
2021	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	2.3	0.8	0.5	0.3	65.35
Total												97.7	60.4	42.1	

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OKTYABRSKOE  
 Price Scenario : Constant

Economic Results Summary  
**Anglo Crimean Oil Company**  
**WEST OKTYABRSKOE**  
 February 28, 2007

Crimea  
 West Oktyabrskoe  
 Total PS

Property Classification : Core  
 Province : Crimea  
 Area : West Oktyabrskoe

REMAINING RESERVES				INTEREST (%)			PRESENT WORTH				
		Gross	Company	Net AR	Company	Burden	Discount Rate (%)	Operating Income M\$	ARTC M\$	Capital M\$	Before Tax Cash Flow M\$
Oil	Mbbl	0.0	0.0	0.0	0.000	0.000					
Gas - Raw	MMcf	8,923.0	5,403.2		60.554						
Gas - Sales	MMcf	8,030.7	4,862.9	4,405.8	60.554	9.400					
Condensate	Mbbl	446.1	270.2	188.6	60.554	30.179	0.0	23.957	0	934	23,023
Butane	Mbbl	0.0	0.0	0.0	0.000	0.000	5.0	18,145	0	857	17,288
Propane	Mbbl	0.0	0.0	0.0	0.000	0.000	10.0	14,403	0	808	13,595
Ethane	Mbbl	0.0	0.0	0.0	0.000	0.000	15.0	11,834	0	773	11,061
NGLs	Mbbl	446.1	270.2	188.6	60.554	30.179	20.0	9,977	0	745	9,232
Sulphur	Mill	0.0	0.0	0.0	0.000	0.000	25.0	8,582	0	720	7,861
Total BOE	Mbbl	1,784.6	1,080.6	922.9	60.554	14.595					

## COMPANY INTEREST REVENUE SUMMARY (M\$)

WI SALES REVENUE						ROYALTY BURDENS						Mineral Tax	Total Royalty & Taxes	% Royalty & Taxes
Year	Oil	Gas	NGL's	Sulphur	Total	Crown Royalty		Freehold Royalty		ORR				
						UnAdj.	Adj.	UnAdj.	Adj.	UnAdj.	Adj.			
2007	0	192	191	0	383	0	0	0	0	76	76	0	76	20
2008	0	1,878	1,863	0	3,741	0	0	0	0	739	739	0	739	20
2009	0	2,631	2,610	0	5,240	0	0	0	0	1,035	1,035	0	1,035	20
2010	0	2,165	2,148	0	4,314	0	0	0	0	852	852	0	852	20
2011	0	1,821	1,807	0	3,628	0	0	0	0	716	716	0	716	20
2012	0	1,535	1,523	0	3,058	0	0	0	0	604	604	0	604	20
2013	0	1,296	1,286	0	2,582	0	0	0	0	510	510	0	510	20
2014	0	1,096	1,088	0	2,184	0	0	0	0	431	431	0	431	20
2015	0	929	922	0	1,851	0	0	0	0	366	366	0	366	20
2016	0	789	782	0	1,571	0	0	0	0	310	310	0	310	20
2017	0	645	640	0	1,285	0	0	0	0	254	254	0	254	20
2018	0	513	509	0	1,022	0	0	0	0	202	202	0	202	20
2019	0	442	439	0	881	0	0	0	0	174	174	0	174	20
2020	0	381	378	0	759	0	0	0	0	150	150	0	150	20
2021	0	329	326	0	655	0	0	0	0	129	129	0	129	20
Sub	0	16,644	16,510	0	33,155	0	0	0	0	6,547	6,547	0	6,547	20
Rem	0	1,154	1,145	0	2,299	0	0	0	0	454	454	0	454	20
Total	0	17,798	17,655	0	35,453	0	0	0	0	7,001	7,001	0	7,001	20

OPERATING INCOME						CAPITAL					B. TAX CASHFLOW		
	Revenue												
Year	After Royalty	OpCosts	Other Expense	Other Income	Operating Income	ARTC	Tangible	Intangible	Abandon. Costs	Total	UnDisc.	Cum	15 % Disc.
2007	308	43	0	0	264	0	500	0	0	500	-236	-236	-225
2008	3,002	422	0	0	2,580	0	300	0	0	300	2,280	2,044	1,893
2009	4,206	594	0	0	3,612	0	0	50	0	50	3,562	5,606	2,571
2010	3,462	498	0	0	2,964	0	0	0	0	0	2,964	8,570	1,860
2011	2,912	427	0	0	2,484	0	0	0	0	0	2,484	11,054	1,356
2012	2,454	369	0	0	2,085	0	0	0	0	0	2,085	13,139	990
2013	2,072	320	0	0	1,752	0	0	0	0	0	1,752	14,892	723
2014	1,753	279	0	0	1,474	0	0	0	0	0	1,474	16,366	529
2015	1,485	244	0	0	1,241	0	0	0	0	0	1,241	17,607	387
2016	1,261	216	0	0	1,045	0	0	0	0	0	1,045	18,652	284
2017	1,032	180	0	0	852	0	0	0	30	30	822	19,474	194
2018	820	141	0	0	679	0	0	0	0	0	679	20,154	139
2019	707	127	0	0	580	0	0	0	0	0	580	20,734	104
2020	609	114	0	0	495	0	0	0	0	0	495	21,229	77
2021	526	103	0	0	422	0	0	0	0	0	422	21,651	57
Sub	26,607	4,076	0	0	22,531	0	800	50	30	880	21,651	21,651	10,937
Rem	1,845	419	0	0	1,426	0	0	0	54	54	1,372		124
Total	28,452	4,495	0	0	23,957	0	800	50	84	934	23,023	23,023	11,061

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WEST OKTYABRSKOE  
 Price Scenario : Constant

TRIMBLE ENGINEERING ASSOCIATES LTD.

Economic Results - Production  
**Anglo Crimean Oil Company**  
**WEST OKTYABRSKOE**  
 February 28.2007

**Crimea**  
**West Oktyabrskoe**  
**Total PS**

**PRODUCTION SUMMARY**

Year	OIL							RAW GAS		SALES GAS					
	Oil Wells	Gas Wells	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price	Gross Rate	Gross Volume	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price	
			bbl/d	Mbbl	Mbbl	Mbbl	\$/bbl								Mcf/d
2007		1	0.0	0.0	0.0	0.0	0.00	1,172.6	71.5	1,055.3	64.4	52.6	47.6	3.66	
2008		2	0.0	0.0	0.0	0.0	0.00	2,511.9	919.3	2,260.7	827.4	513.1	464.9	3.66	
2009		3	0.0	0.0	0.0	0.0	0.00	3,576.4	1,305.4	3,218.8	1,174.9	718.8	651.2	3.66	
2010		3	0.0	0.0	0.0	0.0	0.00	3,001.8	1,095.7	2,701.6	986.1	591.7	536.0	3.66	
2011		3	0.0	0.0	0.0	0.0	0.00	2,524.7	921.5	2,272.3	829.4	497.6	450.9	3.66	
2012		3	0.0	0.0	0.0	0.0	0.00	2,127.8	776.6	1,915.0	699.0	419.4	380.0	3.66	
2013		3	0.0	0.0	0.0	0.0	0.00	1,796.7	655.8	1,617.0	590.2	354.1	320.8	3.66	
2014		3	0.0	0.0	0.0	0.0	0.00	1,519.9	554.8	1,367.9	499.3	299.6	271.4	3.66	
2015		3	0.0	0.0	0.0	0.0	0.00	1,288.1	470.2	1,159.3	423.1	253.9	230.0	3.66	
2016		3	0.0	0.0	0.0	0.0	0.00	1,093.5	399.1	984.2	359.2	215.5	195.3	3.66	
2017		3	0.0	0.0	0.0	0.0	0.00	894.5	326.5	805.1	293.8	176.3	159.7	3.66	
2018		2	0.0	0.0	0.0	0.0	0.00	711.4	259.7	640.3	233.7	140.2	127.0	3.66	
2019		2	0.0	0.0	0.0	0.0	0.00	613.0	223.7	551.7	201.4	120.8	109.5	3.66	
2020		2	0.0	0.0	0.0	0.0	0.00	528.5	192.9	475.6	173.6	104.2	94.4	3.66	
2021		2	0.0	0.0	0.0	0.0	0.00	455.9	166.4	410.3	149.7	89.8	81.4	3.66	
Sub									8,339.1		7,505.2	4,547.6	4,120.1		
Rem									583.9		525.5	315.3	285.7		
Total									8,923.0		8,030.7	4,862.9	4,405.8		

Year	CONDENSATE (C5+)					BUTANES (C4)					PROPANE (C3)				
	C5+/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price	C4/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price	C3/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price
	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl
2007	50.0	3.6	2.9	2.0	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2008	50.0	46.0	28.5	19.9	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2009	50.0	65.3	39.9	27.9	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2010	50.0	54.8	32.9	23.0	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2011	50.0	46.1	27.6	19.3	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2012	50.0	38.8	23.3	16.3	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2013	50.0	32.8	19.7	13.7	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2014	50.0	27.7	16.6	11.6	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2015	50.0	23.5	14.1	9.8	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2016	50.0	20.0	12.0	8.4	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2017	50.0	16.3	9.8	6.8	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2018	50.0	13.0	7.8	5.4	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2019	50.0	11.2	6.7	4.7	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2020	50.0	9.6	5.8	4.0	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2021	50.0	8.3	5.0	3.5	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
Sub		417.0	252.6	176.4											
Rem		29.2	17.5	12.2											
Total		446.1	270.2	188.6											

Year	ETHANE					SULPHUR					BOE's				
	C2/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price	Sulf/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price
	bbl/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl	lb/MMcf	Mt	Mt	Mt	\$/lb	bbl/d	Mboe	Mboe	Mboe	\$/bbl
2007	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	39.2	14.3	11.7	10.0	32.81
2008	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	503.7	183.9	114.0	97.4	32.81
2009	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	715.3	261.1	159.7	136.4	32.81
2010	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	600.4	219.1	131.5	112.3	32.81
2011	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	504.9	184.3	110.6	94.4	32.81
2012	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	425.6	155.3	93.2	79.6	32.81
2013	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	359.3	131.2	78.7	67.2	32.81
2014	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	304.0	111.0	66.6	56.9	32.81
2015	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	257.6	94.0	56.4	48.2	32.81
2016	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	218.7	79.8	47.9	40.9	32.81
2017	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	178.9	65.3	39.2	33.5	32.81
2018	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	142.3	51.9	31.2	26.6	32.81
2019	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	122.6	44.7	26.8	22.9	32.81
2020	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	105.7	38.6	23.1	19.8	32.81
2021	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	91.2	33.3	20.0	17.1	32.81
Sub											1,667.8	1,010.6	663.1		
Rem											116.8	70.1	59.8		
Total											1,784.6	1,080.6	722.9		

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WEST OKTYABRSKOE  
 Price Scenario : Constant

## Economic Results Summary

Anglo Crimean Oil Company  
WEST OKTYABRSKOE

February 28, 2007

West Oktyabrskoe  
5. West Oktyabrskoe #31  
PSD

Property Classification : Core  
Province : Crimea  
Area : West Oktyabrskoe  
Property : West Oktyabrskoe

REMAINING RESERVES				INTEREST (%)			PRESENT WORTH				
		Gross	Company	Net AR	Company	Burden	Discount Rate	Operating Income	ARTC	Capital	Before Tax Cash Flow
							(%)	M\$	M\$	M\$	M\$
Oil	Mbbl	0.0	0.0	0.0	0.000	0.000					
Gas - Raw	MMcf	1,584.0	965.9		60.977						
Gas - Sales	MMcf	1,425.6	869.3	787.6	60.977	9.400					
Condensate	Mbbl	79.2	48.3	33.7	60.977	30.179	0.0	4,257	0	280	3,977
Butane	Mbbl	0.0	0.0	0.0	0.000	0.000	5.0	3,597	0	264	3,333
Propane	Mbbl	0.0	0.0	0.0	0.000	0.000	10.0	3,101	0	253	2,847
Ethane	Mbbl	0.0	0.0	0.0	0.000	0.000	15.0	2,716	0	246	2,471
NGLs	Mbbl	79.2	48.3	33.7	60.977	30.179	20.0	2,413	0	240	2,173
Sulphur	Mt	0.0	0.0	0.0	0.000	0.000	25.0	2,167	0	235	1,932
Total BOE	Mbbl	316.8	193.2	165.0	60.977	14.595					

## COMPANY INTEREST REVENUE SUMMARY (M\$)

WI SALES REVENUE						ROYALTY BURDENS						Mineral Tax	Total Royalty & Taxes	% Royalty & Taxes
Year	Oil	Gas	NGL's	Sulphur	Total	Crown Royalty		Freehold Royalty		ORR				
						UnAdj.	Adj.	UnAdj.	Adj.	UnAdj.	Adj.			
2007	0	192	191	0	383	0	0	0	0	76	76	0	76	20
2008	0	733	728	0	1,461	0	0	0	0	289	289	0	289	20
2009	0	569	565	0	1,134	0	0	0	0	224	224	0	224	20
2010	0	442	438	0	880	0	0	0	0	174	174	0	174	20
2011	0	343	340	0	683	0	0	0	0	135	135	0	135	20
2012	0	266	264	0	530	0	0	0	0	105	105	0	105	20
2013	0	206	205	0	411	0	0	0	0	81	81	0	81	20
2014	0	160	159	0	319	0	0	0	0	63	63	0	63	20
2015	0	124	123	0	247	0	0	0	0	49	49	0	49	20
2016	0	96	96	0	192	0	0	0	0	38	38	0	38	20
2017	0	49	49	0	98	0	0	0	0	19	19	0	19	20
Total	0	3,182	3,156	0	6,338	0	0	0	0	1,252	1,252	0	1,252	20

OPERATING INCOME						CAPITAL				B. TAX CASHFLOW			
Year	Revenue		Other Expense	Other Income	Operating Income	ARTC	Tangible	Intangible	Abandon Costs	Total	UnDisc.	Cum	15 % Disc.
	After Royalty	OpCosts											
2007	308	43	0	0	264	0	250	0	0	250	14	14	13
2008	1,172	168	0	0	1,004	0	0	0	0	0	1,004	1,018	833
2009	910	135	0	0	775	0	0	0	0	0	775	1,793	559
2010	706	108	0	0	597	0	0	0	0	0	597	2,391	375
2011	548	88	0	0	460	0	0	0	0	0	460	2,850	251
2012	425	72	0	0	353	0	0	0	0	0	353	3,203	167
2013	330	60	0	0	270	0	0	0	0	0	270	3,473	111
2014	256	51	0	0	205	0	0	0	0	0	205	3,678	74
2015	199	43	0	0	155	0	0	0	0	0	155	3,833	48
2016	154	38	0	0	116	0	0	0	0	0	116	3,949	32
2017	79	21	0	0	57	0	0	0	30	30	27	3,977	6
Total	5,086	829	0	0	4,257	0	250	0	30	280	3,977	3,977	2,471

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WEST OKTYABRSKOE  
Price Scenario : Constant

TRIMBLE ENGINEERING ASSOCIATES LTD.



Economic Results - Production  
**Anglo Crimean Oil Company**  
**WEST OKTYABRSKOE**  
February 28, 2007

TABLE NO. 4-3-2  
Page 2

**West Oktyabrskoe**  
**5. West Oktyabrskoe #31**  
**PSD**

**PRODUCTION SUMMARY**

Year	OIL							RAW GAS		SALES GAS					
	Oil Wells	Gas Wells	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price	Gross Rate	Gross Volume	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price	
			bbl/d	Mbbl	Mbbl	Mbbl	\$/bbl								Mcf/d
2007		1	0.0	0.0	0.0	0.0	0.00	1,172.6	71.5	1,055.3	64.4	52.6	47.6	3.66	
2008		1	0.0	0.0	0.0	0.0	0.00	1,013.9	371.1	912.6	334.0	200.4	181.6	3.66	
2009		1	0.0	0.0	0.0	0.0	0.00	788.9	288.0	710.1	259.2	155.5	140.9	3.66	
2010		1	0.0	0.0	0.0	0.0	0.00	612.2	223.5	551.0	201.1	120.7	109.3	3.66	
2011		1	0.0	0.0	0.0	0.0	0.00	475.0	173.4	427.5	155.1	93.6	84.8	3.66	
2012		1	0.0	0.0	0.0	0.0	0.00	368.6	134.5	331.8	121.1	72.7	65.8	3.66	
2013		1	0.0	0.0	0.0	0.0	0.00	286.0	104.4	257.4	94.0	56.4	51.1	3.66	
2014		1	0.0	0.0	0.0	0.0	0.00	222.0	81.0	199.8	72.9	43.7	39.6	3.66	
2015		1	0.0	0.0	0.0	0.0	0.00	172.2	62.9	155.0	56.6	33.9	30.8	3.66	
2016		1	0.0	0.0	0.0	0.0	0.00	133.6	48.8	120.3	43.9	26.3	23.9	3.66	
2017		1	0.0	0.0	0.0	0.0	0.00	68.4	25.0	61.5	22.5	13.5	12.2	3.66	
Total									1,584.0		1,425.6	869.3	787.6		

Year	CONDENSATE (C5+)					BUTANES (C4)					PROPANE (C3)				
	C5+/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price	C4/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price	C3/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price
	bbl/MMcf	Mbbbl	Mbbbl	Mbbbl	\$/bbl	bbl/MMcf	Mbbbl	Mbbbl	Mbbbl	\$/bbl	bbl/MMcf	Mbbbl	Mbbbl	Mbbbl	\$/bbl
2007	50.0	3.6	2.9	2.0	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2008	50.0	18.6	11.1	7.8	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2009	50.0	14.4	8.6	6.0	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2010	50.0	11.2	6.7	4.7	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2011	50.0	8.7	5.2	3.6	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2012	50.0	6.7	4.0	2.8	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2013	50.0	5.2	3.1	2.2	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2014	50.0	4.1	2.4	1.7	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2015	50.0	3.1	1.9	1.3	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2016	50.0	2.4	1.5	1.0	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
2017	50.0	1.2	0.7	0.5	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00
Total		79.2	48.3	33.7											

	ETHANE						SULPHUR						BOE's					
	C2/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price		Sul/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price		Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price	
Year	bbl/MMcf	Mbbbl	Mbbbl	Mbbbl	\$/bbl		lb/MMcf	Mll	Mll	Mll	\$/ll		boe/d	Mboe	Mboe	Mboe	\$/boe	
2007	0.0	0.0	0.0	0.0	0.00		0.0	0.0	0.0	0.0	0.00		39.2	14.3	11.7	10.0	32.81	
2008	0.0	0.0	0.0	0.0	0.00		0.0	0.0	0.0	0.0	0.00		203.3	74.2	44.5	38.0	32.81	
2009	0.0	0.0	0.0	0.0	0.00		0.0	0.0	0.0	0.0	0.00		157.8	57.6	34.6	29.5	32.81	
2010	0.0	0.0	0.0	0.0	0.00		0.0	0.0	0.0	0.0	0.00		122.4	44.7	26.8	22.9	32.81	
2011	0.0	0.0	0.0	0.0	0.00		0.0	0.0	0.0	0.0	0.00		95.0	34.7	20.8	17.8	32.81	
2012	0.0	0.0	0.0	0.0	0.00		0.0	0.0	0.0	0.0	0.00		73.7	26.9	16.1	13.8	32.81	
2013	0.0	0.0	0.0	0.0	0.00		0.0	0.0	0.0	0.0	0.00		57.2	20.9	12.5	10.7	32.81	
2014	0.0	0.0	0.0	0.0	0.00		0.0	0.0	0.0	0.0	0.00		44.4	16.2	9.7	8.3	32.81	
2015	0.0	0.0	0.0	0.0	0.00		0.0	0.0	0.0	0.0	0.00		34.4	12.6	7.5	6.4	32.81	
2016	0.0	0.0	0.0	0.0	0.00		0.0	0.0	0.0	0.0	0.00		26.7	9.8	5.9	5.0	32.81	
2017	0.0	0.0	0.0	0.0	0.00		0.0	0.0	0.0	0.0	0.00		13.7	5.0	3.0	2.6	32.81	
Total														316.8	193.2	165.0		

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WEST OKTYABRSKOE  
Price Scenario : Constant

## Economic Results Summary

TABLE NO 4-3-3

Page 1

Anglo Crimean Oil Company  
WEST OKTYABRSKOE

February 28, 2007

West Oktyabrskoe  
6. West Oktyabrskoe # 9  
PSD

Property Classification : Core  
Province : Crimea  
Area : West Oktyabrskoe  
Property : West Oktyabrskoe

REMAINING RESERVES				INTEREST (%)			PRESENT WORTH				
		Gross	Company	Net AR	Company	Burden	Discount Rate (%)	Operating Income M\$	ARTC M\$	Capital M\$	Before Tax Cash Flow M\$
Oil	Mbbl	0.0	0.0	0.0	0.000	0.000					
Gas - Raw	MMcf	3,097.0	1,873.6		60.498						
Gas - Sales	MMcf	2,787.3	1,686.3	1,527.8	60.498	9.400					
Condensate	Mbbl	154.9	93.7	65.4	60.498	30.179	0.0	8,318	0	330	7,988
Bulane	Mbbl	0.0	0.0	0.0	0.000	0.000	5.0	6,209	0	303	5,906
Propane	Mbbl	0.0	0.0	0.0	0.000	0.000	10.0	4,820	0	288	4,532
Elthane	Mbbl	0.0	0.0	0.0	0.000	0.000	15.0	3,858	0	277	3,580
NGLs	Mbbl	154.9	93.7	65.4	60.498	30.179	20.0	3,163	0	269	2,893
Sulphur	Mt	0.0	0.0	0.0	0.000	0.000	25.0	2,643	0	262	2,381
Total BOE	Mbbl	619.4	374.7	320.0	60.498	14.595					

## COMPANY INTEREST REVENUE SUMMARY (M\$)

WI SALES REVENUE						ROYALTY BURDENS						Mineral Tax	Total Royalty & Taxes	% Royalty & Taxes
Year	Oil	Gas	NGL's	Sulphur	Total	Crown Royalty		Freehold Royalty		ORR				
						UnAdj.	Adj.	UnAdj.	Adj.	UnAdj.	Adj.			
2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2008	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2009	0	1,109	1,100	0	2,210	0	0	0	0	436	436	0	436	20
2010	0	887	880	0	1,767	0	0	0	0	349	349	0	349	20
2011	0	743	737	0	1,480	0	0	0	0	292	292	0	292	20
2012	0	623	618	0	1,240	0	0	0	0	245	245	0	245	20
2013	0	522	518	0	1,039	0	0	0	0	205	205	0	205	20
2014	0	437	434	0	871	0	0	0	0	172	172	0	172	20
2015	0	366	363	0	730	0	0	0	0	144	144	0	144	20
2016	0	307	304	0	611	0	0	0	0	121	121	0	121	20
2017	0	257	255	0	512	0	0	0	0	101	101	0	101	20
2018	0	215	214	0	429	0	0	0	0	85	85	0	85	20
2019	0	180	179	0	360	0	0	0	0	71	71	0	71	20
2020	0	151	150	0	301	0	0	0	0	59	59	0	59	20
2021	0	127	126	0	252	0	0	0	0	50	50	0	50	20
Sub	0	5,925	5,877	0	11,802	0	0	0	0	2,331	2,331	0	2,331	20
Rem	0	247	245	0	491	0	0	0	0	97	97	0	97	20
Total	0	6,172	6,122	0	12,294	0	0	0	0	2,428	2,428	0	2,428	20

OPERATING INCOME						CAPITAL					B. TAX CASHFLOW		
	Revenue												
	After		Other	Other	Operating				Abandon.				
Year	Royalty	OpCosts	Expense	Income	Income	ARTC	Tangible	Intangible	Costs	Total	UnDisc.	Cum	15 % Disc.
2007	0	0	0	0	0	0	250	0	0	250	-250	-250	-239
2008	0	0	0	0	0	0	0	0	0	0	0	-250	0
2009	1,773	246	0	0	1,527	0	0	50	0	50	1,477	1,227	1,066
2010	1,418	200	0	0	1,218	0	0	0	0	0	1,218	2,446	764
2011	1,188	170	0	0	1,018	0	0	0	0	0	1,018	3,463	555
2012	995	146	0	0	850	0	0	0	0	0	850	4,313	403
2013	834	125	0	0	709	0	0	0	0	0	709	5,022	293
2014	699	108	0	0	591	0	0	0	0	0	591	5,613	212
2015	585	93	0	0	492	0	0	0	0	0	492	6,106	154
2016	491	81	0	0	410	0	0	0	0	0	410	6,515	111
2017	411	71	0	0	340	0	0	0	0	0	340	6,856	80
2018	344	62	0	0	282	0	0	0	0	0	282	7,138	58
2019	289	55	0	0	234	0	0	0	0	0	234	7,371	42
2020	242	49	0	0	193	0	0	0	0	0	193	7,564	30
2021	203	44	0	0	159	0	0	0	0	0	159	7,723	21
Sub	9,472	1,449	0	0	8,023	0	250	50	0	300	7,723	7,723	3,551
Rem	394	99	0	0	295	0	0	0	30	30	266		29
Total	9,866	1,548	0	0	8,318	0	250	50	30	330	7,988	7,988	3,580

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WEST OKTYABRSKOE  
Price Scenario : Constant

TRIMBLE ENGINEERING ASSOCIATES LTD.

Economic Results - Production  
**Anglo Crimean Oil Company**  
**WEST OKTYABRSKOE**  
February 28, 2007

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**West Oktyabrskoe**  
**6. West Oktyabrskoe # 9**  
**PSD**

**PRODUCTION SUMMARY**

Year	Oil Wells	Gas Wells	OIL					RAW GAS		SALES GAS				
			Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price	Gross Rate	Gross Volume	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price
			bbl/d	Mbbl	Mbbl	Mbbl	\$/bbl	Mcf/d	MMcf	Mcf/d	MMcf	MMcf	MMcf	\$/Mcf
2007			0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2008			0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2009		1	0.0	0.0	0.0	0.0	0.00	1,467.5	535.6	1,320.7	482.1	303.1	274.6	3.66
2010		1	0.0	0.0	0.0	0.0	0.00	1,229.5	448.8	1,106.6	403.9	242.3	219.6	3.65
2011		1	0.0	0.0	0.0	0.0	0.00	1,030.2	376.0	927.2	338.4	203.0	184.0	3.66
2012		1	0.0	0.0	0.0	0.0	0.00	863.1	315.0	776.8	283.5	170.1	154.1	3.66
2013		1	0.0	0.0	0.0	0.0	0.00	723.2	264.0	650.9	237.6	142.5	129.1	3.66
2014		1	0.0	0.0	0.0	0.0	0.00	605.9	221.2	545.3	199.0	119.4	108.2	3.66
2015		1	0.0	0.0	0.0	0.0	0.00	507.7	185.3	456.9	166.6	100.1	90.7	3.66
2016		1	0.0	0.0	0.0	0.0	0.00	425.4	155.3	382.8	139.7	83.8	76.0	3.66
2017		1	0.0	0.0	0.0	0.0	0.00	358.4	130.1	320.8	117.1	70.2	63.6	3.66
2018		1	0.0	0.0	0.0	0.0	0.00	298.6	109.0	268.6	98.1	58.9	53.3	3.66
2019		1	0.0	0.0	0.0	0.0	0.00	250.2	91.3	225.2	82.2	49.3	44.7	3.66
2020		1	0.0	0.0	0.0	0.0	0.00	209.6	76.5	188.7	68.9	41.3	37.4	3.66
2021		1	0.0	0.0	0.0	0.0	0.00	175.6	64.1	158.1	57.7	34.6	31.4	3.66
Sub								2,972.2		2,675.0		1,618.9	1,466.7	
Rem								124.8		112.3		67.4	61.1	
Total								3,097.0		2,787.3		1,686.3	1,527.8	

CONDENSATE (C5+)						BUTANES (C4)						PROPANE (C3)					
Year	C5+/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price	C4/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price	C3/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price		
	bb/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl	bb/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl	bb/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl		
2007	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		
2008	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		
2009	50.0	26.8	16.8	11.8	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		
2010	50.0	22.4	13.5	9.4	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		
2011	50.0	18.8	11.3	7.9	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		
2012	50.0	15.8	9.5	6.6	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		
2013	50.0	13.2	7.9	5.5	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		
2014	50.0	11.1	6.6	4.6	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		
2015	50.0	9.3	5.6	3.9	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		
2016	50.0	7.8	4.7	3.3	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		
2017	50.0	6.5	3.9	2.7	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		
2018	50.0	5.4	3.3	2.3	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		
2019	50.0	4.6	2.7	1.9	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		
2020	50.0	3.8	2.3	1.6	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		
2021	50.0	3.2	1.9	1.3	65.35	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		
Sub		148.6	89.9	62.8													
Rem		6.2	3.7	2.6													
Total		154.9	93.7	65.4													

ETHANE						SULPHUR						BOE's					
Year	C2/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price	Sul/Gas Ratio	Gross Volume	Company Volume	Net AR Volume	Avg. Price		Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg. Price	
	bb/MMcf	Mbbl	Mbbl	Mbbl	\$/bbl	lb/MMcf	Mll	Mll	Mll	\$/ll		boe/d	Mboe	Mboe	Mboe	\$/boe	
2007	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		0.0	0.0	0.0	0.0	0.00	
2008	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		0.0	0.0	0.0	0.0	0.00	
2009	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		293.5	107.1	67.4	57.5	32.81	
2010	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		245.9	89.8	53.9	46.0	32.81	
2011	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		206.0	75.2	45.1	38.5	32.81	
2012	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		172.6	63.0	37.8	32.3	32.81	
2013	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		144.6	52.8	31.7	27.1	32.81	
2014	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		121.2	44.2	26.5	22.7	32.81	
2015	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		101.5	37.1	22.2	19.0	32.81	
2016	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		85.1	31.1	18.6	15.9	32.81	
2017	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		71.3	26.0	15.6	13.3	32.81	
2018	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		59.7	21.8	13.1	11.2	32.81	
2019	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		50.0	18.3	11.0	9.4	32.81	
2020	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		41.9	15.3	9.2	7.8	32.81	
2021	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.00		35.1	12.8	7.7	6.6	32.81	
Sub													594.4	359.7	307.2		
Rem													25.0	15.0	12.8		
Total													619.4	374.7	320.0		

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WEST OKTYABRSKOE  
Price Scenario : Constant

## Economic Results Summary

TABLE NO 4-3-4

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Anglo Crimean Oil Company  
WEST OKTYABRSKOE

February 28, 2007

West Oktyabrskoe  
7. West Oktyabrskoe #28  
PSD

Property Classification : Core  
Province : Crimea  
Area : West Oktyabrskoe  
Property : West Oktyabrskoe

REMAINING RESERVES				INTEREST (%)		PRESENT WORTH					
		Gross	Company	Net AR	Company	Burden	Discount Rate	Operating Income	ARTC	Capital	Before Tax Cash Flow
							(%)	M\$	M\$	M\$	M\$
Oil	Mbbl	0.0	0.0	0.0	0.000	0.000					
Gas - Raw	MMcf	4,242.0	2,563.7		60.436						
Gas - Sales	MMcf	3,817.8	2,307.3	2,090.4	60.436	9.400					
Condensate	Mbbl	212.1	128.2	89.5	60.436	30.179	0.0	11,382	0	324	11,058
Butane	Mbbl	0.0	0.0	0.0	0.000	0.000	5.0	8,339	0	289	8,049
Propane	Mbbl	0.0	0.0	0.0	0.000	0.000	10.0	6,483	0	267	6,216
Ethane	Mbbl	0.0	0.0	0.0	0.000	0.000	15.0	5,260	0	250	5,010
NGLs	Mbbl	212.1	128.2	89.5	60.436	30.179	20.0	4,402	0	236	4,166
Sulphur	Mt	0.0	0.0	0.0	0.000	0.000	25.0	3,771	0	223	3,548
Total BOE	Mbbl	648.4	512.7	437.9	60.436	14.595					

## COMPANY INTEREST REVENUE SUMMARY (M\$)

WI SALES REVENUE						ROYALTY BURDENS						Total	%	
Year	Oil	Gas	NGL's	Sulphur	Total	Crown Royalty		Freehold Royalty		ORR		Mineral Tax	Royalty & Taxes	% Royalty & Taxes
						UnAdj.	Adj.	UnAdj.	Adj.	UnAdj.	Adj.			
2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2008	0	1,144	1,135	0	2,280	0	0	0	0	450	450	0	450	20
2009	0	952	945	0	1,897	0	0	0	0	375	375	0	375	20
2010	0	837	830	0	1,667	0	0	0	0	329	329	0	329	20
2011	0	735	730	0	1,465	0	0	0	0	289	289	0	289	20
2012	0	646	641	0	1,288	0	0	0	0	254	254	0	254	20
2013	0	568	563	0	1,132	0	0	0	0	223	223	0	223	20
2014	0	499	495	0	994	0	0	0	0	196	196	0	196	20
2015	0	439	435	0	874	0	0	0	0	173	173	0	173	20
2016	0	385	382	0	768	0	0	0	0	152	152	0	152	20
2017	0	339	336	0	675	0	0	0	0	133	133	0	133	20
2018	0	298	295	0	593	0	0	0	0	117	117	0	117	20
2019	0	262	260	0	521	0	0	0	0	103	103	0	103	20
2020	0	230	228	0	458	0	0	0	0	90	90	0	90	20
2021	0	202	201	0	403	0	0	0	0	80	80	0	80	20
Sub	0	7,538	7,477	0	15,014	0	0	0	0	2,965	2,965	0	2,965	20
Rem	0	907	900	0	1,807	0	0	0	0	357	357	0	357	20
Total	0	8,445	8,377	0	16,822	0	0	0	0	3,322	3,322	0	3,322	20

OPERATING INCOME						CAPITAL				B. TAX CASHFLOW			
Year	Revenue		Other Expense	Other Income	Operating Income	ARTC	Tangible	Intangible	Abandon. Costs	Total	UnDisc.	Cum	15 % Disc.
	After Royalty	OpCosts											
2007	0	0	0	0	0	0	0	0	0	0	0	0	0
2008	1,830	253	0	0	1,576	0	300	0	0	300	1,276	1,276	1,059
2009	1,622	213	0	0	1,309	0	0	0	0	0	1,309	2,585	945
2010	1,338	189	0	0	1,148	0	0	0	0	0	1,148	3,734	721
2011	1,176	169	0	0	1,007	0	0	0	0	0	1,007	4,741	550
2012	1,033	150	0	0	883	0	0	0	0	0	883	5,623	419
2013	909	134	0	0	774	0	0	0	0	0	774	6,397	319
2014	798	120	0	0	678	0	0	0	0	0	678	7,075	243
2015	701	108	0	0	593	0	0	0	0	0	593	7,668	185
2016	616	97	0	0	519	0	0	0	0	0	519	8,188	141
2017	542	87	0	0	454	0	0	0	0	0	454	8,642	107
2018	476	79	0	0	397	0	0	0	0	0	397	9,039	81
2019	418	72	0	0	347	0	0	0	0	0	347	9,386	62
2020	368	65	0	0	303	0	0	0	0	0	303	9,688	47
2021	323	59	0	0	264	0	0	0	0	0	264	9,952	36
Sub	12,049	1,798	0	0	10,252	0	300	0	0	300	9,952	9,952	4,915
Rem	1,450	320	0	0	1,130	0	0	0	24	24	1,106		95
Total	13,500	2,118	0	0	11,382	0	300	0	24	324	11,058	11,058	5,010

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WEST OKTYABRSKOE  
Price Scenario : Constant

TRIMBLE ENGINEERING ASSOCIATES LTD.

Economic Results - Production  
**Anglo Crimean Oil Company**  
**WEST OKTYABRSKOE**  
February 28.2007

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**West Oktyabrskoe**  
**7. West Oktyabrskoe #28**  
**PSD**

**PRODUCTION SUMMARY**

Year	OIL						RAW GAS		SALES GAS					
	Oil Wells	Gas Wells	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg Price	Gross Rate	Gross Volume	Gross Rate	Gross Volume	Company Volume	Net AR Volume	Avg Price
			bbl/d	Mbbl	Mbbl	Mbbl	\$/bbl	Mcf/d	MMcf	Mcf/d	MMcf	MMcf	MMcf	MMcf
2007			0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.00
2008		1	0.0	0.0	0.0	0.0	0.00	1,497.9	548.2	1,348.1	493.4	312.7	283.3	3.66
2009		1	0.0	0.0	0.0	0.0	0.00	1,320.0	481.8	1,188.0	433.6	260.2	235.7	3.66
2010		1	0.0	0.0	0.0	0.0	0.00	1,160.1	423.4	1,044.1	381.1	228.7	207.2	3.66
2011		1	0.0	0.0	0.0	0.0	0.00	1,019.5	372.1	917.6	334.9	200.9	182.1	3.66
2012		1	0.0	0.0	0.0	0.0	0.00	896.0	327.0	806.4	294.3	176.6	160.0	3.66
2013		1	0.0	0.0	0.0	0.0	0.00	787.4	287.4	708.7	258.7	155.2	140.6	3.66
2014		1	0.0	0.0	0.0	0.0	0.00	692.0	252.6	622.8	227.3	136.4	123.6	3.66
2015		1	0.0	0.0	0.0	0.0	0.00	608.2	222.0	547.4	199.8	119.9	108.6	3.66
2016		1	0.0	0.0	0.0	0.0	0.00	534.5	195.1	481.0	175.6	105.3	95.4	3.66
2017		1	0.0	0.0	0.0	0.0	0.00	469.7	171.5	422.8	154.3	92.6	83.9	3.66
2018		1	0.0	0.0	0.0	0.0	0.00	412.8	150.7	371.5	135.6	81.4	73.7	3.66
2019		1	0.0	0.0	0.0	0.0	0.00	362.8	132.4	326.5	119.2	71.5	64.8	3.66
2020		1	0.0	0.0	0.0	0.0	0.00	318.8	116.4	287.0	104.7	62.8	56.9	3.66
2021		1	0.0	0.0	0.0	0.0	0.00	280.2	102.3	252.2	92.0	55.2	50.0	3.66
Sub									3,782.9		3,404.6	2,059.4	1,865.9	
Rem									459.1		413.2	247.9	224.6	
Total									4,242.0		3,817.8	2,307.3	2,090.4	

CONDENSATE (C5+)						BUTANES (C4)						PROPANE (C3)					
Year	C5+/Gas Ratio bbl/MMcf	Gross Volume Mbbbl	Company Volume Mbbbl	Net AR Volume Mbbbl	Avg. Price \$/bbl	Year	C4/Gas Ratio bbl/MMcf	Gross Volume Mbbbl	Company Volume Mbbbl	Net AR Volume Mbbbl	Avg. Price \$/bbl	Year	C3/Gas Ratio bbl/MMcf	Gross Volume Mbbbl	Company Volume Mbbbl	Net AR Volume Mbbbl	Avg. Price \$/bbl
2007	0.0	0.0	0.0	0.0	0.00	2007	0.0	0.0	0.0	0.0	0.00	2007	0.0	0.0	0.0	0.0	0.00
2008	50.0	27.4	17.4	12.1	65.35	2008	0.0	0.0	0.0	0.0	0.00	2008	0.0	0.0	0.0	0.0	0.00
2009	50.0	24.1	14.5	10.1	65.35	2009	0.0	0.0	0.0	0.0	0.00	2009	0.0	0.0	0.0	0.0	0.00
2010	50.0	21.2	12.7	8.9	65.35	2010	0.0	0.0	0.0	0.0	0.00	2010	0.0	0.0	0.0	0.0	0.00
2011	50.0	18.6	11.2	7.8	65.35	2011	0.0	0.0	0.0	0.0	0.00	2011	0.0	0.0	0.0	0.0	0.00
2012	50.0	16.4	9.8	6.9	65.35	2012	0.0	0.0	0.0	0.0	0.00	2012	0.0	0.0	0.0	0.0	0.00
2013	50.0	14.4	8.6	6.0	65.35	2013	0.0	0.0	0.0	0.0	0.00	2013	0.0	0.0	0.0	0.0	0.00
2014	50.0	12.6	7.6	5.3	65.35	2014	0.0	0.0	0.0	0.0	0.00	2014	0.0	0.0	0.0	0.0	0.00
2015	50.0	11.1	6.7	4.6	65.35	2015	0.0	0.0	0.0	0.0	0.00	2015	0.0	0.0	0.0	0.0	0.00
2016	50.0	9.8	5.9	4.1	65.35	2016	0.0	0.0	0.0	0.0	0.00	2016	0.0	0.0	0.0	0.0	0.00
2017	50.0	8.6	5.1	3.6	65.35	2017	0.0	0.0	0.0	0.0	0.00	2017	0.0	0.0	0.0	0.0	0.00
2018	50.0	7.5	4.5	3.2	65.35	2018	0.0	0.0	0.0	0.0	0.00	2018	0.0	0.0	0.0	0.0	0.00
2019	50.0	6.6	4.0	2.8	65.35	2019	0.0	0.0	0.0	0.0	0.00	2019	0.0	0.0	0.0	0.0	0.00
2020	50.0	5.8	3.5	2.4	65.35	2020	0.0	0.0	0.0	0.0	0.00	2020	0.0	0.0	0.0	0.0	0.00
2021	50.0	5.1	3.1	2.1	65.35	2021	0.0	0.0	0.0	0.0	0.00	2021	0.0	0.0	0.0	0.0	0.00
Sub		189.1	114.4	79.9		Sub						Sub					
Rem		23.0	13.8	9.6		Rem						Rem					
Total		212.1	128.2	89.5		Total						Total					

ETHANE						SULPHUR						BDE's					
Year	C2/Gas Ratio bbl/MMcf	Gross Volume Mbbbl	Company Volume Mbbbl	Net AR Volume Mbbbl	Avg. Price \$/bbl	Year	Sul/Gas Ratio lb/MMcf	Gross Volume Mll	Company Volume Mll	Net AR Volume Mll	Avg. Price \$/lb	Year	Gross Rate boe/d	Gross Volume Mboe	Company Volume Mboe	Net AR Volume Mboe	Avg. Price \$/boe
2007	0.0	0.0	0.0	0.0	0.00	2007	0.0	0.0	0.0	0.0	0.00	2007	0.0	0.0	0.0	0.0	0.00
2008	0.0	0.0	0.0	0.0	0.00	2008	0.0	0.0	0.0	0.0	0.00	2008	300.4	109.6	69.5	59.3	32.81
2009	0.0	0.0	0.0	0.0	0.00	2009	0.0	0.0	0.0	0.0	0.00	2009	264.0	96.4	57.8	49.4	32.81
2010	0.0	0.0	0.0	0.0	0.00	2010	0.0	0.0	0.0	0.0	0.00	2010	232.0	84.7	50.8	43.4	32.81
2011	0.0	0.0	0.0	0.0	0.00	2011	0.0	0.0	0.0	0.0	0.00	2011	203.9	74.4	44.7	38.1	32.81
2012	0.0	0.0	0.0	0.0	0.00	2012	0.0	0.0	0.0	0.0	0.00	2012	179.2	65.4	39.2	33.5	32.81
2013	0.0	0.0	0.0	0.0	0.00	2013	0.0	0.0	0.0	0.0	0.00	2013	157.5	57.5	34.5	29.5	32.81
2014	0.0	0.0	0.0	0.0	0.00	2014	0.0	0.0	0.0	0.0	0.00	2014	138.4	50.5	30.3	25.9	32.81
2015	0.0	0.0	0.0	0.0	0.00	2015	0.0	0.0	0.0	0.0	0.00	2015	121.6	44.4	26.6	22.8	32.81
2016	0.0	0.0	0.0	0.0	0.00	2016	0.0	0.0	0.0	0.0	0.00	2016	106.9	39.0	23.4	20.0	32.81
2017	0.0	0.0	0.0	0.0	0.00	2017	0.0	0.0	0.0	0.0	0.00	2017	93.9	34.3	20.6	17.6	32.81
2018	0.0	0.0	0.0	0.0	0.00	2018	0.0	0.0	0.0	0.0	0.00	2018	82.6	30.1	18.1	15.4	32.81
2019	0.0	0.0	0.0	0.0	0.00	2019	0.0	0.0	0.0	0.0	0.00	2019	72.6	26.5	15.9	13.6	32.81
2020	0.0	0.0	0.0	0.0	0.00	2020	0.0	0.0	0.0	0.0	0.00	2020	63.8	23.3	14.0	11.9	32.81
2021	0.0	0.0	0.0	0.0	0.00	2021	0.0	0.0	0.0	0.0	0.00	2021	56.0	20.5	12.3	10.5	32.81
Sub						Sub						Sub	756.6		457.7	350.9	
Rem						Rem						Rem	91.8		55.1	47.0	
Total						Total						Total	848.4		512.7	437.9	

Disc. Date: Mar 1, 2007  
Archive: <Current Run>  
2007/04/03 4:11 PM

WEST OKTYABRSKOE  
Price Scenario : Constant

## OIL RESERVES

Area : Crimea, Ukraine  
 Property : Oktyabrskoe  
 Location : Oktyabrskoe #24  
 Formation : Cenomanian S K2  
 Effective : February 28, 2007

Reserve Category :	PSD		
Interval - Metric	1686.0 - 1783.0	Slotted Liner	m KB
Interval - Imperial	5531 - 5850		ft KB
Drainage Area	80		Acres
Average Pay - Metric	10.0	From O #50	m
Average Pay - Imperial	33		Feet
Average Porosity	8	From O #50	%
Water Saturation	50		%
Shrinkage	0.80		
Initial Oil In-Place	651.6		Mbbl
Recovery Factor	15		%
Initial Recoverable oil	97.7		Mbbl
Estimated Cumulative Production	0.0		Mbbl
Remaining Oil Reserves	97.7		Mbbl

Gas/Oil Ratio	Flared		cf/bbl
Condensate (C5)/ Gas Ratio	0.0		bbl/MMcf
Butane (C4)/ Gas Ratio	0.0		bbl/MMcf
Propane (C3)/ Gas Ratio	0.0		bbl/MMcf

**Comments :** These technical reserves may not match the results in this report due to economic factors.  
 Reservoir parameters are based on petrophysical analysis and geologic mapping.  
 Porosity and Pay have been taken from O#50 core analysis and perf interval.  
 Originally production tested at 24.0 m3/d (151 bbl/d)  
 Installation of artificial lift is expected to yield initial daily oil 60 bbl/d or greater.  
 Some isolation of producing interval may be required to avoid water problems.

## OIL RESERVES

Area : Crimea, Ukraine  
 Property : Oktyabrskoe  
 Location : Oktyabrskoe #10  
 Formation : Cenomanian S K2  
 Effective : February 28, 2007

Reserve Category :	PSD		
Interval - Metric	1745.0 - 1787.0	From Logs	m KB
Interval - Imperial	5725 - 5863	Not perf'd	ft KB
Drainage Area	80		Acres
Average Pay - Metric	10.0	From O #50	m
Average Pay - Imperial	33		Feet
Average Porosity	8	From O #50	%
Water Saturation	50		%
Shrinkage	0.80		
Initial Oil In-Place	651.6		Mbbl
Recovery Factor	15		%
Initial Recoverable oil	97.7		Mbbl
Estimated Cumulative Production	0.0		Mbbl
<b>Remaining Oil Reserves</b>	<b>97.7</b>		<b>Mbbl</b>

Gas/Oil Ratio	Flared		cf/bbl
Condensate (C5)/ Gas Ratio	0.0		bbl/MMcf
Butane (C4)/ Gas Ratio	0.0		bbl/MMcf
Propane (C3)/ Gas Ratio	0.0		bbl/MMcf

**Comments :** These technical reserves may not match the results in this report due to economic factors.  
 Reservoir parameters are based on petrophysical analysis and geologic mapping.  
 Porosity and Pay have been taken from O#50 core analysis and perf interval.  
 Trimble has reviewed the SP and Resistivity logs in KG Offices and found  
 20.0m to be prospective in the interval between 1745m and 1787m.  
 The Cenomanian has not been completed in this well.  
 Installation of artificial lift is expected to yield initial daily oil 60 bbl/d.

## OIL RESERVES

**Area :** Crimea, Ukraine  
**Property :** Oktyabrskoe  
**Location :** Oktyabrskoe # 1  
**Formation :** Neocomian A-21, Lower K1  
**Effective :** February 28, 2007

Reserve Category :	PSD		
Interval - Metric	2668.0 - 2787.0	Slotted Liner	m KB
Interval - Imperial	8753 - 9144		ft KB
Drainage Area	80		Acres
Average Pay - Metric	4.4		m
Average Pay - Imperial	14		Feet
Average Porosity	16		%
Water Saturation	38		%
Shrinkage	0.76		
Initial Oil In-Place	675.5		Mbbl
Recovery Factor	15		%
Initial Recoverable oil	101.3		Mbbl
Estimated Cumulative Production	21.8	Est. by Trimble	Mbbl
Remaining Oil Reserves	79.5		Mbbl

Gas/Oil Ratio	Flared		cf/bbl
Condensate (C5)/ Gas Ratio	0.0		bbl/MMcf
Butane (C4)/ Gas Ratio	0.0		bbl/MMcf
Propane (C3)/ Gas Ratio	0.0		bbl/MMcf

**Comments :** These technical reserves may not match the results in this report due to economic factors.  
 Reservoir parameters are based on petrophysical analysis and geologic mapping.  
 This well is currently producing approximately 20 bbl/d for 12 hours/d, therefore 10 bbl/d.  
 Originally production tested at 45.6 m3/d (287 bbl/d)  
 Installation of artificial lift is expected to yield initial daily oil 60 bbl/d or greater.



## OIL RESERVES

Area : Crimea, Ukraine  
 Property : Oktyabrskoe  
 Location : Oktyabrskoe #50  
 Formation : Cenomanian S K2  
 Effective : February 28, 2007

Reserve Category :	PSD		
Interval - Metric	1757.0 - 1783.0	Perf'd interval	m KB
Interval - Imperial	5764 - 5850		ft KB
Drainage Area	80		Acres
Average Pay - Metric	10.0	Perf'd interval	m
Average Pay - Imperial	33		Feet
Average Porosity	8	From core data	%
Water Saturation	50		%
Shrinkage	0.80		
Initial Oil In-Place	651.6		Mbbl
Recovery Factor	15		%
Initial Recoverable oil	97.7		Mbbl
Estimated Cumulative Production	0.0		Mbbl
Remaining Oil Reserves	97.7		Mbbl

Gas/Oil Ratio	Flared		cf/bbl
Condensate (C5)/ Gas Ratio	0.0		bbl/MMcf
Butane (C4)/ Gas Ratio	0.0		bbl/MMcf
Propane (C3)/ Gas Ratio	0.0		bbl/MMcf

**Comments :** These technical reserves may not match the results in this report due to economic factors.  
 Reservoir parameters are based on petrophysical analysis and geologic mapping.  
 The porosity is a wtd average taken from core data over the perf'd interval.  
 Trimble has documented the core data from review of the O#50 well file in KG Offices.  
 Originally DST'd at 8.8 m3/d (55 bbl/d)  
 Installation of artificial lift is expected to yield initial daily oil 50 bbl/d.

**GAS RESERVES**

**Area :** Crimea, Ukraine  
**Property :** West Oktyabrskoe  
**Location :** West Oktyabrskoe #31  
**Formation :** Neocomian - Albion  
**Effective :** February 28, 2007

**Reserve Category :**

	PSD		
Interval - Metric	2785.0 - 2998.0	From NTOL files	m KB
Interval - Imperial	9137 - 9836		ft KB
Drainage Area	160		acres
Average Pay - Metric	53.0	From NTOL files	m
Average Pay - Imperial	173.9		feet
Average Porosity	3.4	From NTOL files (Core)	%
Water Saturation	50	Pool Average	%
Residual Oil Saturation	0		%
Reservoir Pressure	4,995		psia
Reservoir Temperature	690		°R
Compressibility Factor	1.006		
Initial Raw Gas in Place	5,265		MMcf
Recovery Factor	50		%
Initial Recoverable Raw	2,632		MMcf
Estimated Cumulative Raw Production	1,048		MMcf
Remaining Raw Reserves	1,584		MMcf
Surface Loss	10		%
<b>Remaining Sales Gas Reserves</b>	<b>1,426</b>		<b>MMcf</b>
Condensate (C5)/ Gas Ratio	50.0	50% of pool PVT and history	bbl/MMcf
Butane (C4)/ Gas Ratio	0.0		bbl/MMcf
Propane (C3)/ Gas Ratio	0.0		bbl/MMcf

**Comments :** These technical reserves may not match the results in this report due to economic factors.

Reservoir parameters are based on petrophysical analysis and geologic mapping.

WO #31 and WO #9 are projected to drain 320 acres together, therefore 160 acres each.

WO #31 was previously produced with cum gas prod = 37.2 e6m3 (1,048 MMcf).

From 1977 to 1982, the rates were sequestered by hydrocarbon liquid loading.

The last stabilized gas rate prior to hydrocarbon liquid loading was approx. 1.2 MMcf/d.

Artificial lift for the condensate is expected to restore the gas rate to 0.8 MMcf/d or greater.

**GAS RESERVES**

**Area :** Crimea, Ukraine  
**Property :** West Oktyabrskoe  
**Location :** West Oktyabrskoe #9  
**Formation :** Neocomian - Albion  
**Effective :** February 28, 2007

**Reserve Category :**

	<b>PSD</b>		
Interval - Metric	2814.0 - 2894.0	From NTOL files	m KB
Interval - Imperial	9232 - 9495		ft KB
Drainage Area	160		acres
Average Pay - Metric	53.0	From NTOL files (same = WO#31)	m
Average Pay - Imperial	173.9		feet
Average Porosity	4.0	Pool Average	%
Water Saturation	50	Pool Average	%
Residual Oil Saturation	0		%
Reservoir Pressure	4,995		psia
Reservoir Temperature	690		°R
Compressibility Factor	1.006		
Initial Raw Gas in Place	6,194		MMcf
Recovery Factor	50		%
Initial Recoverable Raw	3,097		MMcf
Estimated Cumulative Raw Production	0		MMcf
Remaining Raw Reserves	3,097		MMcf
Surface Loss	10		%
<b>Remaining Sales Gas Reserves</b>	<b>2,787</b>		<b>MMcf</b>
Condensate (C5)/ Gas Ratio	50.0	50% of pool PVT and history	bbbl/MMcf
Butane (C4)/ Gas Ratio	0.0		bbbl/MMcf
Propane (C3)/ Gas Ratio	0.0		bbbl/MMcf

**Comments :** These technical reserves may not match the results in this report due to economic factors.  
 Reservoir parameters are based on petrophysical analysis and geologic mapping.  
 WO #31 and WO #9 are projected to drain 320 acres together, therefore 160 acres each.  
 WO #9 originally AOF'd 69.5 e3m3/d (2,467 Mcf/d) with high cond/gas ratio > 87 bbl/MMcf.  
 WO #9 was subsequently placed on prod for a brief period and SI due to HC Liq. loading.  
 WO #9 is initially proposed as a gas re-injection well, to be converted to prod 2009-01.  
 Artificial lift for the condensate is expected to establish a gas rate of 1.6 MMcf/d or greater.

**GAS RESERVES**

**Area :** Crimea, Ukraine  
**Property :** West Oktyabrskoe  
**Location :** West Oktyabrskoe #28  
**Formation :** Neocomian - Albian  
**Effective :** February 28, 2007

<b>Reserve Category :</b>	<b>PSD</b>		
Interval - Metric	3220.0 - 3378.0	From NTOL files	m KB
Interval - Imperial	10564 - 11083		ft KB
Drainage Area	320		acres
Average Pay - Metric	63.0	From NTOL files (risked 50%)	m
Average Pay - Imperial	206.7		feet
Average Porosity	2.8	From NTOL files (Core)	%
Water Saturation	50	From NTOL files	%
Residual Oil Saturation	0		%
Reservoir Pressure	4,995		psia
Reservoir Temperature	690		°R
Compressibility Factor	1.006		
Initial Raw Gas in Place	10,308		MMcf
Recovery Factor	50		%
Initial Recoverable Raw	5,154		MMcf
Estimated Cumulative Raw Production	912		MMcf
Remaining Raw Reserves	4,242		MMcf
Surface Loss	10		%
<b>Remaining Sales Gas Reserves</b>	<b>3,818</b>		<b>MMcf</b>

Condensate (C5)/ Gas Ratio	50.0	50% of pool PVT and history	bbl/MMcf
Butane (C4)/ Gas Ratio	0.0		bbl/MMcf
Propane (C3)/ Gas Ratio	0.0		bbl/MMcf

**Comments :** These technical reserves may not match the results in this report due to economic factors.  
 Reservoir parameters are based on petrophysical analysis and geologic mapping.  
 WO #28 was previously produced with cum gas prod = 25.7 e6m3 (912 MMcf).  
 In 1976 and 1977, the rates were sequestered by hydrocarbon liquid loading.  
 The last stabilized gas rate prior to hydrocarbon liquid loading was approx. 2.4 MMcf/d.  
 Artificial lift for the condensate is expected to restore the gas rate to 1.6 MMcf/d or greater.  
 Final 1977 WGR of 6.4 bbl/MMcf is not considered to be a concern.

WELL COMPLETION AND TEST SUMMARY

OKTYABRSKOE STRUCTURE

July, 1957

Well #	Formation	Perf top meters	Perf bottom meters	Perf Gun/ Completion	Perf shot density spm	Flow Rates		Pressures		Oil Density kg/m <sup>3</sup>	Comments
						oil m <sup>3</sup> /d	wtr m <sup>3</sup> /d	ISIP MPa	BHP MPa		
1	K1 Neocomian (A-21) & DO K	2668	2787	slotted liner		45.6		29.8	16.6		Produced 14,666 bbl in three years
2	K1 Neocomian (A-21) & DO K	2843	2942	slotted liner			4.4	29.4			High volumes of water reported on test
4	K1 Neocomian (A-21) & DO K	2568	2678	slotted liner		6.0		25.1			Unofficial volumes - Net pay highest in pool
5	Neocomian (A-20) & DO K	3285	3300	jet	20		0.3				
5	Neocomian (A-20) & DO K	3320	3340	jet	20		0.4				
6	A-20 & A-21	3162	3204	unknown		0.1	0.1	30.5			High volumes of water reported on test assumed 50% wcut
7	Cenomanian K2	1744	1766	jet	20						
7	A-20 & A-21	2970	2990	jet	28		0.1				
7	A-20 & A-21	3000	3017	unknown	20		0.5				
12	Neocomian (A-21) & DO K	2763	2775	jet	30		0.3				High volumes of water reported on test
12	Neocomian (A-21) & DO K	2805	2830	jet	19						High volumes of water reported on test
22	Unknown	1577	1595	jet	20		7.9	15.3			
22	Unknown	1648	1745	unknown	6		0.6				
22	Unknown	1854	1866	jet	30		0.1				
22	Unknown	1881	1893	jet	30		0.1				
24	Cenomanian K2 (S)	1465	1485	jet	22	0.2				0.795	assumed 50% wcut
24	Cenomanian K2 (S)	1552	1627	unknown	6	0.6					water production problems when placed on test
24	Cenomanian K2 (S)	1686	1773	slotted liner		24.0					
50	Cenomanian K2 (S)	1579	1660			3.8	7.0				DST unknown quantity of gas
50	Cenomanian K2 (S)	1685	1774								DST
50	Cenomanian K2 (S)	1708	1764								DST 70 m oil 5.8 m wtr, gas slugging
50	Cenomanian K2 (S)	1711	1751								DST 103 m oil 8.6 m wtr, gas slugging
50	Cenomanian K2 (S)	1746	1780								Temp profile log does not indicate crossflow - wtr from behind pipe
50	Cenomanian K2 (S)	1757	1759	unknown	15	5.0	5.2				Dry - no inflow
50	Cenomanian K2 (S)	1759	1764	unknown	3	0.8	2.7				
50	Cenomanian K2 (S)	1770	1773	unknown	12	1.4	3.5				
50	Cenomanian K2 (S)	1782	1869			0.3	10.1				DST

Note: no choke sizes or gas rates recorded  
#1 well last flowed at 7093 kPa and 2.4 m<sup>3</sup>/d

**GROSS LEASE OIL RESERVES DATA SHEET**  
**KRIMEAGEOLOGY REGION, UKRAINE**

Effective July 1, 1997

Field/Structure	OKTYABRSKOE	OKTYABRSKOE	OKTYABRSKOE	OKTYABRSKOE
Formation	NEOCOMIAN A-21	NEOCOMIAN A-21	CENOMANIAN S	CENOMANIAN S
Pool	LOWER K <sup>1</sup>	LOWER K <sup>1</sup>	K <sup>2</sup>	K <sup>2</sup>
Reserve Classification	PROBABLE	PROBABLE + POSSIBLE	PROBABLE + POSSIBLE	PROBABLE + POSSIBLE
Reserve Status	UNDEVELOPED	UNDEVELOPED	UNDEVELOPED	UNDEVELOPED
<b>Reservoir Parameters</b>				
Drainage Area	16	300	100	500
Net Oil Pay	4.6	10.0	300.0	150.0
Reservoir Volume	74	3,000	30,000	75,000
Porosity	13%	13%	1%	1%
Water Saturation	38%	38%	50%	50%
Formation Volume Factor	1.32	1.32	1.25	1.25
Initial Oil in Place	612.9	612.9	40.0	40.0
		Volumetric	Volumetric	Volumetric
<b>Reserve Estimation Method</b>				
<b>Reserves</b>				
Initial Oil in Place	45.4	1,838.8	1,200.0	3,000.0
Recovery Factor	10.0%	30.0%	5.0%	30.0%
Initial Recoverable Oil	4.5	551.6	60.0	900.0
Cumulative Oil Production	2.3	2.3	-	-
Remaining Recoverable Oil	2.2	549.3	60.0	900.0
<b>Additional Parameters</b>				
Initial Reservoir Pressure	29,800	29,800	15,300	15,300
Reservoir Temperature	150	150	100	100
Initial Solution Gas Oil Ratio	213	213	808	808
Oil Density	787	787		
<b>Comment</b>				
	Minimum reserves assignment	Maximum reserves assignment	Minimum reserves assignment	Maximum reserves assignment

**OKTYABRSKOE STRUCTURE**

Cenomanian  
Pay Count

Well #	TVD, (m)	Gross Pay (m)	Gross Pay (ft.)
	Subsea, (m)	Net Pay (m)	Net Pay (ft.)
1	1462.5-1853	388.5	1274.6
	-1366-1754.5	388.5	1274.6
4	1505-1845.5	339.7	1114.5
	-1396.6-1736.3	339.7	1114.5
7	1734.0-2103	377.6	1238.8
	-1613-1990.6	377.6	1238.8
12	1672-2046	373.6	1225.7
	-1545.5-1919.1	373.6	1225.7
22	1572-1902	332.7	1091.5
	-1455.1-1787.8	332.7	1091.5
24	1458.0-1774.0	316	1036.7
	-1360.4-1676.4	316	1036.7
25	1515-1816	300.7	986.5
	-1424.9-1725.6	300.7	986.5
50	1469.0-1784	315.1	1033.8
	-1368-1683.1	315.1	1033.8
Average		343.0	1125.3

**OKTYABRSKOE STRUCTURE**  
Log Data Interpretation Results  
A-21 Reservoir (K<sub>1</sub>)

Well #	Interval meters	Pay Zone meters	Gross Pay (m)	Net Pay (m)	Water Resistivity ohm-m	Water Resistivity @formation Temp	Porosity	So <sub>i</sub>	Used for Calculation		
									Net Pay (m)	Porosity	So <sub>i</sub>
1	2671-2733	2673-2674.6	1.0	1.0	100	0.2		0.76	1.0		0.76
		2678-2679	1.0	1.0	80	0.2		0.72	1.0		0.72
		2682.2-2683	0.8	0.8	37	0.2		0.54	0.8		0.54
		2694.4-2696	1.6	1.6	37			0.54	1.6		0.54
		Weighted Average Value:									0.63
4	2574-2632	2577.2-2581.2	4	4	70	0.2		0.71	4		0.71
		2618-2620	2	2	50	0.2		0.62	2		0.62
		2625-2629	4	4	35	0.2		0.52	4		0.52
		Weighted Average Value:									0.62
2	2853-2909	2854.4-2861	6.6	6.6	9	0.2	15				0
		2882-2885	3	3	20	0.2	10				0
		2886-2890	4	4	12	0.2	12.5				0
6	3183-3205	3185.6-3189.6	4	4	9	0.2	14				0
7	2971-3029	2971-2974	3	3	22	0.2	10				0
		3000-3002	2	2	10	0.2	15				0
12	2759-2821	2764-2768.8	4.8	4.8	12	0.2	12.5				0
		2799-2801	2	2	15	0.2	11				0
		2809-2812	3	3	10	0.2	15				0



**OKTYABRSKOE STRUCTURE**  
Pre-Cretaceous Formation  
Log Interpretation

Well #	Interval meters	Pay Zone meters	Gross Pay (m)	Net Pay (m)	Water Resistivity ohm-m	Water Resistivity @formation Temp	Porosity	So <sub>i</sub>	Used for Calculation		
									Net Pay (m)	Porosity	So <sub>i</sub>
1	2733-2785	2748-2760	12	12	700	6.2		0.62		4	
		2772-2779	7	7	600	0.2		0.68	19	4	0.64

TABLE NO. 6-1  
Page 5

				Oktyabrskoe #50						
				Summary of Core data						
			From Well file reviewed in the offices of Krymgeologiya							
				09-Feb-07						
			Stephen C. Trimble							

WELL COMPLETION AND TEST SUMMARY  
WEST OKTYABRSKOE STRUCTURE

July, 1997

TABLE NO. 6-2  
Page 1

Well #	Formation	Tested depth meters	Interval meters	Subsea meters	Perf Gun/ Type	Tbg dia. inches	Tbg shoe depth m.	Choke diam. mm	Pressure @ MPP kPa	Delta kPa	Water Rate Test Rate	Flowing m <sup>3</sup> /d	Gas Rate 10 <sup>3</sup> m <sup>3</sup> /d	C5+ Rate m <sup>3</sup> /d	PI m <sup>3</sup> /d/atm	Notes
9	Conomanian	2168	2163	-2070	-2064 Jet Gun							0.006				Water w/ oil film & weak gas flow
		2140	2124	-2041	-2025											
	Upper Albian	2752	2732	-2651	-2631 Jet Gun							0.23				7% of oil daily rate
	Middle Albian	2710	2702	-2609	-2601											
	Middle Albian	2835	2814	-2734	-2713 Jet Gun											
	Unknown	2814	2813	-2713	-2712 Projectile Gun	2.5	28010									Minor gas inflow with condensate
	Unknown	2918	2894	-2816	-2792 Jet Gun and ?	2.5	2887	12	33.640				68.5 AOF	57.834	2.33	
	Upper Albian	3525	3510	-3360	-3347 Abrasive Jet Gun	2.5	3523						8-9/2			
	Middle Albian	3500	3470	-3338	-308											
	a-3	3620	3585	-3455	-3420 Jet Gun	2	3576				Dry					
26	Unknown	3608	3593	-3442	-3427 Abrasive Jet Gun						Dry					
	a-3	3600	3620	-3512	-3453 Jet Gun	2 x 2.53608					Dry					
	Unknown	3635	3623	-3468	-3457 Abrasive Jet Gun						Dry					
	Conomanian	2376	2364	-2308	-2294 Abrasive Jet Gun	2.5	2376.7						-06-08/2			
		2352	2346	-2282	-2278											
	Conomanian	2338	2332	-2268	-2262 Abrasive Jet Gun	2.5	2347.7				Dry					
		2347	2341	-2277	-2271											
		2322	2316	-2252	-2246											
	a-3	3282	3220	-3163	-3104 Jet Gun	2.5	3218		33.437					25		
								5	30.195	3242.4			68.8*			
27								8	25.230	8207.3			149.2*			
								10	21.582	11855			201.4*			
								12	16.617	16820			203.2*			
								18	11.552	21785			221.2*			
								23	10.234	23203			230.8*			
								5	30.298	3141.1			93.7			
	a-3	3360	3305	-3237	-3165 Jet Gun	2.5	3305		33.741				203.57*		14.7	
								29	10.068	23674			206.84*			
								25	10.374	23368			203.75*			
								20.1	11.191	22550			195.36*			
29								15	13.511	20231			167.53*			
								12	12.771	15970			171.1*			
								10	19.560	13781			134.89*			
								5.1	30.349	3392.4			79.24*			
	Upper, Lower & Middle Albian	3519	3383	-3394	-3260 Open Hole											
	a-3	2828	2780	-2738	-2650 Jet Gun	2.5	2780									
		2660	2630	-2770	-2740											
		2824	2817	-2734	-2727								1.2 3-4*			
		2809	2802	-2719	-2712											
	a-3	2794	2780	-2704	-2690								3-4*			
30		2860	2830	-2770	-2740 Jet Gun	2.5	2837									
		2858	2830	-2768	-2740 Simulation, Abrasive Jet											
	Neocomian Pre-Cretaceous	3200	3180	-3109	-3089 Abrasive Jet							1.43				
		3162	3155	-3071	-3054											
		3140	3125	-3049	-3034											
		3105	3080	-3014	-2999											
	Neocomian	3200	3188	-3109	-3089 Abrasive Jet Perf								72 Part Surfactant			
		3162	3155	-3071	-3054								8-85			
		3140	3125	-3049	-3034											
	Pre-Cretaceous	3162	3155	-3071	-3054 Jet and Abrasive Jet Perf	2.5	3161						72-5			
30		3200	3189	-3109	-3089											
	Pre-Cretaceous	3200	3180	-3108	-3088 Abrasive Jet and Surfactant								522.15			
	a-3	3326	3293	-3201	-3170 Jet Gun	2.5	3285									

## WELL COMPLETION AND TEST SUMMARY

July, 1997

TABLE NO. 6-2  
Page 2

Well #	Formation	Tested Interval			Perf Gum/ Type	Thg dia. Inches	Thg shoe depth m.	Choko Diam. mm	Pressure @ MPP kPa	Delta kPa	Water Rate Test Rate	Flowing m3/d	Gas Rate 10' m3/d	C5+ Ratio m3/d	PI m3/d/atm	Notes
		meters depth	meters interval	motors subsurface												
		3382	3379	-3256	-3253	Abrasive Jet Stimulation			6				43.2	16		
									4				29.6	10		
									8				43.5	18		
									10				42.7	13		
a-3		3369	3366	-3245	-3240								0.1*			
		3360	3357	-3234	-3231								0.2*			
		3385	3330	-3259	-3205	Jet Gun										
		3382	3370	-3256	-3253											
		3369	3366	-3243	-3240	??										
		3360	3357	-3234	-3231											
		3473	3440	-3345	-3313	Jet Gun							0.097			
Lower Albian and Aptian		3453	3421	-3326	-3294											
		3473	3440	-3345	-3313	Jet Gun							0.097			
Lower Albian and Aptian		3469	3463	-3342	-3336	??										
		3213	3175	-3107	-3069	Jet Gun				6316.8			0.282		7	
Neocomian		3175	3167	-3058	-3051	Jet Gun				2528.3					3.2	
a-3		2852	2930	-2847	-2825	Jet Gun		15	33.640				23.3	14.4		
a-3		2926	2896	-2821	-2791	Jet Gun			33.640				64.5	39.6		
								8.15					95.4*			
								15.8								
a-3		2847	2791			Jet Gun				3313.3						
								2.5	31.110	2023.5			20.41*			
									27.175	5957.8			48.48*			
								4	20.750	12402			76.51*			
								5.93	14.349	18765			91.54*			
								8.15	14.405	18728			91.69*			
									6.673	26460			95.64*			
								15.8								
32	a-3 Middle and Upper Albian	3315	3292	-3211	-3189	Jet Gun					Dry					
		3240	3222	-3133	-3120	Jet Gun							1.8	0.2		
a-3		3226	3228	-3134	-3128											
		3228	3228	-3128	-3118	Abrasive Jet Gun										
a-3		3270	3248	-3168	-3146											
		3316	3268	-3211	-3186	Abrasive Jet Gun							17 Not Gauged			
		3240	3222	-3138	-3120											
a-3		3210	3195	-3108	-3095	Jet Gun										
		3315	3292	-3211	-3189								9.5	4.5		
		3240	3222	-3138	-3120			10	34.704							
		3270	3248	-3168	-3146			4					7.15*			
a-3		3198	3204	-3097	-3103											
		3222	3228	-3120	-3126	Abrasive Jet Gun										
		3037	2980	-2940	-2893	Slotted Liner							2.8			
33	Neocomian	2830	2800	-2734	-2704	Jet Gun							0	0.03		
	Albian and Aptian	2779	2776	-2693	-2660	Abrasive Jet Gun							0	3.8		
	Albian and Aptian	2769	2765	-2672	-2669						Dry					
35	Neocomian	2354	2382	-2234	-2262											
	Albian, Aptian, Neocom. Pro. C	3520	3460	-3367	-3327	Jet Gun					Dry					
	Albian and Aptian	3465	3455	-3332	-3322	Jet Gun					Dry					
		3443	3430	-3311	-3298						Dry					
		3420	3410	-3288	-3278											
a-3		3360	3350	-3248	-3218	Jet Gun					Dry					
		3342	3320	-3210	-3188											
37	a-3	3724	3730	-3598	-3595	Open Hole					Dry					

WELL COMPLETION AND TEST SUMMARY  
WEST OKTYABRSKOE STRUCTURE

July, 1997

Well #	Formation	Tested Interval		Perf Gun/		Tbg dia.	Tbg shoe	Choke Diam.	Pressure	Delta	Water Rate		Gas Rate	CS+ Rate	P1	Notes
		meters depth	meters subsea	Type		Inches	depth m.	mm	@ MPa kPa	kPa	Test Rate	Flowing	10 <sup>3</sup> m <sup>3</sup> /d	m <sup>3</sup> /d	m <sup>3</sup> /d/atm	
a-3		3723	-3586	-3512 Jet Gun		2.5	3542				Dry		0.09			
		3647	-3572	-3480 Jet Gun		2.5	3514				Post Stimulation		4.3		4.3	
		3698	-3564	-3558 Stimulation									4.3			
		3653	-3539	-3518	-3504 Stimulation											
3B		3640	-3551	-3471 Jet Gun		2.5	3572						0.3			
		3570	-3484	-3462	-3378 Jet Gun	2.5	3549		35.868							
		3552	-3443	-3435												
		3577	-3419	-3407									0.4		0.01	
		3510	-3405	-3387												
		3480	-3382	-3376												
		3462	-3355	-3335 Jet Gun		2.5	3480						0.18			
		3420	-3313	-3172		2.5	3620				Dry					
52	Lower Albian and Aptian	2842	-2746.4	-2738.5 Jet Gun		2.5	2834				Dry					
54	Lower Albian and Aptian	3162.2	3184			2.5	3159.2				Dry					
		3124	3110	-3028	-3012 Jet Gun											
		3070	3056	-2972	-2958 Jet Gun	2.5	3170.9				Dry					
		3001	2885	-2903	-2788 Jet Gun	2.5	2890				Dry					

\* Mixture of gas and condensate

**GROSS LEASE GAS RESERVES DATA SHEET**  
**KRIMEAGEOLOGY REGION. UKRAINE**

Effective July 1, 1997

Field/Structure Formation Pool Reserve Classification Status	WEST OKTYABRSKOE		WEST OKTYABRSKOE	
	LOWER CRETACEOUS		LOWER CRETACEOUS	
	ALBIAN	PROBABLE + POSSIBLE SHUT IN	ALBIAN	PROBABLE + POSSIBLE UNDEVELOPED
<b>Reservoir Parameters</b>				
Productive Area	288		718	
Net Gas Pay	45.7		32.0	
Reservoir Volume	13,161		23,004	
Porosity	4%		4%	
Water Saturation	51%		51%	
Residual Oil Saturation	0%		0%	
Initial Reservoir Pressure	34450		34450	
Reservoir Temperature	110		110	
Gas Compressibility Factor	1.00		1.00	
Surface Loss	10%		10%	
Heating Value	41.3		41.3	
Specific Gravity	0.66		0.66	
Pseudo-Critical Pressure	4585		4585	
Pseudo-Critical Temperature	214		214	
H <sub>2</sub> S	0.00		0.00	
CO <sub>2</sub>	0.33		0.33	
N <sub>2</sub>	2.30		2.30	
<b>Reserve Estimation Method</b>				
Initial Gas In Place	658.8		1,151.6	
Recovery Factor	50%		90%	
Initial Recoverable Gas	326.6		1,036.4	
Cumulative Gas Production	62.9		62.9	
Remaining Raw Recoverable Gas	263.7		973.5	
Remaining Marketable Gas	237.3		876.2	
<b>Comment</b>	MINIMUM RESERVES ASSIGNMENT: ASSUME WELL # 28 & 31 IN COMMUNICATION; CGR = 566 m3/E6m3		MAXIMUM RESERVES ASSIGNMENT: ASSUME WELL # 28 & 31 IN COMMUNICATION	

**WEST OCTYABRSKOE STRUCTURE**  
Petrophysical Estimation Parameters

Well #	Pay Interval (m)	Net Pay	Porosity (%)		Sg <sub>i</sub> (%)	
		(m)	Core	N-Gamma		N-Gamma
9	Unavailable	53				
26	3584-3753	48				
28	3220-3378	126	2.8	2.8		50
29	2709-2926	48	4.4			
30	3287-3442	97	3.8	4.8		48
31	2785-2998	53	3.4	4.1		
32	3191-3347	47	4.7	4.0		
37	3614-3730	56				
38	3472-3660	82				
	Average	68	3.82	3.93		49
	GeoInfo Average	44.6	4			49
	Used for reserves	44.6	4			49

# FORMATION GAS COMPOSITION

## WEST OKTYABRSKOE STRUCTURE WELL #28

July, 1997

Components	Separator Gas		Low pressure Gas		C <sub>5</sub> + Content in Raw Condensate	Formation Gas Composition		Potential Liquids gr/m <sup>3</sup>
	Mole %	Gr-mole content	Mole %	Gr-mole content		Gr-mole	Mole%	
C <sub>1</sub>	84.76	847.6	41.34	43.41		891.01	74.69	0
C <sub>2</sub>	9.6	96	24.74	25.98		121.98	10.22	139.16
C <sub>3</sub>	3.04	30.4	19.67	20.65		51.05	4.27	85.12
IC <sub>4</sub>	0.36	3.6	3.34	3.51		7.11	0.59	15.55
nC <sub>4</sub>	0.71	7.1	5.75	6.04		13.14	1.1	29
C <sub>5</sub> +	0.51	5.1	4.83	5.07	87.94	98.11	8.22	497.39
N <sub>2</sub>	1.02	10.2	0.33	0.34		10.54	0.91	0
CO <sub>2</sub>	0	0	0	0		0	0	0
Total	100	1000	100	105	87.94	1192.94	100	766.22
Gas Density, gr/l							1.1884	
Gas Density to Air							0.9862	
Dry Gas Molar Fraction						0.918		
Separation Gas Molar Fraction						0.838		

Note: CO<sub>2</sub> & N<sub>2</sub> do not match Geoinform gas composition which shows:

N<sub>2</sub> 2.30%  
CO<sub>2</sub> 0.33%



**ANGLO CRIMEAN OIL COMPANY (ACOC)  
OKTYABRSKOE LICENSE, CRIMEA, UKRAINE  
SUMMARY OF OWNERSHIP  
February 28, 2007**

LICENSE SUB-AREA	WELL	FORMATION	Well Status	Production Group	INTERESTS		BURDENS	
					Working Interest %	Royalty Interest %	Basic Lessor Royalty %	Gross Overriding Royalty %
Oktyabrskoe	1. Oktyabrskoe #24	Cenomanian S K2	SI Oil	Light Oil	Pay 100 to earn 88 BPO, 60 APO	---	30.179	---
Oktyabrskoe	2. Oktyabrskoe #10	Cenomanian S K2	SI Oil	Light Oil	Pay 100 to earn 88 BPO, 60 APO	---	30.179	---
Oktyabrskoe	3. Oktyabrskoe # 1	Neocomian A-21, Lower K1	Prod Oil	Light Oil	Pay 100 to earn 88 BPO, 60 APO	---	30.179	---
Oktyabrskoe	4. Oktyabrskoe #50	Cenomanian S K2	SI Oil	Light Oil	Pay 100 to earn 88 BPO, 60 APO	---	30.179	---
West Oktyabrskoe	5. West Oktyabrskoe #31	Neocomian-Albian	SI Gas	Natural Gas	Pay 100 to earn 88 BPO, 60 APO	---	9.4(Natgas), 30.179(Condensate)	---
West Oktyabrskoe	6. West Oktyabrskoe # 9	Neocomian-Albian	SI Gas	Natural Gas	Pay 100 to earn 88 BPO, 60 APO	---	9.4(Natgas), 30.179(Condensate)	---
West Oktyabrskoe	7. West Oktyabrskoe #28	Neocomian-Albian	SI Gas	Natural Gas	Pay 100 to earn 88 BPO, 60 APO	---	9.4(Natgas), 30.179(Condensate)	---

**ANGLO CRIMEAN OIL COMPANY (ACOC)**  
**OKTYABRSKOE LICENSE, CRIMEA, UKRAINE**  
**SUMMARY OF ECONOMIC PARAMETERS**  
**February 28, 2007**

LICENSE SUB-AREA	WELL	CAPITAL			OPERATING COSTS			YIELDS			PRICE FORECAST - CONSTANT					Base Price Forecast Provided by ACOC
		Tangible M\$	Gathering M\$	Aband M\$/well	Revert M\$	Fixed \$/W/M	Variable Oil \$/bbl	Variable Gas \$/Mcf	Raw GOR cf/bbl	Surf. Loss %	Raw Cond. bbl/MMcf	Oil \$/bbl	Natural Gas \$/mcf	Cond. C5 \$/bbl	Gas Heating Value btu/cf	
Oktyabrskoe	1. Oktyabrskoe #24	250	---	50	250	2500	3.50	---	---	---	---	65.35	---	---	---	Crimea Actual at Feb 28/07
Oktyabrskoe	2. Oktyabrskoe #10	275	---	50	275	2500	3.50	---	---	---	---	65.35	---	---	---	Crimea Actual at Feb 28/07
Oktyabrskoe	3. Oktyabrskoe # 1	100	---	50	100	2500	3.50	---	---	---	---	65.35	---	---	---	Crimea Actual at Feb 28/07
Oktyabrskoe	4. Oktyabrskoe #50	250	---	50	250	2500	3.50	---	---	---	---	65.35	---	---	---	Crimea Actual at Feb 28/07
West Oktyabrskoe	5. West Oktyabrskoe #31	250	---	50	250	2500	3.50	0.50	---	10	50.0	---	3.66	65.35	1,000	Crimea Actual at Feb 28/07
West Oktyabrskoe	6. West Oktyabrskoe # 9	200 + 50	50	50	300	2500	3.50	0.50	---	10	50.0	---	3.66	65.35	1,000	Crimea Actual at Feb 28/07
West Oktyabrskoe	7. West Oktyabrskoe #28	250	50	50	300	2500	3.50	0.50	---	10	50.0	---	3.66	65.35	1,000	Crimea Actual at Feb 28/07

**ANGLO CRIMEAN OIL COMPANY (ACOC)  
OKTYABRSKOE LICENSE, CRIMEA, UKRAINE  
EVALUATION COMMENTS  
February 28, 2007**

LICENSE SUB-AREA	WELL	Evaluation Comments	Eval Class	Reserve Category	Reserves Determ. Method	Analog Location	Non-Prod Start Date
Oktyabrskoe	1. Oktyabrskoe #24	Re-enter/compl., art. lift. surf. Equip. 60 bbl/d, 125.1 Mbbl	Development	PSD	Volumetric/Analogy	O#50	2007-07
Oktyabrskoe	2. Oktyabrskoe #10	Re-enter/compl., perf. art. lift. surf. Equip. 60 bbl/d, 125.1 Mbbl	Development	PSD	Volumetric/Analogy	O#50	2007-08
Oktyabrskoe	3. Oktyabrskoe #1	Art. Lift, 60 bbl/d, 81.2 Mbbl	Development	PSD	Volumetric	—	2007-08
Oktyabrskoe	4. Oktyabrskoe #50	Re-enter/compl., art. lift. surf. Equip. 50 bbl/d, 125.1 Mbbl	Development	PSD	Volumetric	—	2007-10
West Oktyabrskoe	5. West Oktyabrskoe #31	Re-enter/compl., art. lift. surf. Equip. 0.8 MMcf/d, 1.584 MMcf	Development	PSD	Volumetric/Analogy	Pool Avg.	2007-11
West Oktyabrskoe	6. West Oktyabrskoe #9	Convert for gas inj. incl. WO #31 tie-in, then to prod @ 2009-01, 1.6 MMcf/d, 3.097 MMcf	Development	PSD	Volumetric/Analogy	Pool Avg.	2009-01
West Oktyabrskoe	7. West Oktyabrskoe #28	Re-enter/compl., art. lift. surf. equip. tie-in to WO #9 for gas re-inj., 1.6 MMcf/d, 4.242 MMcf	Development	PSD	Volumetric	—	2008-01

### Glossary

<b>“API”</b>	American Petroleum Institute
<b>“bbl(s)”</b>	barrel(s), 42 US gallons liquid volume
<b>“boe”</b>	barrels of oil equivalent. One bbl of oil is approximately the energy equivalent of 6,000 cf of natural gas
<b>“Bridge Plug”</b>	a restriction placed inside the well that is located and set to isolate the lower part of the wellbore. Bridge plugs may be permanent or retrievable, enabling the lower wellbore to be permanently sealed from production or temporarily isolated from a treatment conducted on an upper zone
<b>“Cenomanian”</b>	the Cenomanian (also known as the Woodbinian) is the first stage of the Late Cretaceous Epoch
<b>“Condensate”</b>	liquid hydrocarbons produced with natural gas which are separated from it by cooling, expansion, and various other means ( <i>also called “distillate”</i> )
<b>“Crude Oil”</b>	liquid petroleum as it comes out of the ground. Crude oils range from very light (high in gasoline and similar to condensate) to very heavy (high in residual oils). Sour crude is high in sulfur content. Sweet crude is low in sulfur and therefore often more valuable
<b>“Hydrocarbons”</b>	compounds containing only carbon and hydrogen
<b>“Mcf/d”</b>	one thousand standard cubic feet per day
<b>“MM”</b>	one million
<b>“MMbbl”</b>	one million barrels
<b>“MMboe”</b>	one million barrels of oil equivalent

**Glossary (cont'd)**

<b>"MMbtu"</b>	one million british thermal units, a heating equivalent measure for natural gas and is an alternate measure of natural gas reserves, as opposed to Mcf, which is strictly a measure of natural gas volumes
<b>"MMcf"</b>	one million cubic feet
<b>"MMcf/d"</b>	one million standard cubic feet of gas per day
<b>"natural gas"</b>	a mixture of hydrocarbon compounds and small amounts of various non-hydrocarbons (such as carbon dioxide, helium, hydrogen sulphide, and nitrogen) existing in the gaseous phase or in solution with crude oil in natural underground reserves
<b>"Neocomian"</b>	a term applied to the lowest deposits of the Cretaceous Era
<b>"NGL"</b>	natural gas liquids. Portions of natural gas that are liquefied at the surface in lease separators, field facilities, or gas processing plants, leaving dry natural gas. They include, but are not limited to, ethane, propane, butane, natural gasoline, and condensate
<b>"Reserves"</b>	the estimated quantities of oil and gas that geological and engineering data indicate, with reasonable certainty, to be recoverable in future years from known reservoirs under existing economic and operating conditions
<b>"Shut-In"</b>	to close valves on a well so that it stops production, or a well on which the valves have been closed
<b>"Surface Separation"</b>	the process of separating liquid and gas hydrocarbons and water in a pressure vessel at the surface

**Glossary (cont'd)**

<b>“Tcf”</b>	one trillion cubic feet
<b>“WI or Working Interests”</b>	the right and interest, expressed as a percentage, of the WI owner to participate in operations to explore for, develop and produce oil and gas reserves; and obligate such owner to meet its share of the costs and expenses of such exploration, development and production operations
<b>“Well Cap”</b>	a 30 metre concrete cap used to block/close a Well
<b>“Workover”</b>	the process of performing major maintenance or remedial treatment on an existing oil or gas well, which may include the removal and replacement of the production tubing string after production from the well has been stopped and a workover rig has been placed on location

FIGURE NO 1

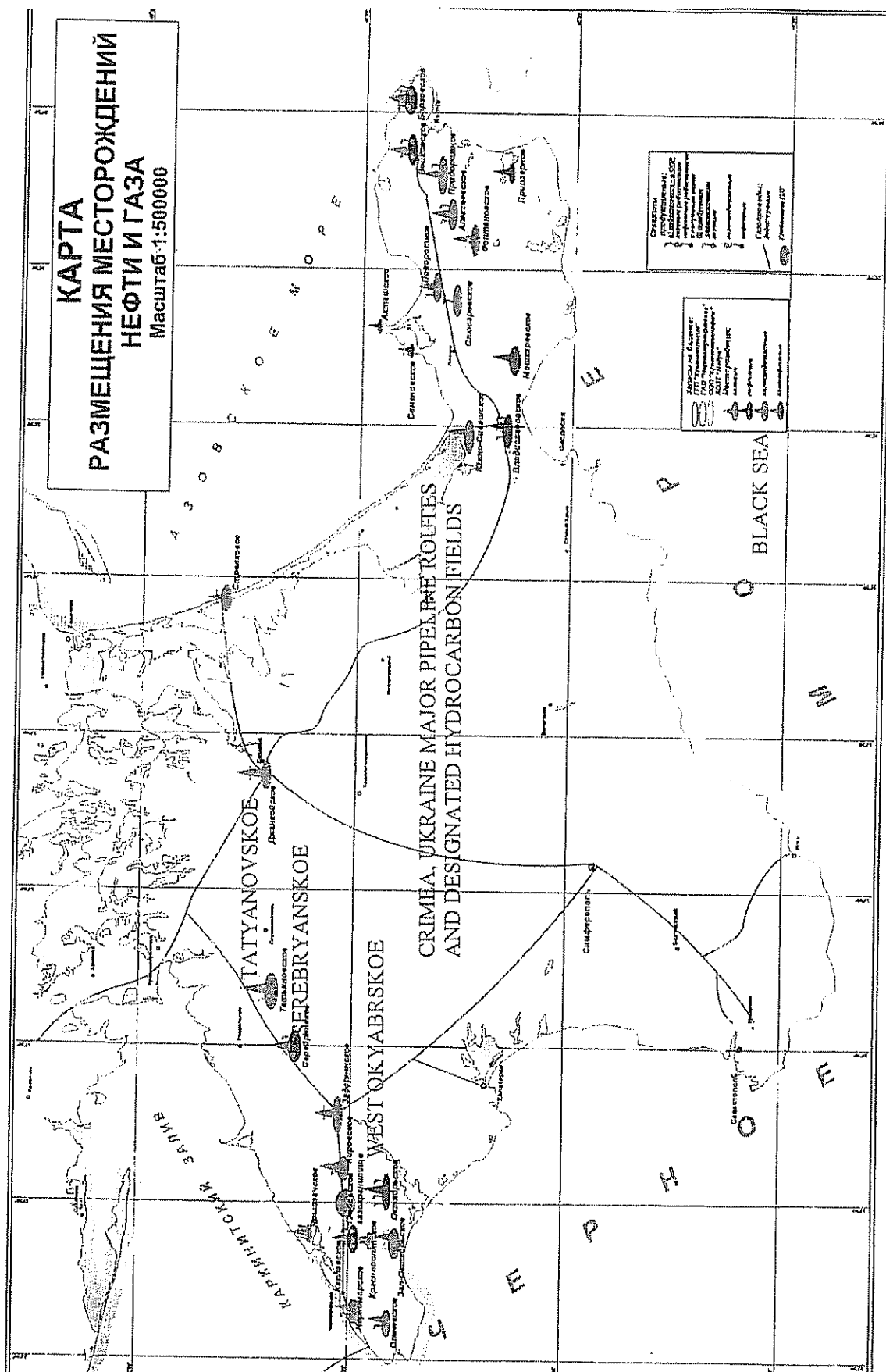


FIGURE NO 2

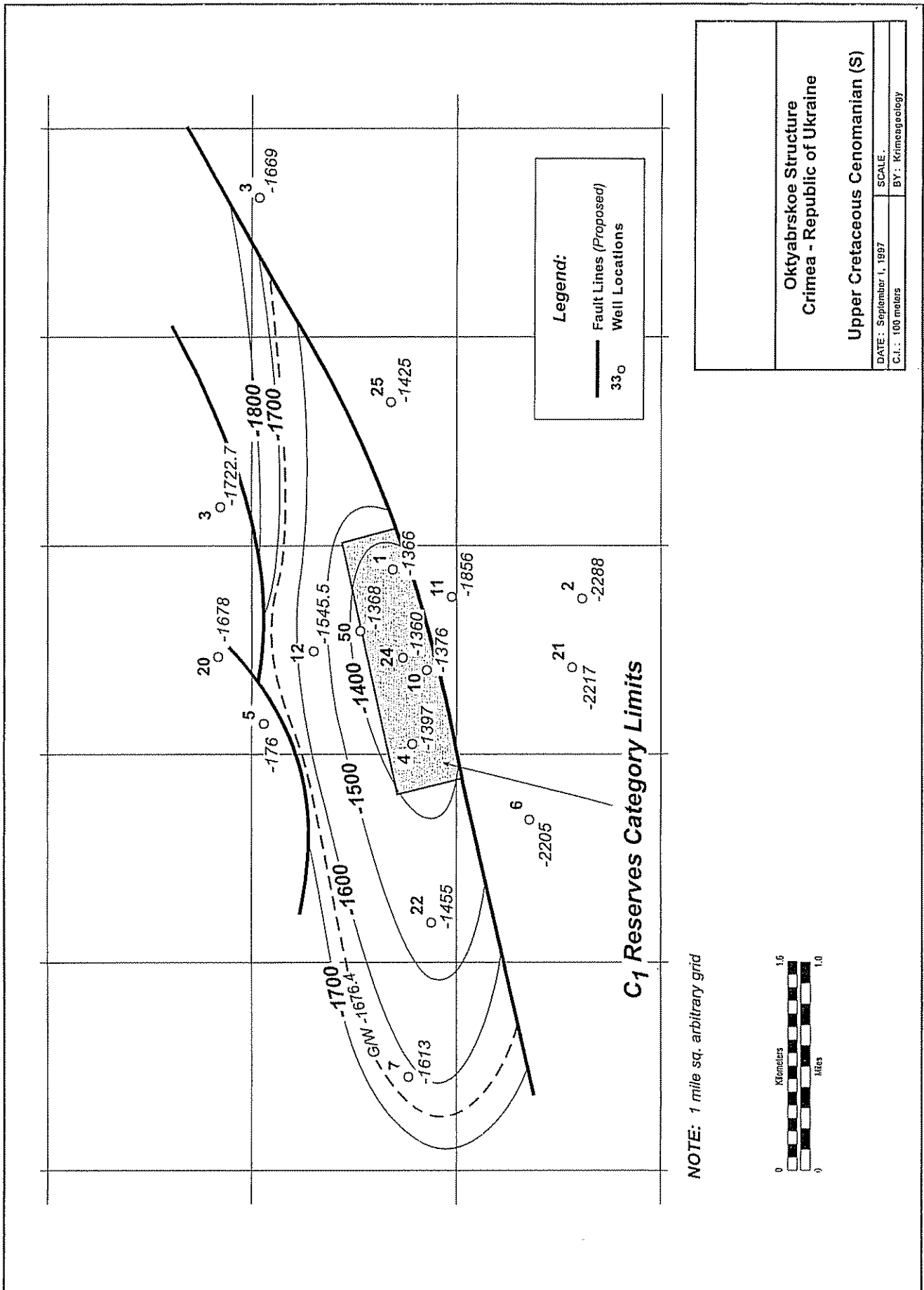




FIGURE NO. 3

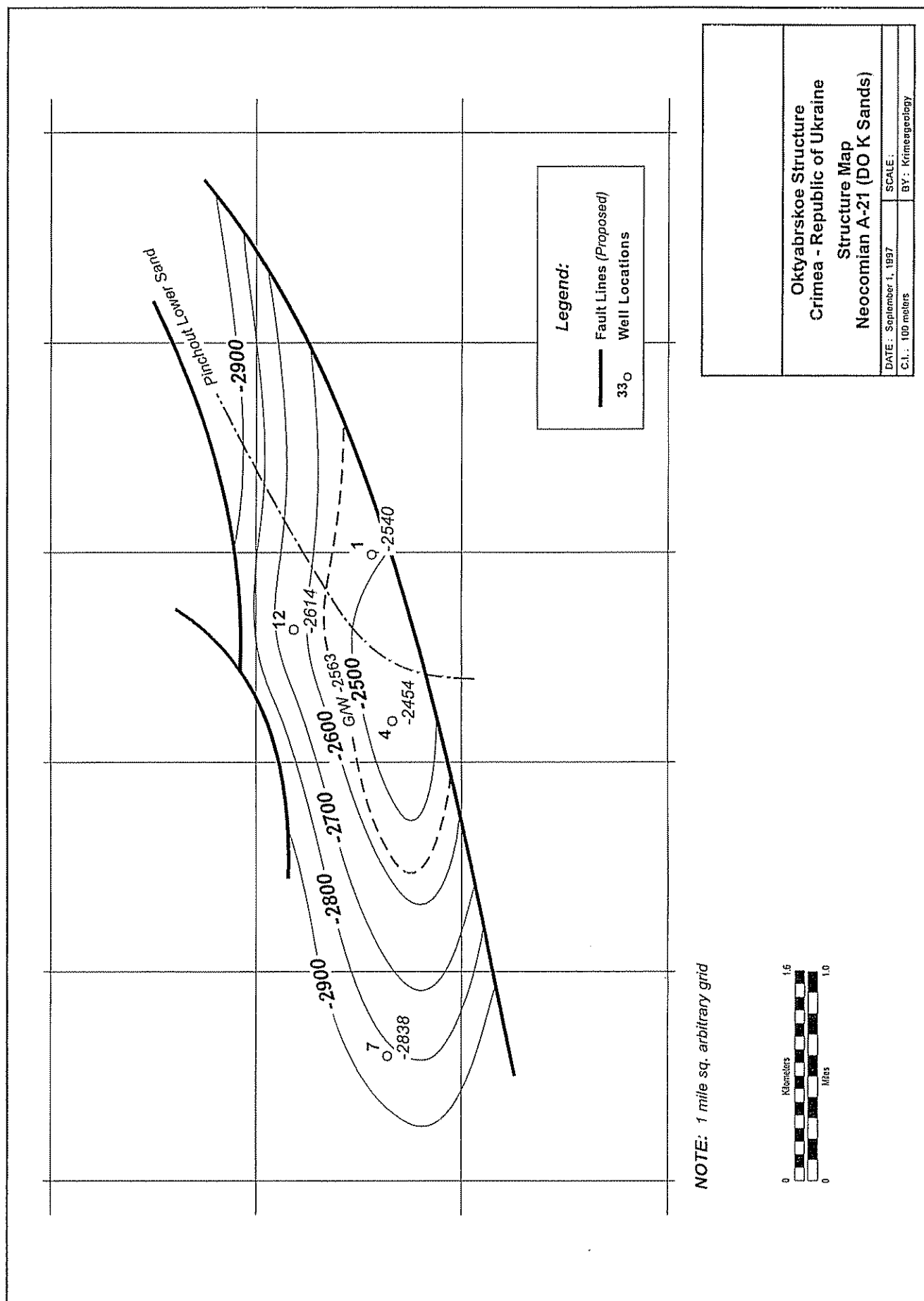


FIGURE NO. 4

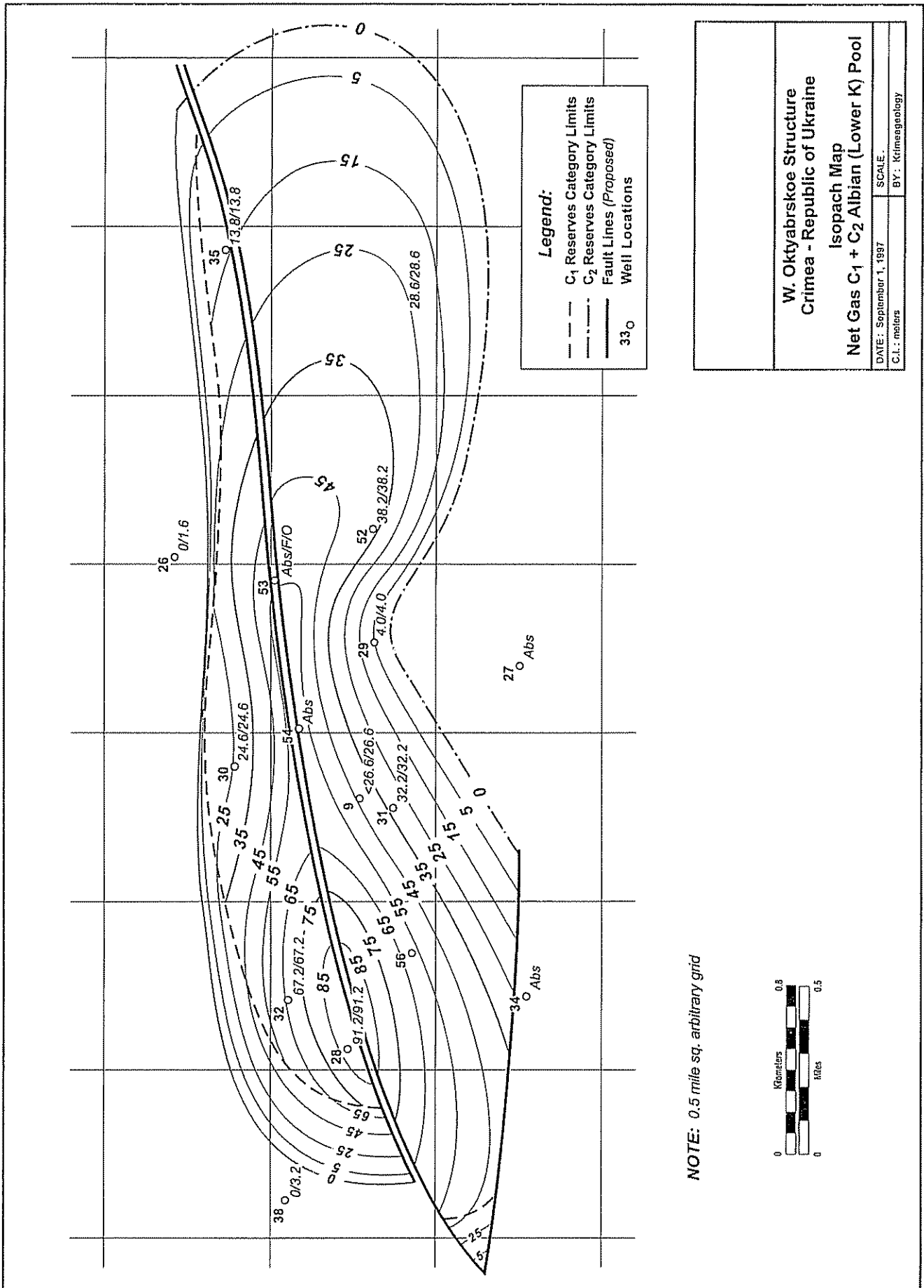
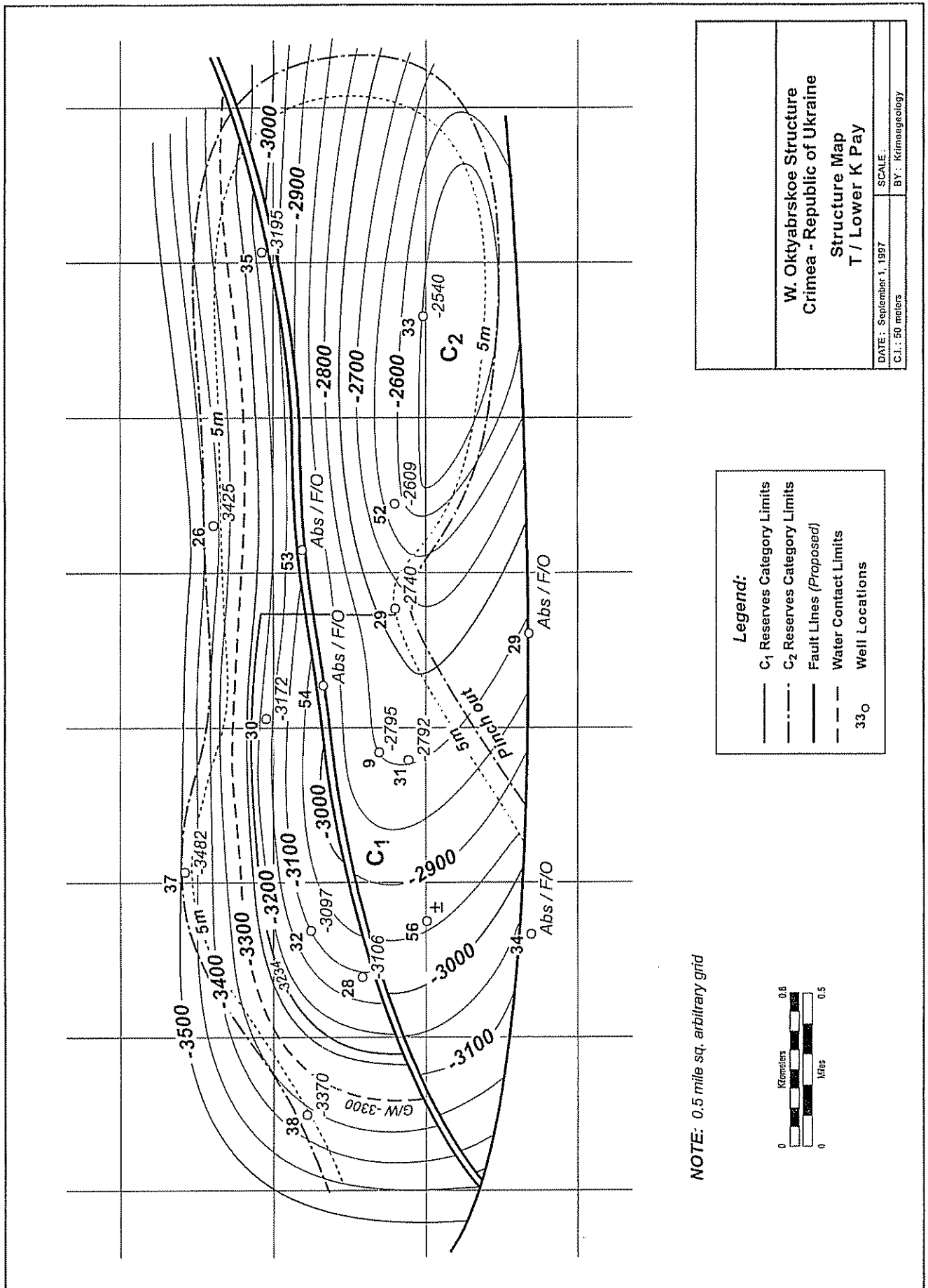


FIGURE NO. 5



**Part 4**  
**Accountants Report on LHP**



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Registered Auditors  
Business Advisors  
Tax Specialists  
Financial Services  
Corporate Recovery  
Accounting Outsourcing  
Corporate Finance

**25 June 2007**  
**The Directors**  
**LHP Investments Plc**  
**Finsgate**  
**5-7 Cranwood Street**  
**London**  
**EC1V 9EE**

**The Directors**  
**ARM Corporate Finance Limited**  
**12 Pepper Street**  
**London**  
**E14 9RP**

**Gentlemen,**

**LHP Investments Plc ('LHP')**

We report on the financial information set out below. This financial information has been prepared for inclusion in the Acquisition and Admission Document dated 25 June 2007 of LHP (the "Admission Document"), on the basis of the accounting policies set out in section 1. This report is required by item 20.1 of Annex 1 of the AIM Rules and for no other purpose.

**Basis of preparation**

The financial information set out below is based on the audited financial statements ("Financial statements") of LHP Investments Plc for the period from incorporation on 20 January 2005 to 31 January 2006 and the twelve months to 31 January 2007 after making such adjustments as we considered necessary.

**Responsibility**

The directors of LHP are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with accounting principles generally accepted in the United Kingdom.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

**Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatements whether caused by fraud or other irregularity or error.

## Opinion

In our opinion, the financial information for the periods ended 31 January 2006 and 31 January 2007 gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the dates stated and of its results and cash flows, for the periods then ended in accordance with the basis of preparation and the accounting policies set out in note 1.

## Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM rules we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules.

The financial information included herein comprises:

- a statement of accounting policies;
- profit and loss account, balance sheet, cash flow statement;
- notes to the profit and loss account, cash flow statement and the balance sheet.

### 1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention.

#### Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19

### 2. Profit and Loss Accounts

	Notes	Period Ended 31 January 2006 £000	Year Ended 31 January 2007 £000
Turnover		-	1
Operating expenses			
Administration		<u>(41)</u>	<u>(77)</u>
Operating Loss	6.1	(41)	(76)
Interest received		<u>3</u>	<u>4</u>
Loss on ordinary activities before taxation		(38)	(72)
Taxation	6.2	<u>-</u>	<u>-</u>
Deficit for the period		<u>(38)</u>	<u>(72)</u>
Loss per share	6.3		
Basic		0.06p	0.12p
Diluted		0.06p	0.12p

There were no other recognised gains or losses in the periods and all operations are continuing.

### 3. Balance Sheets

		As at 31 January 2006 £000	As at 31 January 2007 £000
	Notes		
<b>Current assets</b>			
Debtors	6.4	6	2
Cash at bank and in hand		<u>196</u>	<u>151</u>
		202	153
Creditors: amounts falling due within one year	6.5	<u>(7)</u>	<u>(33)</u>
<b>Net assets</b>		<u>195</u>	<u>120</u>
<b>Capital and reserves</b>			
Called up share capital	6.6	63	63
Share premium account	6.7	170	167
Profit and loss account	6.7	<u>(38)</u>	<u>(110)</u>
<b>Shareholders' funds</b>	6.8	<u>195</u>	<u>120</u>

### 4. Cash Flow Statements

	Period ended 31 January 2006 £000	Year ended 31 January 2007 £000
<b>Net cash (outflow) from operating activities</b>	(40)	(46)
Returns on investment and servicing of finance		
Interest received	<u>3</u>	<u>4</u>
Net cash outflow before management of liquid resources and financing	(37)	(42)
<b>Financing</b>		
Issue of ordinary share capital (net of expenses)	<u>233</u>	<u>(3)</u>
<b>Increase/(Decrease) in cash in the period</b>	<u>196</u>	<u>(45)</u>

### 5. Notes to Cash Flow Statements

(a) Reconciliation of operating loss to net cash outflow from operating activities

	Period ended 31 January 2006 £000	Year ended 31 January 2007 £000
<b>Operating loss</b>	(41)	(76)
(Increase) in debtors	(6)	4
Increase in creditors	<u>7</u>	<u>26</u>
<b>Net cash outflow from operating activities</b>	<u>(40)</u>	<u>(46)</u>

(b) Analysis of net funds

	At 20 January 2005 £000	Cash flow £000	At 31 January 2006 £000
Cash at bank and in hand	<u>-</u>	<u>196</u>	<u>196</u>
	At 1 February 2006 £000	Cash flow £000	At 31 January 2007 £000
Cash at bank and in hand	<u>196</u>	<u>(45)</u>	<u>151</u>

**6 Notes to the financial information**

6.1 Operating loss	Period ended 31 January 2006 £000	Year ended 31 January 2007 £000
--------------------	--	--

Operating loss is stated after charging:

Auditors' remuneration	4	6
Auditors' remuneration – For non audit work	<u>19</u>	<u>5</u>

On 2 February 2005 L.E.V. Knifton was granted warrants to subscribe for 333,334 ordinary shares at par, S.V. Oakes was granted warrants to subscribe for 333,333 ordinary shares at par and P.T. Claridge was granted warrants to subscribe for 1,000,000 ordinary shares at par any time before 1 February 2008.

**6.2 Taxation**

	Period ended 31 January 2006 £000	Year ended 31 January 2007 £'000
Current tax charge	<u>-</u>	<u>-</u>
Factors affecting the tax charge for the Period		
Loss on ordinary activities before taxation	<u>(38)</u>	<u>(72)</u>
Multiplied by standard rate of UK corporation tax of 30%	(7)	(22)
Effects of:		
Losses carried forward	<u>7</u>	<u>22</u>
Current tax charge	-	-

At 31 January 2007 the Company had excess management expenses to carry forward of £111,500 (31 January 2006: £38,000). The deferred tax asset on these tax losses of £ 21,000 (31 January 2006: £7,000) has not been recognised due to the uncertainty of recovery.

**6.3 Loss per share**

Period ended	Year ended
31 January	31 January
2006	2007
£000	£'000

The loss per share is based on the following:

Losses	(38)	(72)
--------	------	------

No. of shares in issue	Number	Number
Basic and diluted	60,962,202	62,750,000

**6.4 Debtors**

At	At
31 January	31 January
2006	2007
£000	£000

Other debtors	<u>6</u>	<u>2</u>
---------------	----------	----------

**6.5 Creditors: amounts falling due within one year**

At	At
31 January	31 January
2006	2007
£000	£000

Other creditors	<u>7</u>	<u>33</u>
-----------------	----------	-----------

**6.6 Share capital**

At	At
31 January	31 January
2006	2007
£000	£000

Authorised

1,000,000,000 Ordinary shares of 0.1p each	<u>1,000</u>	<u>1,000</u>
--	--------------	--------------

Allotted, issued and fully paid

62,750,000 Ordinary shares of 0.1p each	<u>63</u>	<u>63</u>
---	-----------	-----------

1 share was issued on formation, on 20 January 2005, at par.

49,999,999 shares were issued on 31 January 2005, at par.

12,500,000 shares were issued under the placing on 23 February 2005, at 2p per share.

250,000 shares were issued on 24 August 2005 in satisfaction of a trade creditor, at 2p per share.

On 2 February 2005 Warrants to subscribe for up to 4,500,000 shares, exercisable at par, were issued. The last date for conversion is 1 February 2008. On 2 February 2005 'A' warrants to subscribe for up to 2,500,000 shares exercisable at 2p each, were issued. The last date for conversion is 1 February 2008.



6.7 Reconciliation of movements on reserves	At	At
	31 January	31 January
	2006	2007
	£000	£000
<b>Share premium account</b>	-	
On placing at 23 February 2005	237	170
Cost of placing	(72)	(3)
Satisfaction of creditor on 24 August 2005	<u>5</u>	<u>-</u>
At 31 January 2006 / 31 January 2007	<u>170</u>	<u>167</u>
<b>Profit and loss account</b>		
Balance brought forward	-	(38)
Loss for the financial period	(38)	<u>(72)</u>
At 31 January 2006 / 31 January 2007	<u>(38)</u>	<u>(110)</u>

6.8 Reconciliation of movements in shareholders' funds	At	At
	31 January	31 January
	2006	2007
	£000	£000
Loss for the financial period	(38)	(72)
Issue of shares (net of expenses)	<u>233</u>	<u>(3)</u>
	195	(75)
Opening shareholders funds	<u>-</u>	<u>195</u>
Closing shareholders funds	<u>195</u>	<u>120</u>

#### 6.9 Financial Instruments

The Company's financial instruments comprise trade creditors, cash and equity shares. The Company has taken advantage of the exemption under FRS13 to exclude short term debtors and short term creditors from the disclosure of financial assets and liabilities.

The Company has cash at bank. This is placed on short term deposit to maximise the group's liquid resources and no interest rate hedging is undertaken. During the periods a weighted average of 2.0% was achieved.

#### 6.10 Control

LHP Investments Plc was listed on the Alternative Investment Market of the London Stock Exchange until the suspension of its quotation on 3 April 2006 and delisting on 3 October 2006. At the date of the Annual Report in the Directors opinion there is no controlling party.

#### 6.11 Auditors

The auditors of the Company for the periods ended 31 January and 31 January 2007 were Jeffrey's Henry LLP, whose address is at Finsgate, 5-7 Cranwood Street, London EC1V 9EE

Yours faithfully

Jeffrey's Henry LLP

**Part 5**  
**Accountants Report on Nostra Terra**



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Email [jh@jeffreys-henry.com](mailto:jh@jeffreys-henry.com)  
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Registered Auditors  
Business Advisors  
Tax Specialists  
Financial Services  
Corporate Recovery  
Accounting Outsourcing  
Corporate Finance

25 June 2007  
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LHP Investments Plc  
Finsgate  
5-7 Cranwood Street  
London  
EC1V 9EE

The Directors  
ARM Corporate Finance Limited  
12 Pepper Street  
London  
E14 9RP

**Gentlemen,**

**Nostra Terra (Overseas) Limited ('the Company')**

We report on the financial information set out below. This financial information has been prepared for inclusion in the Acquisition and Admission Document dated 25 June 2007 of LHP Investments Plc ("LHP") (the "Admission Document"), on the basis of the accounting policies set out in section 1. This report is required by item 20.1 of Annex 1 of the AIM Rules and for no other purpose.

**Basis of preparation**

The financial information set out below is based on the audited financial statements ("Financial statements") of Nostra Terra (Overseas) Limited for the years ended 31 December 2003, 31 December 2004, 31 December 2005 and the seven months to 31 July 2006 after making such adjustments as we considered necessary.

**Responsibility**

The directors of LHP are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

## **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatements whether caused by fraud or other irregularity or error.

## **Opinion**

In our opinion, the financial information for the years to 31 December 2003, 2004, 2005 and the period ended 31 July 2006 gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the dates stated and of its results and cash flows, for the periods then ended in accordance with the basis of preparation and in accordance with International Financial Reporting Standards as adopted by the European Union and the accounting policies set out in note 1.

## **Declaration**

For the purposes of paragraph (a) of Schedule Two of the AIM rules we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules.

The financial information included herein comprises:

- a statement of accounting policies;
- income statements, balance sheets, cash flow statements;
- notes to the income statements, cash flow statements and the balance sheets.

### **1. Accounting policies**

The financial statements, which are expressed in United States dollars, have been prepared in accordance with International Financial Reporting Standards. The financial statements have been prepared using the historical cost convention. A summary of the more important accounting policies adopted are described below.

## **1. Accounting policies**

### **Basis of preparation**

The financial information has been prepared on a going concern basis as it has been prepared solely for the purposes of the admission document and the proposed acquisition of the Company by LHP, which assumes that proceeds from the Subscription will enable the enlarged group to meet its working capital requirements over the next twelve months.

### **Available-for-Sale Financial Assets**

Available-for-sale financial assets are accounted for in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

Available-for sale investments were not purchased with a view to profit from short-term price fluctuations. These investments are initially recognised at fair value on the date of the transaction and are subsequently re-measured at fair value at year end. Changes in their fair value are included in equity. Available-for-sale financial assets are assessed for impairment at each Balance Sheet date whenever there is an objective evidence of impairment. The impairment loss is the difference between acquisition cost and current fair value, less any impairment losses previously recognised in the Income Statement.

Upon sale of the available-for-sale investments, the difference between net proceeds and the carrying value of the investment is transferred to the Income Statement. Any balance in equity that arose from previous re-measurement is recycled to the Income Statement.

### **Exploration Expenditure**

Exploration expenditure is accounted for in accordance with the successful efforts method. Costs relating to licence, data acquisition, exploration and appraisal drilling expenditure are initially capitalised as an intangible asset. When proved reserves of hydrocarbons are determined and development is sanctioned, the relevant expenditure is transferred to tangible production assets. All exploration expenditure determined as unsuccessful is charged against income. Licence cost and exploration expenditure at this stage of the project are charged against income. Geological and geophysical exploration costs are charged against income as incurred.

### **Foreign Currencies**

Foreign currency transactions are translated into United States dollars at the official rate ruling at the time of transaction. Assets and liabilities expressed in foreign currencies are translated into United States dollars at the official rates ruling at the date of the balance sheet. Translation differences arising there from are shown separately in the Income Statement.

### **Trade Receivables**

Trade receivables are shown net of specific provision for bad debts.

### **Cash and Cash equivalents**

These are cash and bank balances.

## **1. Accounting policies**

### **Decommissioning**

Licensees are generally required to restore oil field sites at the end of the production life of the field to a condition acceptable to the relevant authorities. The Company does not consider that it should provide for such costs based on the legal framework of the relevant authorities in Ukraine.

### **Tangible fixed assets**

Tangible fixed assets are shown at cost. The cost of the tangible fixed assets represent their purchase cost together with any incidental costs of acquisition.

### **Depreciation**

Capitalised costs for fixed assets, less residual values where significant, are depreciated on a straight-line basis over their estimated useful economic lives, as follows:

Equipment	5 years
Computers	5 years

### **Turnover**

Turnover represents the sales value of the Company's share of hydrocarbon production during the period and is recognised when the title passes to the customer.

### **Joint Arrangement**

On 1 October 2000, the Company entered into an agreement with 255717 Alberta Ltd for the acquisition of 100% participating interest in the "Joint Activity" agreement between SGE "Krymgeologia" and 255717 Alberta Ltd for geological study of reserves with pilot production development of the areas of Northern Crimea. The consideration for this was US\$100.

This Joint Arrangement did not involve the establishment of a separate entity. The terms of this Joint Arrangement are set out in the relevant "Joint Activity" agreement and in particular in relation to operating and financial policies.

Based on the above, each participant in this Joint Arrangement accounts for its proportionate share of the costs, revenues, assets and liabilities for this "Joint Activity."

## 2. Income Statements

		Year to 31 December 2003 US\$000	Year to 31 December 2004 US\$000	Year to 31 December 2005 US\$000	Seven months to 31 July 2006 US\$000
	Notes				
<b>Continuing Operations</b>					
Revenue		-	92	103	2
Cost of Sales					
Exploration expenses		(107)	(121)	(119)	(4)
Gross Profit		(107)	(29)	(16)	(2)
Administration expenses		(64)	(55)	(198)	(92)
<b>(Loss) from Operations</b>	<b>6.1</b>	(171)	(84)	(214)	(94)
Share of loss from investment in partnerships		(34)	-	(76)	-
Profit on disposal of intangible assets		1,092	-	-	-
<b>Profit/ (Loss) before taxation</b>		887	(84)	(290)	(94)
<b>Taxation</b>	<b>6.2</b>	-	-	-	-
<b>Profit/ (Loss) after taxation</b>		887	(84)	(290)	(94)
		US\$	US\$	US\$	US\$
<b>Earnings/ (Loss) per share</b>	<b>6.1</b>	887	(84)	(290)	(94)

### 3. Balance Sheets

	Notes	31 December 2003 US\$000	31 December 2004 US\$000	31 December 2005 US\$000	31 July 2006 US\$000
<b>Assets</b>					
<i>Non-current assets</i>					
Property, plant and equipment	6.4	<u>57</u>	<u>29</u>	<u>1</u>	<u>22</u>
<i>Current assets</i>					
Investments available-for-sale	6.5	76	76	-	-
Ucoco Cyprus loan note	6.3	907	853	853	853
Trade and other receivables	6.6	41	61	3	2
Cash and cash equivalents		<u>44</u>	<u>-</u>	<u>5</u>	<u>12</u>
		<u>1,068</u>	<u>990</u>	<u>861</u>	<u>867</u>
<b>Total assets</b>		<u>1,125</u>	<u>1,019</u>	<u>862</u>	<u>889</u>
<b>Equity and liabilities</b>					
<i>Capital and Reserves</i>					
Share capital	6.8	2	2	2	2
Profit and loss account	6.9	<u>914</u>	<u>830</u>	<u>540</u>	<u>446</u>
Total equity	6.10	<u>916</u>	<u>832</u>	<u>542</u>	<u>448</u>
<i>Current liabilities</i>					
Creditors	6.7	<u>209</u>	<u>187</u>	<u>320</u>	<u>441</u>
Total liabilities		<u>209</u>	<u>187</u>	<u>320</u>	<u>441</u>
<b>Total equity and liabilities</b>		<u>1,125</u>	<u>1,019</u>	<u>862</u>	<u>889</u>

#### 4. Cash Flow Statements

	Year Ended 31 December 2003	Year Ended 31 December 2004	Year Ended 31 December 2005	Seven Months 31 July 2006
	US\$000	US\$000	US\$000	US\$000
<b>Net cash (out)/ inflow from operating activities</b>	(147)	(97)	5	28
<b>Investing activities</b>	(1)	(1)	-	(21)
Purchase of property, plant and equipment	—	—	—	—
Receipts from sales of intangible assets	<u>185</u>	<u>54</u>	<u>—</u>	<u>—</u>
<b>Net cash in/(out)flow from investing</b>	<u>184</u>	<u>53</u>	<u>—</u>	<u>(21)</u>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<u>37</u>	<u>(44)</u>	<u>5</u>	<u>7</u>

#### 5. Notes to Cash Flow Statements

(a) Reconciliation of operating loss to net cash in/(out)flow from operating activities

	Year Ended 31 December 2003	Year Ended 31 December 2004	Year Ended 31 December 2005	Seven Months 31 July 2006
	US\$000	US\$000	US\$000	US\$000
<b>Operating loss</b>	(171)	(84)	(214)	(94)
Depreciation	28	28	28	-
(Increase)/decrease in debtors	-	(20)	58	-
(Decrease)/Increase in creditors	<u>(4)</u>	<u>(21)</u>	<u>133</u>	<u>122</u>
<b>Net cash (out)/inflow from operating activities</b>	<u>(147)</u>	<u>(97)</u>	<u>5</u>	<u>28</u>

(b) Analysis of net funds

	As at 1 January 2003	Cash flow	As at 31 December 2003
	US\$000	US\$000	US\$000
Cash at bank and in hand	<u>7</u>	<u>37</u>	<u>44</u>
Net funds	<u>7</u>	<u>37</u>	<u>44</u>



## 5. Notes to Cash Flow Statement

(b) Analysis of net funds (continued)

	As at 1 January 2004	Cash flow	As at 31 December 2004
	US\$000	US\$000	US\$000
Cash at bank and in hand	<u>44</u>	<u>(44)</u>	<u>-</u>
Net funds	<u>44</u>	<u>(44)</u>	<u>-</u>

	As at 1 January 2005	Cash flow	As at 31 December 2005
	US\$000	US\$000	US\$000
Cash at bank and in hand	<u>-</u>	<u>5</u>	<u>5</u>
Net funds	<u>-</u>	<u>5</u>	<u>5</u>

	As at 1 January 2006	Cash flow	As at 31 July 2006
	US\$000	US\$000	US\$000
Cash at bank and in hand	<u>5</u>	<u>7</u>	<u>12</u>
Net funds	<u>5</u>	<u>7</u>	<u>12</u>

6	Notes to the financial information	Year Ended	Year Ended	Year Ended	Seven months
6.1	Loss from Operations	31 December 2003	31 December 2004	31 December 2005	31 July 2006
		US\$000	US\$000	US\$000	US\$000

Operating loss is stated after charging:

Depreciation	28	28	28	-
Audit fees	<u>10</u>	<u>7</u>	<u>13</u>	<u>14</u>

The earnings/ (loss) per share have been calculated on the basis of the profit/(loss) after taxation and 1,000 ordinary shares in issue during the periods.

6.2 Taxation	Year Ended 31 December 2003 US\$000	Year Ended 31 December 2004 US\$000	Year Ended 31 December 2005 US\$000	Seven months 31 July 2006 US\$000
Current tax charge	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Factors affecting the tax charge for the Period Profit/(Loss) on ordinary activities				
Taxation	<u>887</u>	<u>(84)</u>	<u>(290)</u>	<u>(94)</u>
Multiplied by standard rate of Cyprus Corporation tax of 10%	89	(8)	(29)	(9)
Effects of:				
Proceeds on sale of intangibles	(18)	(4)	-	-
Depreciation add back	3	3	3	-
Impairment of investments	3	-	8	-
Losses carried forward	18	4	17	9
Other tax adjustments	<u>(95)</u>	<u>5</u>	<u>1</u>	<u>-</u>
Current tax charge	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Company has estimated tax losses of 2006: US\$ 1,090,000, 2005: US\$980,000, 2004: US\$963,000, 2003: US\$959,000 available for carry forward against future trading profits.

Taxation is in respect of Cyprus Corporation Tax, which is computed at the appropriate rate of 10% on the chargeable profits for the year as adjusted for tax purposes.

Deferred Tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profits, and is accounted for using the Balance Sheet liability method. Deferred Tax assets are generally recognized to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilized. Deferred Tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred Tax is charged or credited to Income Statement, except when it relates to items charged or credited directly to equity, in which case the Deferred Tax is also dealt within equity. No provision for Deferred Tax Asset has been recognised in the financial statements because it is not probable that future taxable profits will be available, against which the deductible temporary differences can be utilised.

### 6.3 Intangible fixed assets

Cost	US\$000
<b>At 1 January 2003</b>	-
Exploration expenditure	107
Exploration expenditure charged to income	<u>(107)</u>
<b>At 31 December 2003</b>	-
Exploration expenditure	121
Exploration expenditure charged to income	<u>(121)</u>
<b>At 31 December 2004</b>	-
Exploration expenditure	119
Exploration expenditure charged to income	<u>(119)</u>
<b>At 31 December 2005</b>	-
Exploration expenditure	4
Exploration expenditure charged to income	<u>(4)</u>
<b>At 31 July 2006</b>	-

Costs for licence acquisition, exploration and appraisal drilling expenditure are initially capitalised as intangible assets. All exploration expenditure determined as unsuccessful is charged against income. Licence cost and exploration expenditure at this stage of the project is charged against income.

On 1 October 2000 the Company entered into an agreement with 255717 Alberta Ltd, a company wholly owned by N. Desmond Smith, for the acquisition of 100% participating interest in the agreement of the "Joint Activity" between SGE "Krymgeologia" and 255717 Alberta Ltd for geological study of reserves with pilot production development of the areas of the Northern Crimea. The consideration for this was US\$ 100.

This Joint Activity holds three licences issued by the Ukrainian State Committee for Geology for the areas "Kovylneskaya", that includes Serebryanskoe Oil Field, "Tatyanovskoe", that includes Tatanovskoe Gas Condensate Field, and "Oktyabroskoe", which includes Oktyabroskoe Oil and West Oktyabroskoe Gas Condensate Fields.

On 27 December 2000 the Company disposed a 45% interest in Kovylneskaya licence to Serebryanskoe Partnership 2000 for US\$300,000. On 8 November 2000 the Company disposed a 5% interest in Kovylneskaya licence to FR Ventures Corporation for US\$ 2,000.

On 1 June 2001 the Company disposed a 20% interest in Tatyanovskoe licence to Tatyanovskoe Partnership 2001 for Canadian Dollars 585,100. On 1 June 2001, the Company disposed a 3% interest in Tatyanovskoe licence to FRV (Cyprus) Limited for US\$ 200.

On 1 March 2002 the Company disposed a 2.5% interest in Tatyanovskoe licence to Texas T Resources for USD 83,500.

On 5 February 2003 the Company sold 12.7% of its participation in the Tatyanovskoe Partnership 2001 to Sound Energy Development of USA for US\$80,000.

On 5 February 2003 the Company transferred 25% of its participation in the Tatyanovskoe Partnership 2001 to Serebryanskoe Partnership 2000 for nil consideration.

### 6.3 Intangible fixed assets

In June 2003 the Company signed an agreement with Ucoco Cyprus Limited whereby Ucoco would pay US\$ 1,012,500 to earn a 25% interest in the "O" Licence. The proceeds received to date are US\$ 159,774, the balance of \$852,756 was receivable at 31 July 2006. Subsequent to the period end this receivable was assigned to Anglo Crimean Oil Company Limited. This was then recovered on the re-purchase of the 25% interest in the "O" Licence from Anglo Crimean Oil Company Limited for \$1,012,500. The balance of the amount payable of \$159,744 is subject to a promissory note where payment is to be made subject of the future revenues in the Company.

On 19 April 2004, the Power of Attorney whereby the operator (Representative Office in Ukraine of Nostra Terra (Overseas) Ltd) could conduct activities on Joint Activity licences and bank account was withdrawn. This effectively stopped all Joint Activity operations because the operator could not pay bills, enter into contracts for the sale of oil or other business transactions on behalf of the Joint Activity. Krymgeologia continued to produce the Oktybraskoe Well #1 for the independent account of Krymgeologia which was in direct violation of the contract #1 between SGE "Krymgeologia" and Nostra Terra (Overseas) Limited.

The Representative Office in Ukraine of Nostra Terra (Overseas) Ltd, launched a legal challenge to Krymgeologia. The primary jurisdiction of the Simferopol Courts heard the case and ruled in the Company's favour. An appeal was launched in 2004 in which the Company was also successful. The final appeal was heard in the Supreme Appeal Court in Kyiv on 12 May 2005 where the Company again prevailed.

Subsequent to the court decision, on 6 June 2005, under interim management, the Company and Krymgeologia signed a "Peace Agreement" whereby all outstanding issues were resolved and work was re-initiated on Joint Activity licences.

As a result of the engineering report conducted by Henderson and Associates of Calgary Alberta Canada, dated the 6 June 2005, it was determined that no economic reserves of hydrocarbons were present on the Kovylneskaya licences held under contract #1 dated 27 January 2001 between the Company and Krymgeologia. As a result of this and the continued expenses of maintaining activities on the subject licence, and having received authority of all participants in the licence, the board of directors of the Company has decided on 31 August 2005 to surrender the Kovylneskaya licence to Krymgeologia as from 1 September 2005.

As of 31 August 2005, NAK Nadra, the parent company of Krymgeologia, requested that all production of oil be suspended until a Well Rental Agreement for each re-entered well is in place. The Well Rental Agreement was put in place in April 2006.

As at 31 December 2005, the re-issuance of the 'Tatyanovskoe licence' to a third party, by the previous Minister of Licensing-Ukraine who was in conflict of interest with the third party and Krymgeologia, is in dispute. Efforts are being pursued by the Company to have the licence recovered to the Joint Activity.

#### 6.4 Property, Plant & Equipment

	Equipment US\$000	Computers US\$000	Total US\$000
<b>Cost</b>			
<b>At 1 January 2003</b>	140	-	140
Additions	<u>-</u>	<u>1</u>	<u>1</u>
<b>At 31 December 2003</b>	140	1	141
Additions	<u>1</u>	<u>-</u>	<u>1</u>
<b>At 31 December 2004 and at 31 December 2005</b>	<u>141</u>	<u>1</u>	<u>142</u>
Additions	21	-	21
<b>At 31 July 2006</b>	<u>162</u>	<u>1</u>	<u>163</u>
<b>At 1 January 2003</b>	57	-	57
Charge for the year	<u>28</u>	<u>-</u>	<u>28</u>
<b>At 31 December 2003</b>	85	-	85
Charge for the year	<u>27</u>	<u>1</u>	<u>28</u>
<b>At 31 December 2004</b>	112	1	113
Charge for the year	<u>28</u>	<u>-</u>	<u>28</u>
<b>At 31 December 2005</b>	140	1	141
Charge for the period	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 July 2006</b>	<u>140</u>	<u>1</u>	<u>141</u>
<b>Net book value</b>			
<b>31 December 2003</b>	<u>56</u>	<u>1</u>	<u>57</u>
<b>31 December 2004</b>	<u>29</u>	<u>-</u>	<u>29</u>
<b>31 December 2005</b>	<u>1</u>	<u>-</u>	<u>1</u>
<b>31 July 2006</b>	<u>22</u>	<u>-</u>	<u>22</u>

**6.5 Investments available -for-sale**

	At 31 December 2003 US\$000	At 31 December 2004 US\$000	At 31 December 2005 US\$000	At 31 July 2006 US\$000
<b>Cost</b>				
Tatyanovskoe Partnership 2001	110	110	110	110
Serebryanskoe Partnership 2000	<u>66</u>	<u>66</u>	<u>66</u>	<u>66</u>
	176	176	176	176
<b>Provisions</b>				
Tatyanovskoe Partnership 2001	(100)	(100)	(110)	(110)
Serebryanskoe Partnership 2000	<u>-</u>	<u>-</u>	<u>(66)</u>	<u>(66)</u>
<b>Net book value</b>	<u>76</u>	<u>76</u>	<u>-</u>	<u>-</u>

**6.5 Investments available-for-sale**

Investments available-for-sale represents a 10% interest in Serebryanskoe Partnership 2000 and 3.8% interest in Tatyanovskoe Partnership 2001. The Serebryanskoe Partnership 2000 had (until 31 August 2005) a 45% interest in the Kovylneskaya licence in the Autonomous Republic of Crimea, Ukraine and Tatyanovskoe Partnership 2001 has the rights to a 20% interest in the Tatyanovskoe licence in the Autonomous Republic of Crimea, Ukraine (see note 6.3)

**6.6 Trade and Other Receivables**

	At 31 December 2003 US\$000	At 31 December 2004 US\$000	At 31 December 2005 US\$000	At 31 July 2006 US\$000
Other receivables	2	16	3	2
Serebryanskoe Partnership 2000	<u>39</u>	<u>45</u>	<u>-</u>	<u>-</u>
	<u>41</u>	<u>61</u>	<u>3</u>	<u>2</u>

**6.7 Trade and other payables**

	At 31 December 2003 US\$000	At 31 December 2004 US\$000	At 31 December 2005 US\$000	At 31 July 2006 US\$000
Other payables	138	154	259	344
Accruals and deferred income	<u>71</u>	<u>33</u>	<u>61</u>	<u>97</u>
	<u>209</u>	<u>187</u>	<u>320</u>	<u>441</u>

<b>6.8 Share capital</b>	<b>At 31 December 2003 US\$000</b>	<b>At 31 December 2004 US\$000</b>	<b>At 31 December 2005 US\$000</b>	<b>At 31 July 2006 US\$000</b>
1,000 Ordinary Shares – CYP1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Allotted, called up and paid				
1,000 Ordinary shares – CYP1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
<b>6.9 Reconciliation of movements on reserves</b>	<b>At 31 December 2003 US\$000</b>	<b>At 31 December 2004 US\$000</b>	<b>At 31 December 2005 US\$000</b>	<b>At 31 July 2006 US\$000</b>
<b>Profit and loss account</b>				
Balance brought forward	27	914	830	540
Profit/ (Loss) for the financial period	<u>887</u>	<u>(84)</u>	<u>(290)</u>	<u>(94)</u>
Balance carried forward	<u>914</u>	<u>830</u>	<u>540</u>	<u>446</u>
<b>6.10 Reconciliation of movements in shareholders' funds</b>	<b>At 31 December 2003 US\$000</b>	<b>At 31 December 2004 US\$000</b>	<b>At 31 December 2005 US\$000</b>	<b>At 31 July 2006 US\$000</b>
Profit/ (Loss) for the financial period	887	(84)	(290)	(94)
Opening shareholders funds	<u>29</u>	<u>916</u>	<u>832</u>	<u>542</u>
Closing shareholders funds	<u>916</u>	<u>832</u>	<u>542</u>	<u>448</u>
<b>6.11 Employees</b>	<b>At 31 December 2003 US\$000</b>	<b>At 31 December 2004 US\$000</b>	<b>At 31 December 2005 US\$000</b>	<b>At 31 July 2006 US\$000</b>
Wages and salaries	<u>1</u>	<u>6</u>	<u>27</u>	<u>26</u>
The average monthly number of employees (excluding directors) during the period	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Number of employees	<u>1</u>	<u>2</u>	<u>4</u>	<u>4</u>

## 6.12 Control

The Company was controlled by its directors during the periods to 30 July 2006. On 31 July 2006 the Company was acquired by Anglo Crimean Oil Company Limited a company registered in the Isle of Man.

## 6.13 Related party transactions

	Amount of transactions during the year ended 31 December 2003 US\$000	Receivable/ (Payable) at 31 December 2003 US\$000
SGE "Krymgeologia"	79	-
Masterworks (Overseas) Ltd	121	(138)
N. Desmond Smith	30	-
Oleg Rodkin	33	-
Serebryanskoe Partnership 2000	6	39
Ucoco Cyprus Limited ( Received)	(57)	853
	<b>31 December 2004 US\$000</b>	<b>31 December 2004 US\$000</b>
SGE "Krymgeologia"	92	-
Masterworks (Overseas) Ltd	18	(143)
N. Desmond Smith	45	(11)
Oleg Rodkin	34	-
Tatyanouskoe Partnership 2001	7	-
Serebryanskoe Partnership 2000	48	45
Ucoco Cyprus Limited ( Received)	(103)	853
	<b>31 December 2005 US\$000</b>	<b>31 December 2005 US\$000</b>
SGE "Krymgeologia"	131	2
Masterworks (Overseas) Ltd	125	(242)
N. Desmond Smith	59	(16)
Serebryanskoe Partnership 2000	2	-
Ucoco Cyprus Limited	-	853
	<b>Seven months 31 July 2006 US\$000</b>	<b>At 31 July 2006 US\$000</b>
SGE "Krymgeologia"	36	2
Masterworks (Overseas) Ltd	-	(242)
N. Desmond Smith	-	(16)
Anglo Crimean Company Limited	85	(85)
Ucoco Cyprus Limited	-	853
Oleg Rodkin	15	(9)

N.Desmond Smith and Oleg Rodkin had a power of attorney and acted as effective officers of Nostra Terra (Overseas) Limited.

Masterworks (Overseas) Limited were paid consultancy fees and expenses for services provided by N.Desmond Smith and Oleg Rodkin.

## 6.14 Auditors

The auditors of the company for the years ended 31 December 2003, 2004 and 2005 were Fasoulitis, Aristodemou & Co, whose address is at 65 Prodromou Avenue, Nikea Court, 4<sup>th</sup> Floor, Office 402 Nicosia, Cyprus

Yours faithfully

Jeffreys Henry LLP



**Part 6**  
**Unaudited Pro Forma Statement of the Net Assets of the Enlarged Group**

	<b>LHP</b>	<b>NTOL</b>	<b>Ucoco Cyprus</b>	<b>Acquisition</b>	<b>Consolidation adjustments</b>	<b>Pro- forma net assets</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fixed assets</b>						
Goodwill on acquisition	-	-	-	-	4,247	4,247
Investment in subsidiary	-	-	-	4,487	(4,487)	(0)
Intangible assets	-	-	519	-	-	519
Tangible assets	-	12	-	-	-	12
	-	12	519	4,487	(240)	4,778
<b>Current assets</b>						
Debtors	2	459	(437)	-	-	24
Cash at bank and in hand	151	6	-	(100)	-	57
	153	465	(437)	(100)	-	81
<b>Creditors: amounts falling due within one year</b>	(33)	(237)	(82)	(1,404)	-	(1,756)
<b>Net current assets</b>	120	228	(519)	(1,504)	-	(1,675)
<b>Net assets</b>	120	240	-	2,983	(240)	3,103
<b>Capital and reserves</b>						
Called up share capital	63	1	-	149	(1)	212
Share premium account	167	0	-	2,834	-	3,001
Profit and loss account	(110)	239	-	-	(239)	(110)
	120	240	-	2,983	(240)	3,103

**Notes:**

1. The net assets of LHP at 31 January 2007 and NTOL at 31 July have been extracted from Part 4 and Part 5 respectively of this document. NTOL's net assets have been converted to Sterling at the closing rate of exchange at 31 July 2006 of US\$ 1.86 to GBP 1.
2. The Ucoco Cyprus adjustment relates to the acquisition by NTOL of a 25% interest in the revenues of the JAA for the Oktyabrskoe Licence under the Anglo Crimean Asset Sale Agreement for US\$1,012,500. This has been recorded at an exchange rate of US1.95 to GBP 1.
3. The consideration shares being issued on the acquisition of NTOL are 149,126,472 and these have been valued at 2.0p per share. In addition the promissory notes payable to NTOL's vendors of US\$ 1,838,928 and GBP 461,222 have been entered into by LHP. The promissory note in US\$ has been converted at an exchange rate of US1.95 to GBP 1.
4. The consolidation adjustments are in respect of the computation of the goodwill on acquisition of NTOL.
5. No adjustments have been made to reflect the trading of either LHP or NTOL since 31 January 2007 and 31 July 2006 respectively.

## **Part 7**

### **Additional Information**

#### **1 Responsibility**

- 1.1 The Directors and the Proposed Directors accept responsibility for the information contained in this document, save for the information concerning the ACOC Concert Party and the PET Concert Party (for which each member of the respective concert party is responsible). To the best of the knowledge of the Directors and the Proposed Directors, having taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.
- 1.2 Members of the ACOC Concert Party accept responsibility for the information about the ACOC Concert Party contained in this document. To the best of the knowledge and belief of the members of the ACOC Concert Party, having taken all reasonable care to ensure that such is the case, the information contained in this document relating to the ACOC Concert Party is in accordance with the facts and contains no omission likely to affect its import.
- 1.3 Members of the PET Concert Party accept responsibility for the information about the PET Concert Party contained in this document. To the best of the knowledge and belief of the members of the PET Concert Party, having taken all reasonable care to ensure that such is the case, the information contained in this document relating to the PET Concert Party is in accordance with the facts and contains no omission likely to affect its import.
- 1.4 Jeffreys Henry LLP, as reporting accountants, accepts responsibility for its reports contained in Parts 4 and 5 of this document. To the best of the knowledge and belief of Jeffreys Henry LLP, having taken all reasonable care to ensure that such is the case, the information contained in Parts 4 and 5 of this document is, in accordance with the facts and contains no omission likely to affect its import.
- 1.5 Trimble Engineering Associates Ltd., as the independent competent person, accepts responsibility for its report contained in Part 3 of this document. To the best of the knowledge and behalf of Trimble Engineering Associates Ltd., having taken all reasonable care to ensure that such is the case, the information contained in the Competent Person's Report is in accordance with the facts and contains no omission likely to affect its import.

#### **2 The Company**

- 2.1 The Company was incorporated and registered in England and Wales on 20 January 2005, as a private limited company with the name LHP Investments Limited and with registered number 05338258.
- 2.2 The Company was re-registered as a public limited company on 25 January 2005 and the name of the Company was changed to LHP Investments plc
- 2.3 The principal legislation under which the Company operates is the Act and regulations made thereunder.
- 2.4 The Company is domiciled in England and Wales and its registered office and principal place of business is located at Finsgate, 5-7 Cranwood Street, London EC1V 9EE.
- 2.5 The liability of the members of the Company is limited.
- 2.6 The accounting reference date of the Company is currently 31 January, but it is intended to change the accounting reference date to 31 December
- 2.7 The Company has no administrative, management and supervisory bodies other than its board and (with effect from Admission) the remuneration and nomination committee and the audit committee, both of which have no members other than directors of the Company.
- 2.8 The Company's auditors during the period covered by the accountants' report set out in Part 4 of this document were Jeffreys Henry LLP of Finsgate, 5-7 Cranwood Street, London EC1V 9EE, who are members of the Institute of Chartered Accountants in England and Wales.
- 2.9 There are no undertakings in which the Company holds a proportion of the capital that are likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits

#### **3 Securities being admitted**

- 3.1 The Ordinary Shares are ordinary shares of 0.1p each in the capital of the Company created under the Act and are to be issued in British Pounds Sterling.
- 3.2 The Ordinary Shares may be held in certificated form or under the CREST system, which is a paperless settlement procedure enabling securities to be evidenced and transferred otherwise than by a written instrument in accordance with the Uncertificated Securities Regulations 2001. The Company's registrars, Share Registrars Limited of Craven House, West Street, Farnham, Surrey GU9 7EN, are responsible for keeping the Company's register of members

- 3.3 The voting and dividend rights attaching to the Ordinary Shares are set out in paragraphs 14.1 and 14.4 respectively of this Part 7.
- 3.4 By Ordinary Resolution passed on 25 January 2005, the directors are generally and unconditionally authorised pursuant to section 80 of the Act to allot relevant securities up to a nominal amount equal to the authorised but unissued share capital of the Company on that date, and after taking account of shares issued since that date, the nominal amount of share capital that may be allocated at the date hereof is £937,250; such authority (unless previously revoked or varied) is to expire on 24 January 2010 save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry.
- 3.5 By Special Resolution passed on 25 January 2005, the provisions of section 89(1) of the Act which confer on shareholders rights of pre-emption in respect of the allotment of securities which are, or are to be, paid up in cash (other than by way of allotment to employees under any employee share scheme as defined in section 743 of the Act), were not to apply to the allotment of Ordinary Shares up to a nominal amount that the directors are authorised to allot pursuant to the authority referred to in paragraph 3.4 above. The provision of section 89(1) of the Act would apply to any increase in the authorised share capital of the Company.
- 3.6 Subject to the Act, any equity shares issued by the Company for cash must first be offered to shareholders in proportion to their holdings of Ordinary Shares. The Act allows for the disapplication of pre-emption rights, which may be waived by a special resolution of the shareholders, either generally or specifically, for a maximum period not exceeding five years. These statutory pre-emption rights have been disapplied as set out in paragraph 3.5 above.
- 3.7 Except in relation to dividends which have been declared, and rights on a liquidation of the Company, the shareholders have no rights to share in the profits of the Company. Each Ordinary Share is entitled on a pari passu basis with all other issued Ordinary Shares to share in any surplus on a liquidation of the Company. If the Company is wound up (whether the liquidation is voluntary, under supervision of the Court or by the Court), the liquidator can, with the authority of a special resolution passed by the shareholders and any other sanction required by applicable law, divide among the shareholders the whole or any part of the assets of the Company. This applies whether the assets consist of property of one kind or of different kinds. For this purpose, the liquidator can set such value as he considers fair upon any property and decide how such division is carried out as between the shareholders. The liquidator can transfer any part of the assets to trustees upon such trust for the benefit of the shareholders as the liquidator, acting under that resolution, decides. However, no shareholder may be compelled to accept any shares or other property under this provision which carry a liability.
- 3.8 The Ordinary Shares are not redeemable. The Company may purchase or contract to purchase any of the Ordinary Shares on or off market, subject to the provisions of the Articles, the Act and any other applicable regulatory requirements. The Company may only purchase Ordinary Shares out of distributable reserves or the proceeds of a new issue of shares made for the purpose of funding the repurchase. The Company may by ordinary resolution convert any fully paid up shares into stock and reconvert any stock into fully paid up shares of any denomination. A holder of stock shall have the same rights as if he held the shares from which the stock arose, but no such rights (except for participation in dividends and in assets on a winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred those rights.
- 3.9 The Consideration Shares to be issued and allotted pursuant to the Acquisition, the Subscription Shares and the Facility Fee Shares will rank pari passu in all respects with the Existing Shares, including the right to receive all dividends and other distributions declared, made or paid after Admission on the Enlarged Issued Share Capital.
- 3.10 Save as disclosed in this document, no share or loan capital of the Company is proposed to be issued or is under option or is the subject of an agreement, conditional or unconditional, to be put under option.
- 3.11 No shares of the Company are currently in issue with a fixed date on which an entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.12 So far as the Directors and Proposed Directors are aware the percentage of Ordinary Shares that are not to be in public hands at Admission is 54.98%.

#### **4 Restrictions on free transferability**

- 4.1 Save as set out below, the Ordinary Shares will be freely transferable.
- 4.2 The Company may, under the Act, send out statutory notices to those it knows or has reasonable cause to believe have an interest in its Ordinary Shares, asking for details of those who have an interest and the extent of their interest in a particular holding of Ordinary Shares. When a person receives a statutory notice and fails to provide any information required by the notice within the time specified in it, the Company can apply to the court for an order directing, among other things, that any transfer of the Ordinary Shares, which are the subject of the statutory notice, is void. Once a restriction notice has been given, the directors are free to cancel it or exclude any Ordinary Shares from it at any time they think fit.
- 4.3 The Directors may also, without giving any reason, refuse to register the transfer of any Ordinary Shares, which are not fully paid.

- 4.4 A person is required by law to notify the Company if he has a "notifiable interest" in holdings of 5 per cent. or more of the Company's total voting rights and capital in issue. The obligation also arises if such holdings change to reach, exceed or fall below every 1 per cent. increment above 3 per cent. of the Company's total voting rights and capital in issue. "Notifiable interests" in this context include both direct and indirect interests in the voting rights of the Company, and financial instruments which give the holder the formal entitlement to acquire shares with voting rights attached. The obligations to notify the Company as aforesaid are subject to certain exceptions set out in the Disclosure and Transparency Rules published by the FSA.

## **5 Mandatory bids, squeeze out and sell-out rules**

- 5.1 The Ordinary Shares will be subject to the City Code on Takeovers and Mergers (the "Takeover Code"). Under Rule 9 of the Takeover Code ("Rule 9") where (i) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested), carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code or (ii) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of the company subject to the Takeover Code but does not hold shares carrying more than 50 per cent. of such voting rights and such a person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, that person is normally obliged to make a general offer to all shareholders to purchase in cash their shares at the highest price paid by him or any person acting in concert with him within the preceding 12 months. Rule 9 is subject to a number of dispensations and in particular the Company has been provided such, further details of which are set out in the paragraph entitled "Takeover Code" on page 27 of Part 1 of this document.
- 5.2 Further information in relation to the ACOC Concert Party and the PET Concert Party is set out in paragraph 25 of this Part 7.
- 5.3 Under the Act, if an offeror were to acquire or contract to acquire 90 per cent. of the Ordinary Shares to which the offer relates within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.
- 5.4 The Act also gives minority shareholders in the Company a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares to which the offer relates, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.
- 5.5 No person has made a public takeover bid for the Company's issued share capital since the Company's incorporation on 20 January 2005.

## **6 Share Capital of the Company**

- 6.1 At the date of incorporation the Company had an authorised share capital of £1,000,000 divided into 1,000,000,000 Ordinary Shares of 0.1p each of which one subscriber share was held by Mr Knifton.
- 6.2 On 24 January 2005 the Company issued, credited as fully paid, 49,999,999 Ordinary Shares at an issue price of 0.1p per share comprising 25,000,000 Ordinary Shares to Mr Claridge (who subsequently retired as a director on 30 May 2006), 8,333,333 Ordinary Shares to Mr Knifton, 8,333,333 Ordinary Shares to Mr Oakes (who became a director of the Company on 30 May 2006) and 8,333,333 Ordinary Shares to Mr Nigel Weller.
- 6.3 12,500,000 Ordinary Shares were placed by the Company at an issue price of 2p per share and issued on the admission of all of the issued Ordinary Shares to trading on AIM on 23 February 2005.
- 6.4 On 4 August 2005, the Company issued, credited as fully paid, 250,000 Ordinary Shares at an issue price of 2p per share to Biddicks Associates Limited.

- 6.5 At the date of this document, the present authorised and issued share capital of the Company is, and will be on Admission, as follows:

	Authorised share capital		As at the date of this document Issued and fully paid up share capital		On Admission Issued and fully paid up share capital	
	£	Number	£	Number	£	Number
Ordinary Shares	£1,000,000	1,000,000,000	62,750	62,750,000	301,876,472	301,876,472

- 6.6 The Company has no shares not representing capital. No Ordinary Shares are held by or on behalf of the Company or by any of its subsidiaries.
- 6.7 The par value of each Ordinary Share is 0.1p.
- 6.8 The Company has no issued Ordinary Shares that are not fully paid up. The liability of a shareholder is limited to any amounts which are payable, but unpaid on subscription of those shares held by that shareholder.
- 6.9 On 3 April 2006, trading of the Ordinary Shares on AIM was suspended pursuant to Rule 8 of the AIM Rules for Companies and the admission of the Ordinary Shares to trading on AIM was subsequently cancelled.

## 7 Existing Warrants

- 7.1 On 2 February 2005, the Company issued to Falcon Securities 'A' Warrants to subscribe in cash for a total of up to 2,500,000 Ordinary Shares at an exercise price of 2p per share in the period to 23 February 2008. Stephen Oakes and Nigel Weller are directors of Falcon Securities. As at the date of this document, no 'A' Warrant has been exercised.
- 7.2 On 2 February 2005, the Company issued 2,000,000 Warrants (the "Founders Warrants") which are held by the persons and in the amounts listed below. The terms of the Founders Warrants are summarised in more detail in paragraph 7.3 below.

Name	Number of Founders Warrants
Karin Haugen	500,000*
GCIT Foundation	500,000*
Leo Knifton	333,334
Stephen Oakes	333,333
Nigel Weller	333,333
<b>TOTAL</b>	<b>2,000,000</b>

\*Patrick Claridge is holding the 1,000,000 Founders Warrants issued to him on behalf of Karin Haugen and GCIT Foundation in December 2006.

- 7.3 A summary of the principal terms of the Founders Warrants is set out below:
- 7.3.1 Each Founders Warrant entitles the holder to subscribe for one Ordinary Share at an exercise price of 0.1p per share. The Founders Warrants are exercisable for a period of three years from issue.
- 7.3.2 The Founders Warrants are freely transferable in whole (and not in part) on one occasion only. Where it is intended to transfer a Founders Warrant to a person competing with and/or involved in a business and/or activities similar to that of the Company, prior Board approval (which shall not be unreasonably withheld) must be obtained. The Founders Warrants are transmissible on death as if they comprised of ordinary shares in accordance with the Articles of Association of the Company.
- 7.3.3 The warrant instrument of the Founders Warrants contains provisions dealing with the consequences of an offer being made for the Company (in which case the Company may specify a number of days during which the holder must exercise the warrant after which it will automatically lapse) and also with alterations to the share capital which may result in the number of ordinary shares which are the subject of the Founders Warrant being amended.
- 7.3.4 The Company is to apply to AIM for admission to dealing in the Ordinary Shares issued pursuant to duly exercised Founders Warrants. The Company is obliged to keep available for issue sufficient unissued and unencumbered Ordinary Shares free of pre-emptive rights in order to satisfy in full all Founders Warrants as and when they may be exercised.

## 8 New Warrants

- 8.1 By an agreement dated 25 June 2007 between the Company (1) and the ACOC Warrantholders (2), the Company and the ACOC Warrantholders have agreed that on and subject to completion of the Acquisition and Admission the ACOC Warrantholders would relinquish certain warrants held by them in respect of shares of the Vendor and that the Company is to issue the 'B' Warrants to them as follows:

Name	Number of 'B' Warrants
Cairns Investment Holdings Limited	400,000
Kerry Knoll	160,000

- 8.2 A summary of the principal term of the 'B' Warrants is set out below:

- 8.2.1 Each 'B' Warrant entitles the holder to subscribe for one Ordinary Share at an exercise price of 1.5 per share exercisable in the period of 12 months from Admission. The 'B' Warrants are freely transferable in whole (and not in part) on one occasion only. Where it is intended to transfer a 'B' Warrant to a person competing with and/or involved in a business and/or activities similar to that of the Company, prior Board approval (which shall not be unreasonably withheld) must be obtained. The 'B' Warrants will be transmissible on death as if they comprised of ordinary shares in accordance with the Articles of Association of the Company.
- 8.2.2 The warrant instrument for the 'B' Warrants contains provisions dealing with the consequences of an offer being made for the Company (in which case the Company may specify a number of days during which the holder must exercise the 'B' Warrants after which it will automatically lapse) and also with alterations to the share capital which may result in the number of ordinary shares which are the subject of the 'B' Warrants being amended.
- 8.2.3 Ordinary Shares issued pursuant to the exercise of the 'B' Warrants will rank *pari passu* in all respects from their date of issue with the existing Ordinary Shares then in issue, but will not rank for any dividends or other distributions for which the record date falls prior to their allotment.
- 8.2.4 The Company will apply to AIM for admission to dealing in the Ordinary Shares issued pursuant to duly exercised 'B' Warrants. The Company is obliged to keep available for issue sufficient unissued and unencumbered Ordinary Shares free of pre-emptive rights in order to satisfy in full all 'B' Warrants as and when they may be exercised.

- 8.3 On 25 June 2007 the Company agreed, conditionally upon Admission, to issue a total of 9,000,000 'C' Warrants to subscribe in cash for a total of up to 9,000,000 Ordinary Shares at an exercise price of 2p per share in the period to 30 April 2012. 4,000,000 'C' Warrants will be issued to ARM and 5,000,000 'C' Warrants will be issued to Falcon Securities. The 'C' Warrants are otherwise subject to the same terms (*mutatis mutandis*) as the 'B' Warrants.

## 9 Creditors Loan Stock

- 9.1 The Company has created £327,679.38 of zero coupon convertible unsecured loan stock 2008 by an instrument dated 25 June 2007 (the "Creditors' Convertible Loan Stock") and £88,483 of zero coupon unsecured loan stock 2008 by an instrument dated 25 June 2007 (the "Creditors' Non-convertible Loan Stock"). All of the Creditors Loan Stock is to be issued by the Company to the Vendor on and subject to completion of the Acquisition as part of the Consideration. The Vendor is then to apply the Creditors' Loan Stock in satisfaction of its obligations to the Creditors under the Creditors Settlement, with the effect that the Creditors Loan Stock will be transferred by the Vendor to the Creditors who will become the holders of the Creditors Loan Stock.

- 9.2 The terms of the Creditors' Convertible Loan Stock may be summarised as follows:

- 9.2.1 the holder may convert the principal amount of the Creditors' Convertible Loan Stock into Ordinary Shares at the rate of one Ordinary Share for each 2p of the principal amount at any time in the period to 31 December 2008;
- 9.2.2 Ordinary Shares issued on conversion will rank *pari passu* with the Ordinary Shares then in issue;
- 9.2.3 the basis of conversion will be adjusted on any subdivision or consolidation of Ordinary Shares or on the issue of Ordinary Shares by way of capitalisation of profits or reserves;
- 9.2.4 the Company will endeavour to have the Ordinary Shares issued on conversion admitted to trading on AIM;
- 9.2.5 offers to subscribe for or purchase shares or other securities for cash made to shareholders are to be extended by the Company to stockholders as if they had converted their stock;
- 9.2.6 on a liquidation of the Company stockholders may elect to have the Creditors' Convertible Loan Stock treated as having been converted into Ordinary Shares;

- 9.2.7 the Company will have the right to call any unredeemed Creditors' Convertible Loan Stock, to be redeemed at 120 per cent. of the principal amount of the Stock in which case the stockholder will have fourteen days in which to elect to convert the Stock to be redeemed;
- 9.2.8 on an offer being made to all of the shareholders of the Company which the Company becomes aware is to be accepted and will entitle the offeror to cast more than 50 per cent. of the voting rights of all the issued Ordinary Shares, the stockholder will be entitled to convert the Convertible Stock;
- 9.2.9 if after conversion on any occasion at least 75 per cent. of the Creditors' Convertible Loan Stock has been converted, the Company is entitled to give notice to convert the remaining stock, but stockholders may elect to require repayment;
- 9.2.10 the principal amount of the Creditors' Convertible Loan Stock is to be repaid on 31 December 2008;
- 9.2.11 the principal amount of the Creditors' Convertible Loan Stock is to be repaid on the occurrence of events of default;
- 9.2.12 the Creditors' Convertible Loan Stock is to be transferred by the Vendor to the Creditors, but it is not otherwise transferable;
- 9.3 The terms of the Creditors' Non-convertible Loan Stock may be summarised as follows:
  - 9.3.1 the Company may at any time give to the stockholders notice to repay the principal amount of Creditors' Non-convertible Loan Stock;
  - 9.3.2 the principal amount of the Creditors' Non-convertible Loan Stock is to be repaid on 31 December 2008;
  - 9.3.3 the Company will have the right to call any unredeemed Creditors' Non-convertible Loan Stock, to be redeemed in such circumstances at 120 per cent. of the principal amount of the Stock;
  - 9.3.4 the principal amount of the Creditors' Non-convertible Loan Stock is to be repaid on the occurrence of events of default;
  - 9.3.5 the Creditors' Non-convertible Loan Stock is to be transferred by the Vendor to the Creditors, but is not otherwise transferable.

## **10 Convertible Facility Note**

- 10.1 By a Convertible Facility Agreement dated 25 June 2007 between the Company (1) and PET (2) the Company obtained a borrowing facility of up to £600,000 to be made available by PET by way of zero coupon convertible unsecured loan note 2013 (the terms of which are referred to below). The principal terms of the Convertible Facility Agreement may be summarised as follows:
  - 10.1.1 the Convertible Facility Agreement is conditional upon completion of the Acquisition and Admission;
  - 10.1.2 the obligation of PET to provide the facility is secured by an escrow arrangement under which £300,000 is held by Ronaldson's in escrow to be drawn down under the terms of the Convertible Facility Agreement and by a guarantee of up to £300,000 given by Leo Knifton, Stephen Oakes and Nigel Weller on the terms outlined in paragraph 10.4 below;
  - 10.1.3 the Company may at any time in the period of twelve months after Admission after at least three of the Wells have been subject to re-entry under the 2007 Work Programme, declare that the net revenues to be derived from sales of hydrocarbons will be insufficient, when added to the Enlarged Group's available cash resources, to finance the working capital requirements of the Enlarged Group for the period of 18 months from Admission. The Company may then draw down all or part of the Facility which will be advanced by PET and which will be constituted as zero coupon convertible unsecured loan notes 2013;
  - 10.1.4 if at the end of the period within which the Facility is available, expiring twelve months after completion of the Acquisition and Admission, the Company has not drawn down at least £300,000 of the Facility, PET may require the Company to accept an advance of such further amount as will constitute not more than £300,000 of the Facility.
- 10.2 Under the Instrument dated 25 June 2007 executed by the Company to constitute the £600,000 convertible unsecured loan notes 2013 (the "Convertible Facility Notes"), the Company is to issue up to £600,000 of Convertible Facility Notes to PET as and when borrowings are advanced by PET to the Company under the Convertible Facility Agreement. The terms of the Convertible Facility Notes may be summarised as follows:
  - 10.2.1 the principal amount is to be repaid on 25 June 2013 or earlier on the occurrence of events of default;
  - 10.2.2 the Convertible Facility Notes are unsecured and do not carry interest;

10.2.3 the Convertible Facility Notes are convertible by the noteholder at any time (assuming that borrowings have been drawn down under the Convertible Facility Agreement) at the rate of one Ordinary Share for each 0.5p of the principal amount converted (or, if less, 50 per cent. of the average closing bid price for the previous five trading days subject to a minimum of 0.1p per share, the nominal value of the Ordinary Shares); and

10.2.4 the Convertible Facility Notes are transferable.

10.3 On completion the Company is to issue to PET 20,000,000 Ordinary Shares credited as fully paid and pay £20,000 in cash in satisfaction of the corporate finance fee to be paid to PET.

10.4 By a Guarantee dated 25 June 2007 (the "Guarantee") between Mr Leo Knifton, Mr Stephen Oakes and Mr Nigel Weller (together the "Guarantors") (1) and the Company (2), the Guarantors have guaranteed the obligation of PET to advance up to £300,000 of the Facility (after the amount held under the escrow arrangement referred to above has been drawn down). The liability of the Guarantors under the Guarantee is divided amongst them as to 50 per cent. to Leo Knifton and as to 25 per cent. to each of the other Guarantors.

## **11 The Enlarged Group**

11.1 Following completion of the Acquisition, to the best of the knowledge and belief of the Directors and Proposed Directors, there are no persons who directly or indirectly control the Company, where control means owning 30 per cent. or more of the voting rights attaching to the share capital of the Company, save for the ACOC Concert Party and the PET Concert Party, details of whom are set out in paragraphs 25.1 and 25.4 of this Part 7.

11.2 Save as set out in paragraph 25 of this Part 7 the Company is not aware of any arrangements which may at a subsequent date result in a change in control of the Company.

## **12 The Enlarged Group Companies**

12.1 The principal legislation under which Company operates and under which the Ordinary Shares have been created is the Act.

12.2 Following completion of the Acquisition, the Company will be the holding company of NTOL, a wholly-owned subsidiary, which is incorporated in Cyprus with Company Number 112524. NTOL has no subsidiary undertakings, but the Representation is constituted as a permanent representation office of NTOL and registered as a non-corporate entity with the Ministry of the Economy of Ukraine.

## **13 Memorandum of Association**

The Memorandum of Association of the Company provides that the principal object and purpose of the Company is to carry on the business a general commercial company. Its objects and purposes are set out in full in clause 4 of the Memorandum of Association which is available for inspection at the address specified in paragraph 27 below.

## **14 Articles of Association**

The Articles of Association of the Company (the "Articles"), which are available for inspection at the address specified in paragraph 27 below, contain, *inter alia*, provisions to the following effect:

14.1 Votes of members:

(i) Subject to any rights or restrictions attached to the shares (including as a result of unpaid calls) and/or as mentioned below, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative and is entitled to have a vote shall have one vote and on a poll every member who is present in person or by proxy and entitled to vote shall have one vote for every share of which he is the registered holder. Where, in respect of any shares, any registered holder or any other person appearing to be interested in such shares fails to comply with any notice given by the Company under section 212 of the Act, then not earlier than 14 days after service of such notice the shares in question may be disenfranchised pursuant to Article 40.1 of the Articles.

(ii) In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote or votes of the other joint holder or holders, and seniority is determined by the order in which the names of the holders stand in the register.

(iii) If any member is of unsound mind or otherwise incapacitated he may vote, whether on a show of hands or on a poll, by his curator bonis, committee or other legal curator and such last mentioned persons may give their votes either personally or by proxy Provided that such evidence as the Board may reasonably require of the authority of the persons claiming to vote is deposited at the Office not less than forty eight hours before the time for holding the Meeting or adjourned Meeting at which such person claims to vote.



## 14.2 Transfer of shares

Save for in the case of shares which have become participating securities for the purposes of the Uncertificated Securities Regulations 2001 ("CREST Regulations"), title to which may be transferred by means of a relevant system such as CREST without a written instruction, all transfers of shares must be effected by an instrument of transfer in writing in any usual form or in any other form approved by the Board. The instrument of transfer shall be executed by or on behalf of the transferor and, except in the case of fully paid shares, by or on behalf of the transferee.

The Board may, in its absolute discretion and without giving any reason, refuse to register any transfer of certificated shares unless:

- (i) it is in respect of a share which is fully paid up;
- (ii) it is in respect of a share on which the Company has no lien and the share is fully paid up;
- (iii) it is in respect of only one class of share;
- (iv) it is in favour of a single transferee or not more than four joint transferees;

No transfer of any share shall be registered if made in favour of an infant, a person in respect of whom a receiving order or adjudication order in bankruptcy has been made which remains undischarged or a person who is then suffering from mental disorder and where any of the events specified in Article 103 of the Articles have occurred in relation to him.

The Board may also, in its absolute discretion, refuse to register any transfer of shares which does not appear to it to be a transfer pursuant to an arm's length sale and which relates to shares held by a member in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 212 of the Act (or under any other statutory provision or provisions of the Articles for the time being in force enabling the Company by notice in writing to require any person to give any information regarding those shares) which requires him or such other person to give information to the Company in accordance with such section or provision and:

- (i) he or any such person is in default in supplying to the Company the information thereby required within 14 days after service of the notice (or such longer period as may be specified in such notice); or
- (ii) in purported compliance with such notice, he or any such person has made a statement which, in the opinion of the Board, is false or misleading in any material particular (and in the latter case has failed to correct such statement within a further period of 14 days after service of a further notice in writing requiring him so to correct);

provided that the shares specified in such notice represent at least 0.25 per cent. of the shares of the class to which such shares belong in issue on the date of service of such notice.

Subject to the above, the Articles contain no restrictions on the free transferability of fully paid Ordinary Shares provided that the transfer is accompanied by the certificate(s) for the shares to which it relates or other evidence of title required by the directors and that the provisions of the Articles relating to the deposit of instruments of transfer are complied with.

If the Board refuses to register a transfer it must, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee.

The registration of transfers may be suspended by the Board for any period (not exceeding 30 days) in any year.

## 14.3 Failure to disclose interest in shares

If a member, or any other person appearing to be interested in shares held by the member, has been issued with a notice pursuant to section 212 of the Act and has failed in relation to any shares (the "Default Shares") to give the Company the information thereby required within the prescribed period from the date of the notice, the following sanctions shall apply:

- (i) the member shall not be entitled in respect of the Default Shares to be present or to vote (either in person or by representative or proxy) at any general meeting or at any separate meeting of the holders of any class of shares or on any poll; and
- (ii) where the Default Shares represent at least 0.25 per cent. in nominal value of the issued shares of their class:
  - (A) any dividend or other money payable in respect of the shares shall be withheld by the Company which shall not have any obligation to pay interest on it and the members shall not have any obligation to pay interest on it and the members shall not be entitled to elect to receive shares instead of a dividend; and

- (B) no transfer, of any certificated Default Shares shall be registered as set out in paragraph 14.2 above.

The above sanctions shall only apply for so long as the information requested pursuant to section 212 of the Act has not been supplied to the Company or until the Board is satisfied that such shares have been acquired by a new beneficial owner following an arm's length sale, whichever is the earlier.

#### 14.4 Dividends

The profits of the Company, which are available for distribution and which the Company's members resolve to distribute shall be applied in the payment of dividends to the members in accordance with their respective rights and priorities. Subject to the provisions of the Act and if the profits of the Company justify such payments, the Directors may declare and pay interim dividends on shares of any class in such amounts as and when they see fit. No dividend may exceed the amount recommended by the Board of Directors. A dividend may be retained if a shareholder has failed to comply with the statutory disclosure requirements of the Act.

Any dividend unclaimed after a period of 12 years from the date it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

#### 14.5 Changes in share capital

The Company may alter its share capital as follows:

- (i) it may by ordinary resolution increase its share capital, consolidate all or any of its share capital into shares of larger amounts, cancel any shares which have not been taken or agreed to be taken by any person and sub-divide its shares or any of them into shares of smaller amounts;
- (ii) subject to any consent require by law and to any rights for the time being attached to any shares, it may by special resolution reduce its share capital, any redemption reserve fund or any share premium account in any manner; and
- (iii) subject to the provisions of the Act and to any rights for the time being attached to any shares it may with the sanction of a special resolution enter into any contract for the purchase of its own shares provided also that if the Ordinary Shares in the capital of the Company are listed on the London Stock Exchange, any purchase by the Company of its own shares (a) shall be limited to a maximum price not exceeding 5 per cent. above the average of the middle market quotations taken from the London Stock Exchange daily Official List for the 10 business days before the purchase is made and (b) if made by tender, the tender shall be made available to all Members on the same terms

#### 14.6 Redemption of Shares and Variation of Rights

Subject to the Act and to the rights attached to existing shares:

- (a) shares may be issued on terms that they are to be redeemed or, at the option of the Company or the holder, are liable to be redeemed; and
- (b) the rights attached to a class of shares may be varied or abrogated (whether or not the Company is being wound up) either with the consent in writing of the holders of at least three-fourths in the nominal amount of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the members of that class validly held in accordance section 127 of the Act and Article 50 of the Articles and other relevant provisions of the articles.

The rights conferred upon the holders shall not, unless otherwise expressly provided by these Articles or by the terms of issue of the shares of that class, be deemed to be modified, varied or abrogated by the creation or issue of further shares ranking *pari passu* therewith or by the purchase or redemption by the Company of its own shares in accordance with the Act and Article 11 of the Articles of the Company.

#### 14.7 Conversion

The Company may, by ordinary resolution and subject to the Act, convert all or any of its fully-paid shares into stock of the same class and denomination and reconvert such stock into fully paid up shares of the same class and denomination. No such conversion shall affect or prejudice any preference or other special privilege.

#### 14.8 Warrants

The Company may with respect to Ordinary Shares issue warrants stating the bearer is entitled to the Ordinary Shares therein specified, and may provide by coupons or otherwise for the payment of future dividends or other monies or for the exercise of rights on or in respect of the Ordinary Shares included in such warrants. The Company shall comply with the provisions of the Act with respect to the details required to be maintained in respect of the issue of Share Warrants. A Share Warrant shall entitle the bearer thereof to the Ordinary Shares included in it, and such Ordinary Shares may (subject to the terms of the Share Warrant) be transferred by the delivery of the Share Warrant, and the provisions of the Articles with respect

to the issue of certificates for or the transfer and transmission of shares shall not apply to Ordinary Shares for which Share Warrants have been issued. The Company in general meeting shall have power to determine to what extent the bearer of a Share Warrant shall be deemed to be a member of the Company. No new Share Warrants will be issued to replace one that has been lost, unless the Company is satisfied beyond reasonable doubt that the original has been destroyed

#### 14.9 General Meetings

An annual general meeting shall be held once a year, within 15 months of the previous annual general meeting.

Subject to a member's right to requisition an extraordinary general meeting pursuant to section 368 of the Act, general meetings of the Company are convened at the discretion of the Board, and with the exception of the annual general meeting, all such general meetings of the Company shall be extraordinary general meetings

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution or (except as provided by the Act) a resolution of which special notice has been given to the Company, shall be called by at least 21 clear days' notice in writing. Any other extraordinary general meeting shall be called by at least 14 clear days' notice to the Company. Notice shall be given to all members and the auditors.

Every notice calling a general meeting shall specify the place, day and hour of the meeting. Every notice must include a reasonably prominent statement that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company.

A general meeting may be called by shorter notice if it is agreed: (i) in the case of an annual general meeting, by all the members entitled to attend and vote; and (ii) in the case of an extraordinary general meeting, by a majority in the number of the members having a right to attend and vote, being a majority together holding at least 95 per cent. in nominal value of the shares giving that right.

#### 14.10 Constitution of board of directors

The minimum number of directors shall not be less than two and unless and until otherwise determined by the Company in general meeting shall not be more than eight. No shareholder qualification is required of any director.

#### 14.11 Permitted interests of directors

Subject to the provisions of the Act, a director is not disqualified by his office from contracting with the Company in any manner, nor is any contract in which he is interested liable to be avoided, and any director who is so interested is not liable to account to the Company for any profit realised by the contract, by reason of the director holding that office or of the fiduciary relationship thereby established.

A director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director and may act in a professional capacity for the Company (other than as auditor) on such terms as to tenure of office, remuneration or otherwise as the directors may determine. A director may also hold office as a director or other officer or be otherwise interested in any other company of which the Company is a member or in which the Company is otherwise interested and shall not be liable to account to the Company for any remuneration or other benefits received by him from that company.

#### 14.12 Restrictions on voting by directors

Save as provided below, a director shall not vote on or in respect of any contract or arrangement or any other proposal in which he has an interest which is to his knowledge a material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company. A director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A director shall (in the absence of some other material interest than is indicated below) be entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters:

- (a) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting thereof;

- (d) any proposal concerning any other company in which he does not to his knowledge hold directly or indirectly and whether as an officer or shareholder or otherwise howsoever provided that he (together with any person connected with him within the meaning of section 346 of the Act) is not the holder or beneficially interested in one per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances);
- (e) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes or which does not accord to any Director as such any privilege or benefit not accorded to the employees to which the scheme or fund relate;
- (f) any contract, arrangement or proposal for the benefit of employees of the group under which the Director benefits in a similar manner as the employees or which does not accord to any Director as such any privilege or benefit not accorded to the employees to which the scheme or fund relates; and
- (g) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit persons including Directors.

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices of employment with the Company or any company in which the Company is interested such proposals may be divided and considered in relation to each Director separately and in such cases each of the Directors concerned (if not debarred from voting pursuant to the provisions set out above) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

#### 14.13 Directors

There shall be available to be paid out of the funds of the Company to the Directors as fees in each year an aggregate sum not exceeding £100,000 as the Board may determine, such sum to be divided among such Directors in such proportion and manner as they may agree or, in default of agreement, equally provided that any such Director holding the office of Director for part of a year shall, unless otherwise agreed, be entitled only to a proportionate part of such fee. The Company may by ordinary resolution increase the amount of the fees payable under this Article. The provisions of this Article shall not apply to the remuneration of any Managing Director or Director holding executive office whose remuneration shall be determined in accordance with the provisions of Articles 95.1 and 95.4 of the Articles.

The Directors shall also be entitled to be repaid all travelling, hotel and other expenses properly incurred by them respectively in and about the performance of their duties as Directors, including their expenses of travelling to and from Board or committee or General Meetings.

The Board (or for the avoidance of doubt a committee of the Board if so authorised) may grant special remuneration to any member thereof who, being called upon, shall render any special or extra services to the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration (if any) as a Director, and may be payable by way of a lump sum participation in profits or otherwise as the Board (or any such committee) shall determine.

Subject to the provisions of section 293 of the Act, every Director shall retire at the first Annual General Meeting after the date of his seventieth birthday; but shall then be eligible for re-election for the period from that Annual General Meeting until the end of the next following Annual General meeting when again he shall retire. Any such Director shall be eligible for re-election for a subsequent term or terms, but on each occasion only until the end of the next following Annual General Meeting after the date of his re-election.

Subject as provided in the Articles, at the Annual General Meetings in every year one- third of the Directors for the time being (other than those retiring in accordance with the Articles) or if their number is not a multiple of three then the number nearest to but not exceeding one third shall retire from office by rotation and be eligible for re-election. The directors to retire will be those who have been longest in office or, in the case of those who were appointed or re-appointed on the same day, will (unless they otherwise agree) be determined by lot.

#### 14.14 Managing and other Executive Directors

The Board may, from time to time, appoint one or more of its body to be the holder of any executive office, including the office of Chief Executive or Managing or Joint or Assistant Managing Director. Any such appointments shall be on such terms (including remuneration) and for such period as the Board (or for the avoidance of doubt a committee of the board if so authorised) may determine.

A Director so appointed to any executive office shall not be subject to retirement by rotation and shall not be taken into account in determining the number of the Directors to retire by rotation.

The appointment of any Director to any executive office shall be capable of being terminated by the Board if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall

expressly state otherwise; but without prejudice to any claim he may have for damages for breach of any contract service between him and the Company.

A Director holding any executive office shall receive such remuneration, whether in addition to or in substitution for his commission, participating in profits or otherwise, as the Board (or for the avoidance of doubt a committee of the Board if so authorised) may determine.

The Board may entrust to and confer upon a Directors holding any executive office any of the powers exercisable by the Board upon such terms and conditions and with such restrictions as it thinks fit and either collaterally with or to the exclusion of its own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers.

The Company shall not (and the Board shall exercise all voting and other rights and power of control exercisable by the Company in respect of its subsidiary companies so as to secure that none of its subsidiary companies shall) grant any contract of service to any such Managing Director or such other officer as is referred to above or any proposed Managing Director or such other officer as aforesaid which does not expire or is not determinable within five years of the date of grant thereof without payment of compensation (other than statutory compensation) except with the previous sanction of the Company in General Meeting given in accordance with section 319 of the Act.

#### 14.15 Borrowing powers

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets both present and future, including uncalled capital, and subject to the provisions of section 80 of the Act to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board may mortgage or charge all or any part of the Company's undertaking, property and uncalled capital and, subject to section 80 of the Act, may issue or sell any bonds, loan notes, debentures or other securities whatsoever for such purposes and upon such terms as to time of repayment, rate of interest, price of issue or sale, payment of premium or bonus upon redemption or repayment or otherwise as it may think proper including a right for the holders of bonds, loan notes, debentures or other securities to exchange the same for shares in the Company of any class authorised to be issued.

#### 14.16 Distribution of assets on liquidation

If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the Court) the liquidator may, with the authority of an extraordinary resolution and any other sanction required by the Act (without prejudice to section 187 of the Insolvency Act 1986), divide among the members in specie the whole or any part of the assets of the Company and may determine how such division shall be carried out as between the members or different classes of members.

#### 14.17 Winding up

If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the Court) the liquidator may, with the authority of extraordinary resolution and subject to any provision sanctioned in accordance with section 719 of the Act (without prejudice to section 187 of the Insolvency Act 1986), divide among the members in specie the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds and may for such purposes set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any shares in respect of which there is a liability. Without prejudice to section 187 of the Insolvency Act 1986 the liquidator may make any provision referred to in and sanctioned in accordance with section 719 of the Act.

## 15 Interests of natural and legal persons involved in the Acquisition, Subscription and Admission

- 15.1 The Vendor's Shareholders comprise the following who, where indicated, are also members of the ACOC Concert Party following distribution of the Consideration Shares:

	<i>Number of ACOC shares held</i>	<i>Percentage of ACOC held</i>	<i>Number of LHP shares held on distribution</i>	<i>Percentage of LHP held on distribution</i>
<b><u>Members of the ACOC Concert Party</u></b>				
Ucoco Energy Inc* (Founders Shares)	8,800,000	48.10%	71,729,713	23.76%
Glenn MacNeil	2,200,000	12.03%	17,932,428	5.94%
Owen W Smith	977,509	5.34%	7,967,777	2.64%
N Desmond Smith**	937,619	5.13%	7,642,630	2.53%
Graham Courtney	493,023	2.69%	4,018,682	1.33%
Brian and Danielle Courtney***	400,000	2.19%	3,260,441	1.08%
Oleg Rodkin	187,266	1.02%	1,526,425	0.51%
	<b>13,995,417</b>	<b>76.50%</b>	<b>114,078,096</b>	<b>37.79%</b>
<b><u>Others</u></b>				
X-Calibur Limited	1,797,550	9.82%	14,652,017	4.85%
Cairns Investment Holdings Limited****	400,000	2.19%	3,260,441	1.08%
Others	2,102,282	11.49%	17,135,919	5.68%
<b>TOTAL</b>	<b>18,295,249</b>	<b>100.00%</b>	<b>149,126,472</b>	<b>49.40%</b>

\* The shareholders of Ucoco Energy Inc are Brian Courtney, Danielle Courtney, N Desmond Smith and Glenn MacNeil.

\*\* N Desmond Smith's shares in the Vendor are held in the names of Masterworks (Overseas) Ltd and 600086 Alberta Ltd.

\*\*\* Brian and Danielle Courtney's shares in the Vendor are held in the name of 3866980 Canada Inc

\*\*\*\* Cairns Investment Holdings Limited becomes part of the PET Concert Party

- 15.1.1 In addition, as a consequence of the Creditors Settlement Arrangement certain members of the ACOC Concert Party following distribution of the Consideration Shares as listed below will be allotted convertible Creditors Loan Stock which could result in the issue of the following Ordinary Shares:

	<i>Number of Ordinary Shares</i>
Brian Courtney	273,966
Neville Desmond Smith	863,400
Graham Courtney	197,350
Oleg Rodkin	263,100
<b>TOTAL</b>	<b>1,597,816</b>

### 15.1.2 ACOC Concert Party interests on Admission and following Conversion of the Creditors' Convertible Loan Stock held by members of the ACOC Concert Party

	<i>On Admission</i>	<i>Percentage of issued share capital</i>	<i>Following Conversion of the Creditors' Convertible Loan Stock held by members of the ACOC Concert Party</i>	<i>Percentage of issued share capital</i>
ACOC	149,126,472		149,126,472	
Creditors' Convertible Loan Stock held by members of the ACOC Concert party			1,597,816	
	149,126,472	49.40%	150,724,288	49.67%
	<i>After Distribution by ACOC of the Consideration Shares</i>	<i>Percentage of issued share capital</i>	<i>Following Conversion of the Creditors' Convertible Loan Stock held by members of the ACOC Concert Party</i>	<i>Percentage of issued share capital</i>
ACOC Shareholders	114,078,096		114,078,096	
Creditors' Convertible Loan Stock held by members of the ACOC Concert Party			1,597,816	
	114,078,096	37.79%	150,724,288	38.12%
Issued Share Capital	301,876,096		303,474,288	

15.1.3 PET Concert Party on Admission, after Distribution by ACOC of the Consideration Shares, following Exercise of the PET Convertible Facility Note and Following Exercise of the warrants held by the PET Concert Party

	On Admission	Percentage of issued share capital	After Distribution by ACOC of the Consideration Shares	Percentage of issued share capital
<i>Shares</i>				
PET	20,000,000		20,000,000	
Cairns	0		3,260,441	
Leo Knifton	8,510,834		8,510,834	
Stephen Oakes	8,333,333		8,333,333	
Nigel Weller	8,333,333		8,333,333	
Falcon	0		0	
	45,177,500	14.97%	48,437,941	16.05%
<i>Warrants</i>				
Cairns B Warrants	400,000		400,000	
Falcon A Warrants	2,500,000		2,500,000	
Falcon C Warrants	5,000,000		5,000,000	
Leo Knifton Founders Warrants	333,334		333,334	
Stephen Oakes Founders Warrants	333,333		333,333	
Nigel Weller Founders Warrants	333,333		333,333	
	8,900,000		8,900,000	
Issued Share Capital	301,876,096		301,876,096	
	Following Exercise of PET Convertible Facility Note	Percentage of issued share capital	Following Exercise of the warrants held by the PET Concert Party	Percentage of issued share capital
<i>Shares</i>				
PET	620,000,000		620,000,000	
Cairns	3,260,441		3,660,441	
Leo Knifton	8,510,834		8,844,168	
Stephen Oakes	8,333,333		8,666,666	
Nigel Weller	8,333,333		8,666,666	
Falcon	0		7,500,000	
	648,437,941	71.90%	657,337,941	72.17%
<i>Warrants</i>				
Cairns B Warrants	400,000			
Falcon A Warrants	2,500,000			
Falcon C Warrants	5,000,000			
Leo Knifton Founders Warrants	333,334			
Stephen Oakes Founders Warrants	333,333			
Nigel Weller Founders Warrants	333,333			
	8,900,000			
Issued Share Capital	901,876,472		910,776,472	

The distribution of the Consideration Shares by ACOC to its shareholders, the issue of shares in relation to the conversion of the Creditors' Convertible Loan Stock, the exercise of the PET Convertible Note and the exercise of warrants may or may not occur in the sequences outlined in the tables above, but the tables reflect the maximum potential position which could be held by the ACOC Concert Party and the PET Concert Party.

- 15.2 The interests of the Directors and Proposed Directors as persons discharging managerial responsibilities and their connected persons as at the date of this document and as expected to be immediately following completion of the Acquisition, the Subscription and Admission which have been notified to the Company pursuant to rule 3.1.2 of the Disclosure and Transparency Rules are as follows (all such interests being beneficial unless otherwise noted):

*At the date of this document*

Director	Number of Ordinary Shares	Percentage of issued share capital	Number of Founders Warrants	Percentage of Founders Warrants
Leo Knifton	8,510,834	13.56%	333,334	16.67%
Stephen Oakes	8,333,333	13.28%	333,333	16.67%

The Proposed Directors have no interest in the existing Ordinary Shares or Existing Warrants of the Company.

*Immediately following Admission*

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Founders Warrants</i>	<i>Percentage of Founders Warrants</i>
Leo Knifton	8,510,834	2.82%	333,334	16.67%
Stephen Oakes	8,333,333	2.76%	333,333	16.67%

*Proposed Directors*

Brian Courtney	149,126,472*	49.40%
Glenn MacNeil	17,932,428	5.94%
Neville Desmond Smith	149,126,472*	49.40%
Sir Adrian Blennerhassett	nil	nil

\*The beneficial interests of Brian Courtney and Neville Desmond Smith following Admission, as stated immediately above, each include the entire interest of the Vendor in the Company on the grounds that each of them hold interests in more than 20% of the issued share capital of the Vendor.

Following completion of the Acquisition, the Vendor is expected to distribute all of the Consideration Shares to the Vendor's Shareholders, and Creditors Loan Notes are to be transferred to the Creditors. As a result the Proposed Directors interests will be as follows:

<i>Proposed Directors</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of Issued Share Capital On Admission</i>	<i>No of additional Ordinary Shares on conversion of Creditors Loan Stock</i>
Brian Courtney	74,990,154*	24.84%	273,950
Glenn MacNeil	17,932,428	5.94%	nil
Neville Desmond Smith	79,372,343**	26.29%	863,400
Sir Adrian Blennerhassett	nil	nil	nil

\* Includes shares held in the names of Ucoco Energy and 3866980 Canada Inc.

\*\* Includes shares held in the names of Ucoco Energy, Masterworks (Overseas) Ltd and 600086 Alberta Ltd

- 15.3 Insofar as is known to the Company, the names of all persons other than members of the administrative, management or supervisory bodies who, directly or indirectly, have an interest in the Company's capital or voting rights which is notifiable under rule 5.1.2 of the Disclosure and Transparency Rules, are set out below together with the amount of each such person's interest as at the date of this document and as expected to be immediately following completion of the Acquisition, the Subscription and Admission:

<i>Name</i>	<i>At the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Ucoco Energy Inc.	nil	nil	71,729,713	23.76%
Karin Haugen	12,500,000	19.92%	29,900,000	9.90%
GCIT Foundation	12,500,000	19.92%	29,900,000	9.90%
X-Calibur Limited	nil	nil	14,651,381	4.85%
Nigel Weller	8,333,333	13.28%	8,333,333	2.76%

- 15.4 The voting rights of the shareholders set out in paragraphs 15.1, 15.2 and 15.3 above do not differ from the voting rights held by other shareholders.
- 15.5 Save as disclosed in this document, there are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors or Proposed Directors.
- 15.6 Save as disclosed in this paragraph 15, no Director or Proposed Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation.



- 15.7 Save as disclosed there are no interests, rights to subscribe for or short positions held in any relevant securities of the Company by:
- (a) a company which is an associate of the Company;
  - (b) a pension fund of the Company or a pension fund of a company that is an associate of the Company;
  - (c) an employee benefit trust of the Company or an employee benefit trust of a company that is an associate of the Company;
  - (d) a connected adviser of the Company or a connected adviser of a company that is an associate of the Company other than as set out in paragraph 15.9 below; or
  - (e) any person controlling, controlled by or under the same control as any connected adviser of the Company or a connected adviser of a company that is an associate of the Company (except for an exempt principal trader or an exempt fund manager).
- 15.8 Save as disclosed in paragraph 15.2 above, none of the Directors or Proposed Directors has any interest, rights to subscribe for or short positions in, or has borrowed or lent, any relevant securities in the Company.
- 15.9 Save as disclosed below, no connected adviser of the Company or any associate of the Company has any interests, rights to subscribe or short positions held in any relevant securities:-
- 15.9.1 ARM is one of the Creditors in the amount of £105,850 and will hold £101,850 of the Creditors Convertible Loan Stock following the Acquisition;
  - 15.9.2 Jeffreys Henry LLP is one of the Creditors in the amount of £82,250 and will hold £72,250 of the Creditors Non-convertible Loan Stock following the Acquisition
  - 15.9.3 Ronaldsons is one of the Creditors in the amount of £76,306 and will hold £68,806 of the Creditors Convertible Loan Stock following the Acquisition.
  - 15.9.4 Falcon Securities holds 2,500,000 'A' Warrants and 5,000,000 'C' Warrants. Stephen Oakes is a director of Falcon Securities
- 15.10 None of the Directors, Proposed Directors or any connected adviser of the Company or an associate of the Company has dealt for value in relevant securities in the Company in the past twelve months.
- 15.11 No party acting in concert with the Company has borrowed or lent any relevant securities in the Company.
- 15.12 Save as disclosed elsewhere in this document, neither the Company nor the Directors, the Proposed Directors nor any member of their immediate families, any related trust nor any associate (as defined below), nor any connected persons (within the meaning of Section 346 of the Act) owns or controls or is interested in, or has any right to subscribe for, or any arrangement concerning, directly or indirectly, any ACOC Concert Party or PET Concert Party shares, options in respect thereof, nor has any such person dealt for value therein or borrowed or lent such shares during the disclosure period or has any short position including under a derivative, any agreement to sell or any delivery obligation or right to require any person to take delivery of any ACOC Concert Party or PET Concert Party shares.
- 15.13 In this paragraph 15 the word "associate" means, a parent, subsidiary or fellow subsidiary of the Company or companies of which such companies hold 20% or more of the equity share capital and the words "acting in concert", "connected adviser" and "relevant securities" have the same meanings as defined in the Takeover Code and the word "interest" in paragraphs 15.6, 15.7, 15.8 and 15.9 has the same meaning as the words "interest in securities" as defined in the Takeover Code.
- 16 Directors', Proposed Directors' and key management Service Agreements, Letters of Appointment and Consultancy Agreements**
- 16.1 On 16 May 2007, Stephen Oakes entered into a letter of appointment with the Company under which Mr Oakes agreed to act as a director of the Company with effect from 30 May 2006 for nil consideration. By a letter dated 25 June 2007 from the Company to Mr Oakes subject to Admission, the period of his appointment was extended to run for an initial period of one year from Admission and is terminable by 3 months notice on either side, termination to be given at any time after 9 months of the initial period. The Company is to pay fees to Mr Oakes at the rate of £12,000 per annum from Admission.
- 16.2 On 25 June 2007, Leo Knifton entered into an agreement for the provision of his services with the Company, the terms of which are conditional upon Admission and are to commence from Admission when he is to resign as a director of the Company. Subject to Admission Mr Knifton is to provide consultancy services to the Company for remuneration of £12,000 per annum. The appointment is to continue for an initial period of 12 months and is terminable by 3 months' notice on either side, termination to be given at any time after 9 months of the initial period. Mr Knifton is to retire as a non-executive director of the Company at the next AGM, which is intended to be held on the same day as the EGM.

- 16.3 3866980 Canada Inc, a company of which Brian Courtney is a director, has executed a consultancy agreement with the Company effective from Admission, which provides for a monthly fee of US\$4,000. Under the terms of the consultancy agreement 3866980 Canada Inc has undertaken to provide the services of Brian Courtney for such time as is necessary to carry out the business of the Company subject to a minimum of 100 hours per calendar month. The consultancy agreement is terminable by either party on 3 months' notice.
- 16.4 Masterworks (Overseas) Ltd has executed a consultancy agreement with the Company effective from Admission, which provides for a monthly fee of US\$4,000. Under the terms of the consultancy agreement Masterworks (Overseas) Ltd has undertaken to provide the services of N Desmond Smith through 600086 Alberta Ltd, a company of which Mr Smith is a director and shareholder, for such time as is necessary to carry out the business of the Company subject to a minimum of 100 hours per calendar month. The consultancy agreement is terminable by either party on 3 months' notice.
- 16.5 MacKov Investments Limited has executed a consultancy agreement with the Company effective from Admission, which provides for a monthly fee of US\$4,000. Under the terms of the consultancy agreement MacKov Investments Limited has undertaken to provide the services of G MacNeil a company of which Mr MacNeil is a director, for such time as is necessary to carry out the business of the Company subject to a minimum of 100 hours per calendar month. The consultancy agreement is terminable by either party on 3 months' notice.
- 16.6 Brian Courtney, N Desmond Smith and Glenn MacNeil have each executed service agreements with the Company effective from 25 June 2007. The directors' agreements provide for monthly fees of £1,000 for each of Sir Adrian, Mr Courtney, Mr Smith and Mr MacNeil. The directors' agreements are terminable by either party on 6 months' notice. Sir Adrian Blennerhassett has entered into a letter of appointment on the same terms as the directors' agreements above.
- 16.7 No member of the administrative, management or supervisory bodies' service contracts with the Company or any member of the Enlarged Group provided for benefits on termination of employment other than standard payment in lieu of notice provisions.
- 16.8 The total remuneration paid and benefits in kind granted (including any contingent or deferred consideration) to each of the Directors (including pension contributions paid by the Company on their behalf) by the Company during the financial year ended 31 January 2007 was nil.
- 16.9 As at 31 January 2007 other than the executive Directors the Company had no employees.
- 16.10 At the date of this document NTOL had the following employees:
- | <u>Position</u>   | <u>Number</u> |
|-------------------|---------------|
| Managing director | 1             |
| Bookkeeper        | 1             |
| Field engineer    | 2             |

## 17 Additional Information on the Directors and Proposed Directors

17.1 In addition to directorships of the Company the Directors and Proposed Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document:

	<i>Current Directorships and Partnerships</i>	<i>Past Directorships and Partnerships</i>
<i>Leo Knifton</i>	<p>Adeste Investments plc  Adorian plc  Alltrue Investments plc  Allura plc  Applied Engineering Products Holdings Plc  Aspartus plc  Beaufort International Group plc  Beaufort Nominees Limited  Bulawayo Limited  Caplay plc  Corealm Limited  Debts plc  Hanseatic &amp; Baltic Properties plc  Ican Nano Limited  Information Exchange Limited  Invest Easy Limited  Kudos Aviation Limited  Laurence Limited  Lloyd Traders Inc.  LP Hill Investments Limited  Phone World Com Limited  PNC Telecom plc  Resurge Limited  Romanov Investments Limited  SBS Group plc  Scatho Limited  SIM4Travel Holdings plc  Wasilla Investments Limited  Zerlina Assets Limited</p>	<p>Falcon Securities Holdings Limited  Netwindfall Affinity Services Limited*  Netwindfall Finance Services Limited*  Netwindfall Insurance Services Limited*  Netwindfall Mortgage Brokers Limited *  Netwindfall Property Services Limited *  NWD Group plc  Tanzania Gold plc  Windfall Mortgage Services Limited *  Windfall Nominees Limited*  Windfall Packaging Limited*  Windfall Share Limited*  Great Monument Capital Limited*  Voss Net Nominees Limited*  World of Glasses Limited</p>

<i>Stephen Oakes</i>	Alltrue Investments Plc Atollislan Limited Beaufort International Group PLC Beaufort Nominees Limited Bulawayo Limited Falcon Securities (UK) Limited Falcon Securities Holdings Limited Invest Easy Limited Laurence Limited Lloyd Traders Inc. LP Hill Investments Limited SBS Group Plc Timestrip Plc Wasilla Investments Limited Zerlina Assets Limited	Aspartus Plc HSBC Asset Management (Americas) Inc HSBC Asset Management (Canada) Inc. HSBC Private Bank (UK) Limited Internet Music and Media Nominees Limited* SBS Nominees Limited*
<i>Brian Courtney</i>	Silver Birch Inc. Ucoco Energy Inc. 3866980 Canada Inc. EFT Canada Inc. EFT International Ltd	Patent Enforcement and Royalties Limited Global Election Systems Inc Lancaster Sierra Capital Corp
<i>Glenn MacNeil</i>	CNA Europe Holdings Limited CNA Insurance Holdings Inc CNA Insurance Company Limited Global Resource Managers Limited Hegco Canada Inc. MacKov Investments Limited Maritime Insurance Company Limited The Continental Insurance Holdings (Europe) Limited	Continental Reinsurance Corporation (U.K.) Limited CNA Canada Holdings Inc. CNA Management Services Inc Continental Management Services Limited (now KX Reinsurance Company Limited) Eastern Marine Underwriters Limited Major Cormier Associated Limited RE Heathcock Limited
<i>N Desmond Smith</i>	International Sovereign Energy Corp Ucoco Energy Inc. 255717 Alberta Limited 600086 Alberta Limited Pennine Petroleum Corp.	Arawak Energy Corp. Capital Reserve Corp Lion's Gate Investment Limited Texas T Resources Inc
<i>Sir Adrian Blennerhassett</i>		The Elysium Club Hotels and Resorts Limited NHT Services Limited

\*Company has been dissolved

- 17.2 Leo Knifton was a director of LEV Investments and Management Limited which went into creditors' voluntary liquidation in 1998.
- 17.3 Glenn MacNeil is a director of Hegco Canada Inc. which was put into receivership in 2002 by the court of Queen's Bench of Alberta pursuant to a petition filed by the Company. Liabilities owed at the time of receivership were CAN\$20 million. Hegco was a holding company that owner of oil and gas properties in Canada and the USA. Hegco was released from receivership to its directors in October 2005 and its restructuring efforts continue as of this date.
- 17.4 Sir Adrian was formerly a director of the Elysium Club Hotels and Resorts Ltd, a company that was compulsorily wound up in 2003. There was no public criticism of Sir Adrian.
- 17.5 Save as disclosed above none of the Directors or Proposed Directors has:
- (a) any unspent convictions in relation to indictable offences;
  - (b) had any bankruptcy order made against him or entered into any voluntary arrangements;
  - (c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
  - (d) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
  - (e) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he as a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

- (f) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
- (g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

## 18. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company within the two years immediately preceding the date of this document and are, or may be, material:

- 18.1 An agreement (the "Introduction Agreement") dated 25 June between the Company (1), the Directors and Proposed Directors (2), and ARM (3) pursuant to which ARM, has agreed to assist the Company with Admission.

The Introduction Agreement contains indemnities and warranties from the Company and warranties from the Directors and Proposed Directors in favour of ARM. The Introduction Agreement contains certain undertakings and indemnities given by the Company and the Directors and Proposed Directors in respect of *inter alia*, compliance with all applicable laws and regulations.

- 18.2 An Engagement Letter dated 25 June 2007 under which *inter alia* ARM undertook to act in connection with the Admission for a fee of £10,000 together with any VAT thereon. In addition LHP agreed to pay ARM a fee of £80,000 in Creditors' Convertible Loan Stock. The Company has also agreed to issue ARM with 'C' Warrants to subscribe for 4,000,000 Ordinary Shares in the Company. As part of the Creditors Settlement, the Company agreed to pay a cash fee of £4,000 on Admission to ARM, in partial consideration of previously accrued legal expenses and further agreed to grant ARM an additional £21,850 of Creditors' Convertible Loan Stock, in consideration and settlement of the balance of the previously accrued legal expenses. If the Directors of the Company decide for whatever reason not to proceed with the transaction, an abort fee of £20,000 plus VAT (where applicable) will be payable by the Company.

- 18.3 Nominated Adviser Agreement ('Nomad Agreement') dated 25 June 2007 between the Company (1) and ARM (2) pursuant to which the Company appointed ARM to act as Nominated Adviser to the Company for the purposes of AIM from Admission. The Company agreed to pay ARM, a fee of £2,500 per quarter (plus VAT where applicable) initially, payable quarterly in advance, for a minimum period of 12 months. This fee will be reviewed upwards on an annual basis. The first quarterly payment will become payable three months from the date of Admission. The quarterly Nominated Adviser Fee will be increased to £7,500 per quarter (plus VAT where applicable) on the earlier of: a) a further placing, or issue of loan stock, equal to or greater than £500,000; or b) oil production reaching an aggregated average of 100 barrels of oil equivalent per day. This average to be taken over any 28 day period. The agreement is subject to termination on the giving of 90 business days written notice, but in any event, such notice not to be given prior to the first anniversary from Admission.

- 18.4 Broker Agreement dated 25 June 2007 between the Company (1) and Falcon Securities (2) pursuant to which the Company appointed Falcon Securities to act as Broker to the Company for the purposes of AIM. The Company agreed to pay Falcon Securities a fee of £15,000 payable quarterly in advance effective from 3 months after Admission but only if hydrocarbon production reaches an average of more than 100boe per day over a rolling 28 day period. Should production fail to reach this threshold such fees to be accrued and paid when the flow rate is achieved. The agreement is terminable on the giving of three months' notice by either party. Upon Admission the Company has agreed to issue 'C' Warrants to Falcon Securities to acquire 5,000,000 Ordinary Shares at 2p per share.

- 18.5 An agreement dated 25 May 2007 between the Vendor (1) the Company (2) and Messrs Courtney, MacNeil and Smith (3) under which the Company has agreed to acquire all of the issued shares in NTOL for a consideration to be satisfied by the issue of the Consideration Shares, the Creditors Loan Stock and the New Promissory Notes. Completion of the acquisition is conditional upon the Subscription and Admission.

The Company gave various warranties relating to, *inter alia*, the Consideration Shares. The Vendor and Messrs Courtney, MacNeil and Smith (the "Warrantors") gave various warranties relating to, *inter alia*, the information provided to the Company, and the ownership and conduct of the interests in the JAA. Notice of breach of warranty must be served on the Warrantors by the business day following signature by the auditors of the accounts of NTOL to 31 December 2008. The liability of the Warrantors is limited to the consideration received by each Warrantor, once the Consideration Shares are transferred by the Vendor to its shareholders.

- 18.6 The New LHP Promissory Note dated 25 June 2007 issued by the Company pursuant to the Share Purchase Agreement pursuant to which the Company agreed to pay the sum of US\$1,838,928 to be issued to the Vendor which is to transfer the New LHP Promissory Note to the NTOL Promissory Note Holders.

The Company will be obliged to repay the sums due under the terms of the New Promissory Note to the NTOL Promissory Note Holders quarterly in arrears based on the Company and NTOL's cashflow from all of its Wells which have been producing for at least 30 days for the most recently completed quarter. No repayments shall be made until the net income from such Wells exceeds US\$225,000 for the relevant quarter.

- 18.7 Lock-In Deed dated 25 June 2007 executed by ACOC under the terms of which ACOC has undertaken in respect of its holding of ordinary shares, not to dispose of such shares until one year from the date of Admission, save in accordance with rule 7 of the AIM Rules, other than in acceptance of a takeover offer for the whole of the issued share capital of the Company, under an intervening court order or by personal representatives of the Lock-in Parties if he or she shall die during this period and save to the Vendor's Shareholders. For a further 12 months thereafter, ACOC will only dispose of ordinary shares through the Company's brokers from time to time, in accordance with the requirements to maintain an orderly market. It is the intention of ACOC to transfer any Ordinary Shares it will hold to the Vendor's Shareholders, certain of whom are related parties in respect of the AIM Rules and subject to rule 7 of the AIM Rules. The ACOC lock-in deed therefore requires that any transferee subject to rule 7 of the AIM Rules shall undertake to ARM and the Company by deed in a form reasonably acceptable to them to comply with all liabilities and obligations of the transferor (ACOC) under this Agreement.
- 18.8 Lock-In Deed dated 25 June 2007 executed by each of the Directors and Proposed Directors under the terms of which each of the Directors Proposed Directors has undertaken in respect of his holding of ordinary shares, not to dispose of such shares until one year from the date of Admission, save in accordance with rule 7 of the AIM Rules, other than in acceptance of a takeover offer for the whole of the issued share capital of the Company, under an intervening court order or by personal representatives of the Directors and the Proposed Directors if he shall die during this period. For a further 12 months thereafter, the Directors and the Proposed Directors will only dispose of ordinary shares through the Company's brokers from time to time, in accordance with the requirements to maintain an orderly market.
- 18.9 Lock-In Deed dated 25 June 2007 executed by each of Ucoco Energy Inc., 3866980 Canada Inc and Mr Oleg Rodkin ("Other Locked In Parties") under the terms of which each of the Other Locked In Parties has undertaken in respect of his holding of Ordinary Shares, not to dispose of such shares until one year from the date of Admission, save in accordance with rule 7 of the AIM Rules, other than in acceptance of a takeover offer for the whole of the issued share capital of the Company, under an intervening court order or by personal representatives of the Other Locked In Parties if he shall die during this period. For a further 12 months thereafter, the Other Locked In Parties will only dispose of Ordinary Shares through the Company's brokers from time to time, in accordance with the requirements to maintain an orderly market.
- 18.10 An Agreement dated 25 June 2007 between the Company (1) Cairns Investment Holdings Limited (2) and Kerry Knoll (3) (the "ACOC Warrantholders") (2) under which the Company agreed, subject to completion of the Acquisition, to issue 'B' Warrants in respect of up to 560,000 Ordinary Shares to the ACOC Warrantholders, who had agreed to relinquish their corresponding warrants issued by ACOC.
- 18.11 An Agreement dated 25 June 2007 between the Company (1) and GCIT Foundation and others (2) (the "Investors") (2) under which the Company and the Investors had agreed that the Investors would subscribe £350,000 for 70,000,000 Ordinary Shares of the Company, such investment to be completed on and subject to completion of the Acquisition and Completion.
- 18.12 An instrument dated 25 June 2007 entered into by the Company to create the £327,679 38 of zero coupon Creditors Convertible Loan Stock 2008 to be issued to the Vendor under the Acquisition Agreement. The principal amount of the Creditors Convertible Loan Stock is convertible at the rate of one Ordinary Share for each 2p of the principal amount of the Stock in the period to [25 June] 2008. The stock is to be repaid on or before 31 December 2008. The Company may give notice at any time to convert any stock at 120 per cent. of its nominal value.
- 18.13 An instrument dated 25 June 2007 entered into by the Company to create £88,483 of zero coupon Creditors Non-convertible Loan Stock 2008, to be issued to the Vendor under the Acquisition Agreement. The Redeemable Loan Stock may be redeemed at any time by the Company and is repayable on or before 31 December 2008.
- 18.14 Warrant instrument dated 25 June 2007 entered into by the Company to create 'B' Warrants to subscribe for up to 560,000 Ordinary Shares at 1.5p per share exercisable at any time in the period of 12 months from Admission.
- 18.15 Warrant instrument dated 25 June 2007 entered into by the Company to create 'C' Warrants to subscribe for up to 9,000,000 Ordinary Shares at 2p per share exercisable at any time prior to 25 June 2012.
- 18.16 An engagement letter dated 25 June 2007 under which PET undertook to support the financing of the Company and to provide the Facility for a fee of £40,000 which is to be satisfied as to £20,000 in cash and as to £20,000 by the issue of 20,000,000 Ordinary Shares credited as fully paid.
- 18.17 Convertible Facility Agreement dated 25 June 2007 between the Company (1) and PET (2) pursuant to which the Company obtained a borrowing facility of up to £600,000 to be made available by PET by way of zero coupon convertible unsecured loan note 2013 (the terms of which are referred to below). The Convertible Facility Agreement is conditional upon completion of the Acquisition and Admission and the obligation of PET to provide £300,000 of the Facility is guaranteed by Mr Leo Knifton, Mr Stephen Oakes and Mr Nigel Weller under the Guarantee (referred to in paragraph 18.19 below) and further secured by an escrow arrangement (referred to in paragraph 18.20 below). The Company may at any time in the period of twelve months after Admission after at least three of the Wells have been subject to re-entry under the Work Programme to declare that the net revenues to be derived from sales of hydrocarbons will be insufficient, when added to the Enlarged Group's available cash resources, to finance the working capital requirements of the Enlarged Group for the period of 18 months from Admission. The Company may then draw down all or part of the

borrowing facility which will be advanced by PET and which will be constituted as zero coupon convertible unsecured loan notes 2013. If at the end of the period of the facility, expiring twelve months after Completion, the Company has not drawn down at least £300,000 of the Facility, PET may require the Company to accept an advance of such further amount as will constitute not more than £300,000 of the Convertible Facility Notes.

- 18.18 An instrument dated 25 June 2007 executed by the Company to constitute the £600,000 Convertible Unsecured Loan Notes 2013 pursuant to which the Company is to issue up to £600,000 of Convertible Facility Notes to PET as and when borrowings are advanced by PET to the Company under the Convertible Facility Agreement. The principal amount is to be paid on 25 June 2013 or earlier on the occurrence of events of default. The Convertible Facility Notes are convertible by the noteholder at any time (assuming that borrowings have been drawn down under the Convertible Facility Agreement) at the rate of one Ordinary Share for each 0.5p of the principal amount converted (or, if less, 50 per cent. of the average closing bid price for the previous five trading days). The Convertible Facility Notes are transferable.
- 18.19 Guarantee dated 25 June 2007 between Leo Knifton, Stephen Oakes and Nigel Weller (the "Guarantors") (1) and the Company (2) under which the Guarantors have guaranteed the obligation of PET to advance up to £300,000 of the Facility under the Convertible Facility Agreement (after the amount held subject to the escrow arrangement referred to in paragraph 18.20 below has been drawn down). The liability of the Guarantors is divided amongst them as to 50 per cent. for Leo Knifton and as to 25 per cent. for each of the other Guarantors.
- 18.20 Escrow Agreement dated 25 June 2007 between the Company (1), PET (2) and Ronaldsons (3) under which PET is to transfer £300,000 of the amount to be advanced under the Convertible Facility Agreement to be held in escrow by Ronaldsons so that on a valid notice being given by the Company to draw down any amount of the Facility under the Convertible Facility Agreement, the funds will be drawn first from the amount held by Ronaldsons.
- 18.21 A loan agreement dated 25 May 2007 between (1) the Company and (2) NTOL and a call option agreement dated 25 May 2007 between (1) the Company and (2) Anglo Crimean pursuant to which the Company has agreed to lend the sum of £95,000 to NTOL for the investment of funds under the JAA. The loan is to continue as an intra group loan following the Acquisition, but if the Acquisition is not completed under the Acquisition Agreement, the loan will be repayable within 90 days of the date of the Company giving written notice to NTOL demanding repayment, save if the reasons for the failure to complete the Acquisition are the fault of NTOL or Anglo Crimean in which case the loan will be repayable immediately. The Company will have the right to acquire all of the shares of NTOL for a nominal payment of £5,000 in the event the loan is not repaid within the required timescale.

## 19. Nostra Terra Material Contracts

The following contracts not being contracts entered into in the ordinary course of business have been entered into by Nostra Terra and the Representation within the period of two years preceding the date of this document and are, or may be, material:

### 19.1 Joint Activity Agreement

An agreement between the State Geological Enterprise "Krymgeologia" and the Representation dated 27 January 2001, as amended pursuant to which the parties agreed jointly to explore and exploit the hydrocarbon fields included in the Tatyankovskoe Licence, Oktyabrskoe Licence and Kovylinskaya Licence (together the "Licences") including drilling of new wells as well as completion of wells, along with production, transportation and sale by both parties. The JAA is managed by a management committee, which approves the work programme and budgets. Fulfilment of the programme is to be subcontracted to Krymgeologia and the financing provided by the Representation.

The parties have the right to obtain their share of the production either in natural or in monetary form. Earnings derived from the hydrocarbons extracted under the license(s), after payment of taxes and all other fees, are to be used sixty per cent. to recover the capital expenses of the Representative and Krymgeologia in proportion to their investment; and the remaining forty per cent. to be distributed before recovery of capital expenses as seventy per cent. to the Representative and thirty per cent. to Krymgeologia and after recovery sixty per cent. to the Representative and forty per cent. to Krymgeologia.

The JAA is for the term of 25 years from the date of execution on 27 January 2001.

### 19.2 NTOL Agreement

An agreement between (1) Anglo Crimean, (2) the Nostra Terra Vendors, (3) N Desmond Smith and (4) NTOL dated 31 July 2006 pursuant to which Anglo Crimean acquired the whole of the issued share capital of NTOL satisfied by the issue of 5,056,180 ordinary shares in Anglo Crimean and the execution of the NTOL Promissory Notes.

Anglo Crimean gave various warranties relating to, *inter alia*, the ordinary shares issued by it and the Nostra Terra Vendors and Neville Desmond Smith gave various warranties relating to, *inter alia*, the corporate affairs of NTOL, in the case of the Nostra Terra Vendors, and the interests of NTOL in the JAA (see paragraph 19.1 above), in the case of Neville Desmond Smith. All liability under these warranties ceased on 1 March 2007.

### 19.3 New NTOL Promissory Note

A promissory note dated 25 May 2007 between (1) Anglo Crimean, (2) the NTOL Promissory Note Holders and (3) NTOL pursuant to which NTOL agreed to repay the sum of US\$436,460 together with interest at 4.9% per annum (the "NTOL Sum") owed to the NTOL Promissory Note Holders.

NTOL is obliged to repay the sums due under the terms of the NTOL Promissory Note to the NTOL Promissory Note Holders quarterly in arrears based on cashflow from all of the Company and NTOLs' Wells which have been producing for at least 30 days for the most recently completed quarter. No repayments shall be made until the net income from such Wells exceeds US\$225,000 for the relevant quarter.

### 19.4 Ucoco Promissory Note

A promissory note dated 10 May 2006 amended by deed of variation dated 25 May 2007 between (1) Anglo Crimean, (2) Ucoco Cyprus and (3) Ucoco Energy pursuant to which Anglo Crimean agreed, as part of the consideration provisions for the purchase of Ucoco Cyprus to pay the sum of US\$159,744.50 (the "Principal Sum") which Ucoco Energy had advanced to NTOL.

### 19.5 Deed of Assignment

A deed of assignment between (1) Anglo Crimean, (2) NTOL and (3) Ucoco Energy dated 25 May 2007 pursuant to which Anglo Crimean assigned the requirement to repay the Principal Sum due to Ucoco Energy under the Ucoco Promissory Note to NTOL and Ucoco Energy agreed to such assignment. The assignment was undertaken as part of the Anglo Crimean Asset Sale Agreement details of which are set out in paragraph 19.7 below.

### 19.6 Ucoco Cyprus Asset Sale Agreement

An agreement between (1) Ucoco Cyprus and (2) Anglo Crimean dated 25 May 2007 pursuant to which Anglo Crimean acquired a 25% interest in NTOL's share of the revenue from the JAA from Ucoco Cyprus in consideration for the cancellation of the debt in the sum of US\$1,012,500 owed by Ucoco Cyprus to Anglo Crimean.

Both parties gave limited warranties relating to, *inter alia*, their power to enter into the agreement.

### 19.7 Anglo Crimean Asset Sale Agreement

An agreement between (1) Anglo Crimean, (2) NTOL and (3) Ucoco Energy dated 25 May 2007 pursuant to which NTOL acquired a 25% interest in NTOL's share of the revenue from the JAA from Anglo Crimean in consideration for the assignment of the requirement to pay US\$159,744.50 to Ucoco Energy from Anglo Crimean to NTOL (for further details of the assignment see paragraph 19.5) and the cancellation of the obligation to pay US\$852,755.50 from Anglo Crimean to NTOL.

Both parties gave limited warranties relating to, *inter alia*, their power to enter into the agreement.

## 20 Dependence on Intellectual Property etc.

Save as disclosed, the Enlarged Group is not dependent on any patents, licences, industrial, commercial or financial contracts or new manufacturing processes which have a material effect on the Enlarged Group's business or profitability.

## 21 Related Party Transactions

21.1 During the period from its incorporation on 20 January 2005 to the date of this document, the Company entered into no related party transactions.

21.2 Nostra Terra has entered into the following outstanding related party transactions:

Nostra Terra's related party transactions are detailed in paragraph 6.13 of the Accountants Report on Nostra Terra in Part 5 of this document.

## 22 Litigation

22.1 No member of the Enlarged Group is involved nor has been involved in any governmental legal or arbitration proceedings in the previous twelve months which may have or have had in the recent past a significant effect on the Enlarged Group's financial position or profitability and, so far as the Directors and Proposed Directors are aware, there are no such proceedings pending or threatened by or against any member of the Enlarged Group.

## **23 No Significant Change**

- 23.1 Save as disclosed in this document and the Acquisition, there has been no significant change in the financial or trading position of the Company since 31 January 2007 being the end of the last financial period for which audited financial information of the Company has been published.
- 23.2 Save as disclosed in this document there have been no significant changes in the financial or trading position of Nostra Terra since 31 July 2006, being the date of the last audited accounts of Nostra Terra.

## **24 Working Capital**

- 24.1 The Directors and Proposed Directors are of the opinion that, having made due and careful enquiry, and having regard to the net proceeds to be received from the Subscription and the availability of the Facility, that following Admission the Enlarged Group will have sufficient working capital for at least the next 12 months from the date of Admission.

## **25. Information on the Concert Parties**

- 25.1 The ACOC Concert Party comprises:

ACOC and Brian Courtney, Glenn MacNeil and N Desmond Smith who are Proposed Directors of the Company. Their details can be found in Part 1. Together they are considered to comprise the ACOC Concert Party by nature of their combined interests in ACOC, as detailed in paragraph 15.1 above (which will result in the Concert Party controlling 49.40% of the Company on Admission and in addition, Messrs Courtney, MacNeil and Smith will hold Creditors Loan Stock with rights over a further 1,341,700 Ordinary Shares, representing 0.53% of the Enlarged Issued Share Capital of the Company.

- 25.2 No member of the ACOC Concert Party (or any party acting in concert with them) has any interest, right to subscribe for or short position in any relevant securities in the Company or has dealt in any relevant securities in the period beginning 12 months before the date of this document.

There are no indemnities or other arrangements to which Note 6 on Rule 8 of the Takeover Code would apply between any member of the ACOC Concert Party (or any party acting in concert with them) and any third party.

- 25.3 No member of the ACOC Concert Party (or any party acting in concert with any member of the ACOC Concert Party or any member of it) has borrowed or lent any relevant securities in the Company.

- 25.4 The PET Concert Party comprises:

PET, Falcon Securities, Cairns Investment Holding Limited, Leo Knifton, Stephen Oakes and Nigel Weller. Together they are considered to comprise the PET Concert Party by nature of their business relationships as detailed on page 27 to 28 of Part 1 of this document and in relation to the guarantee of the Facility as detailed in paragraph 10.4 above by Messrs Knifton, Oakes and Weller. The PET Concert Party will on Admission, hold 45,177,500 Ordinary Shares out of a total of 301,876,472 Ordinary Shares representing 14.97% of the Enlarged Issued Share Capital. In addition, PET could potentially hold 657,337,941 Ordinary Shares, representing 72.76% of the issued share capital of the Company.

- 25.5 No member of the PET Concert Party (or any party acting in concert with them) has any interest, right to subscribe for or short position in any relevant securities in the Company or has dealt in any relevant securities in the period beginning 12 months before the date of this document.

There are no indemnities or other arrangements to which Note 6 on Rule 8 of the Takeover Code would apply between any member of the PET Concert Party (or any party acting in concert with them) and any third party.

- 25.6 No member of the PET Concert Party (or any party acting in concert with any member of the PET Concert Party or any member of it) has borrowed or lent any relevant securities in the Company.

- 25.7 Save for the Acquisition Agreement, the 'B' Warrants, the Creditors Loan Stock Instrument, the New LHP Promissory Note, the New NTOL Promissory Note, the Ucoco Promissory Note and the consultancy agreements and the service agreements between each of the Directors, the Proposed Directors and the Company set out in paragraphs 16.1 to 16.6 of this Part 7, there are currently no agreements, arrangements or understandings (including any compensation arrangements) between the ACOC or PET Concert Party (or any person acting in concert with them) and any of the directors, recent directors, shareholders or recent shareholders of the Company having any connection with or dependence upon the Acquisition.

- 25.8 Save as disclosed there are currently no arrangements between any member of the ACOC or PET Concert Party and any other party for the transfer by any member of the ACOC or PET Concert Party to any party of any Ordinary Shares acquired by any member of the ACOC or PET Concert Party in connection with the Acquisition.



25.9 Save as disclosed above, there are no relationships (personal, financial or commercial), arrangements or understandings between any member of the Concert Party and:

- (a) any of the Directors (or their close relatives and related trusts); or
- (b) any of the shareholders in the Company or any person who is, or is presumed to be, acting in concert with any such shareholder.

25.10 In this paragraph 25 the words "acting in concert" and "relevant securities" have the same meanings as defined in the Takeover Code, and the word "interest" has the same meaning as the words "interest in securities" as defined in the Takeover Code

## **26. General**

26.1 The total costs and expenses relating to Admission are payable by the Company and are estimated to amount to approximately £140,000 (excluding Value Added Tax).

26.2 The Ordinary Shares were originally admitted to trading on AIM on 23 February 2005. Other than as referred to in this paragraph 26 and the current application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in the Ordinary Shares.

26.3 Falcon Securities has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.

26.4 ARM has given and not withdrawn its written consent to the inclusion in this document of its recommendations and reference to its name in the form and context in which it appears.

26.5 Jeffreys Henry LLP has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.

26.6 Trimble Engineering Associates Ltd. has given and not withdrawn its written consent to the inclusion in this document of reference to its name and its report in the form and context in which they appear.

26.7 There are no environmental issues that have affected or, to the knowledge of the Directors and the Proposed Directors may affect the utilisation by members of the Enlarged Group of their tangible fixed assets.

26.8 The accounting reference date of the Company is 31 January. It is intended to change the accounting reference date to 31 December.

26.9 It is expected that definitive share certificates will be dispatched by hand or first class post by 27 July 2007. In respect of uncertificated shares it is expected that shareholders' CREST stock accounts will be credited on 20 July 2007.

26.10 Save as disclosed above, no person directly or indirectly (other than the Company's professional advisors and trade suppliers or save as disclosed in this document) in the last twelve months received or is contractually entitled to receive, directly or indirectly, from the Company on or after Admission (excluding in either case persons who are professional advisors otherwise than as disclosed in this document and persons who are trade suppliers) any payment or benefit from the Company to the value of £10,000 or more or securities in the Company to such value or any other benefit to such value or entered into any contractual arrangements to receive the same from the Company at the date of Admission.

26.11 None of the Ordinary Shares has been marketed or is available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to AIM, save under the terms of the Acquisition and the Subscription.

26.12 Save as disclosed in this document, the Company currently has no significant investments in progress.

26.13 Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware, and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **27. Documents available for inspection**

Copies of the following documents will be available for inspection, during normal business hours, at the offices of the Company at Finsgate, 5-7 Cranwood Street, London EC1V 9EE, until the Extraordinary General Meeting and at the meeting itself:

- (a) the memorandum and articles of association of the Company;
- (b) the accounts of the Company for the year ending 31 January 2007, (as set out in Part 4 of this document) and the accounts for NTOL for the period ending 31 July 2006 (as set out in Part 5 of this document);
- (c) the service contracts and letters of engagement referred to in paragraph 16 above;
- (d) the competent person's report and valuation (including written consents) referred to in section 3;
- (e) the letters of consent referred to in paragraphs 26.3 to 26.6 above;
- (f) the material contracts referred to in paragraphs 18 and 19 above;
- (g) the Convertible Facility Agreement and the Convertible Facility Notes referred to in paragraph 10 above;
- (h) the Creditors' Loan Stock referred to in section 9 above; and
- (i) the Warrant instruments referred to in section 8 above.
- (j) the memorandum and articles of association of ACOC
- (k) the memorandum and articles of association of PET

## **28 Availability of the Admission Document**

Copies of this Admission Document are available free of charge from the Company's registered office and at the offices of the Company at Finsgate, 5-7 Cranwood Street, London EC1V 9EE, during normal business hours on any weekday (Saturdays, Sundays and public holidays accepted) and shall remain available for at least one month after Admission.

Dated: 25 June 2007

**LHP INVESTMENTS PLC**  
**(Company registered No. 5332126)**  
**NOTICE OF EXTRAORDINARY GENERAL MEETING**

NOTICE is hereby given that an Extraordinary General Meeting of LHP Investments PLC (the "Company") will be held at Finsgate, 5-7 Cranwood Street, London EC1V 9EE at 10 am on 19 July 2007 for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolution Nos. 1 to 10 will be proposed as Ordinary Resolutions and Resolution Nos. 11, 12 and 13 will be proposed as Special Resolutions.

**RESOLUTIONS**

1. That the waiver of the Panel on Takeover and Mergers of the requirement under Rule 9 of the City Code on Takeovers and Mergers for the ACOC Concert Party (as defined in this document) to make a mandatory general offer to the shareholders of the Company as a result of the issue to it of the Consideration Shares pursuant to which the ACOC Concert Party will become the holder of 149,126,472 Ordinary Shares representing approximately 49.40% of the Enlarged Issued Share Capital of the Company and upon conversion of the Creditors Convertible Loan Stock by certain members of the ACOC Concert Party (and assuming that this conversion takes place prior to the distribution by ACOC of the Consideration Shares), whereby the ACOC Concert Party will own 150,724,288 Ordinary Shares representing approximately 49.67% of the issued share capital be and is hereby approved.  
*(On a poll of LHP's independent shareholders)*
2. That the waiver of the Panel on Takeover and Mergers of the requirement under Rule 9 of the City Code on Takeovers and Mergers for PET and the PET Concert Party (as defined in the admission document) to make a mandatory general offer to the shareholders of the Company following distribution by ACOC of the Consideration Shares, assuming maximum draw down of the Facility and conversion of the Convertible Facility Notes at the minimum price of 0.1p (the nominal value of the Ordinary Shares) and the consequent issue to it of Ordinary Shares and following exercise of the warrants held by the PET Concert Party pursuant to which the PET Concert Party will become the holder of 657,337,941 Ordinary Shares representing approximately 72.76 per cent. of the issued share capital whilst PET itself will become the holder of 620,000,000 Ordinary Shares representing 68.62 per cent. of the issued share capital be and is hereby approved.  
*(On a poll of LHP's independent shareholders)*
3. THAT the strategy of the Company be changed to investment in and the acquisition of companies in the oil and gas exploration and extraction industry in the Ukraine and other territories in Europe, Eastern Europe, Russia, Asia and Africa.
4. THAT conditional upon admission to trading on the AIM market of the London Stock Exchange plc ("AIM") of the issued and to be issued share capital of the Company comprising 301,876,472 Ordinary Shares of 0.1p each ("Ordinary Shares"), the acquisition by the Company of the entire issued share capital of Nostra Terra (Overseas) Limited (the "Acquisition") pursuant to and conditional upon the terms of a conditional agreement dated 25 June 2007 entered into between Anglo Crimean Oil Company Limited (the "Vendor") (1), the Company (2) and Brian William Courtney, Glenn Gary MacNeil and Neville Desmond Smith (3) for a consideration which shall be satisfied by the allotment and issue of 149,126,472 Ordinary Shares, £461,222 of Creditors Loan Stock and US\$1,838,928 of Promissory Notes to the Vendor be and is hereby approved and the Directors of the Company be and they are hereby authorised to take all steps necessary or, in the opinion of the directors, desirable to give effect to the Acquisition.
5. THAT Sir Adrian Marmaduke Francis William Blennerhassett be appointed as a Director.
6. THAT Brian William Courtney be appointed as a Director.
7. THAT Glenn MacNeil be appointed as a Director.
8. THAT Neville Desmond Smith be appointed as a Director.
9. THAT the authorised share capital of the Company be increased from £1,000,000 to £1,500,000 by the creation of 500,000,000 Ordinary Shares of 0.1p each to rank pari passu for all purposes with the existing Ordinary Shares of the Company.
10. THAT, subject to Resolution 9 above being passed, in accordance with Section 80 of the Companies Act 1985 (the "Act") the Directors be and are hereby generally and unconditionally authorised:
  - (a) to exercise all powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to a maximum nominal amount of £1,437,250; and
  - (b) provided that this authority, unless duly renewed, varied or revoked prior to its expiry date, shall expire on the date being five years from the date of the passing of this Resolution 8, but such authority shall allow the Company to make an offer or agreement which will or might require relevant securities to be allotted after the authorities expire and, in that event, the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority hereby conferred had not expired and such authority shall be in substitution for any authorities conferred upon the Directors in accordance with the said section prior to the passing of this Resolution, which authority (to the extent they remain in force and unexercised) are hereby revoked.

11. THAT conditional on the passing of Resolutions 9 and 10, pursuant to section 95(1) of the Act, the Directors be and are hereby empowered to allot equity securities (as so defined) pursuant to the authority conferred by Resolution 10 as if Section 89(1) of the Act did not apply to the allotment, provided that this authority, unless duly renewed, varied or revoked prior to its expiry date, shall expire on the date being five years from the date of the passing of this Resolution, but such authority shall allow the Company to make an offer or agreement which will or might require relevant securities to be allotted after the authorities expire and, in that event, the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority hereby conferred had not expired and such authority shall be in substitution for any authorities conferred upon the Directors in accordance with the said section prior to the passing of this resolution, which authorities (to the extent they remain in force and unexercised) are hereby revoked.
12. THAT the name of the Company be changed to "Nostra Terra Oil and Gas Company plc".
13. THAT the Articles of Association of the Company be amended by the deletion of the existing Article No. 159 and the substitution in its place of the following new articles which will be numbered Article No. 159:

159 Indemnity and Insurance for Directors and other Officers

159.1 Subject to the Statutes but without prejudice to any indemnity to which he may otherwise be entitled, every person who is or was a Director or other officer of the Company (other than any person (whether or not an officer of the Company) engaged by the Company as auditor) shall be and shall be kept indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by him from time to time (whether in connection with any negligence, default, breach of duty or breach of trust by him or otherwise) in relation to the affairs of the Company provided that such indemnity shall not apply in respect of any liability incurred by him:

- (a) to the Company or to any associated company; or
- (b) to pay a fine imposed in criminal proceedings; or
- (c) to pay a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (howsoever arising); or
- (d) in defending any criminal proceedings in which he is convicted; or
- (e) in defending any civil proceedings brought by the Company, or an associated company, in which judgment is given against him; or
- (f) in connection with any application under any of the following provisions in which the court refuses to grant him relief, namely:
  - (i) section 144(3) or (4) of the Act (acquisition of shares by innocent nominee); or
  - (ii) section 727 of the Act (general power to grant relief in case of honest and reasonable conduct).

The Directors may also, subject to the provisions of the Act, provide funds to any Director or other officer (excluding the auditors) or do anything to enable a director to avoid incurring expenditure of the nature described in section 337A of the Act.

159.2 In Article 159(d), (e) or (f) the reference to a conviction, judgment or refusal of relief is a reference to one that has become final. A conviction, judgment or refusal of relief become final:

- (a) if not appealed against, at the end of the period for bringing an appeal; or
- (b) if appealed against, at the time when the appeal (or any further appeal) is disposed of.

An appeal is disposed of:

- (a) if it is determined and the period for bring any further appeal has ended; or
- (b) if it is abandoned or otherwise ceases to have effect.

In this Article 159 "associated company", in relation to the Company, means a company which is a subsidiary of the Company, or a holding company of or a subsidiary of any holding company of the Company.

159.3 To the extent permitted by the Statutes, the Directors may arrange insurance cover at the cost of the Company in respect of any liability, loss, or expenditure incurred by an Director, officer or auditor of the Company in relation to anything done or alleged to have been done or omitted to be done as Director, officer or auditor.

*By Order of the Board*  
International Registrars Limited  
Secretary

*Registered Office:*  
Finsgate  
5-7 Cranwood Street  
London  
EC1V 9EE

Dated: 25 June 2007

Notes:

1. A member entitled to attend and vote at the meeting hereby convened is entitled to appoint one or more proxies to attend and, on a poll, vote in his place. A proxy need not be a member of the Company.
2. A pre-paid form of proxy is enclosed. To be valid, the form of proxy (together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such authority) must be deposited at the offices of Share Registrars Limited of Craven House, West Street, Farnham, Surrey GU9 7EN not later than 10am on 17 July 2007 or 48 hours before any adjourned meeting. Completion of the form of proxy will not preclude a member from attending and voting in person.
3. The Company specifies that only those shareholders registered in the register of members of the Company as at Noon on 17 July 2007 shall be entitled to attend or vote at the Extraordinary General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after that time will be disregarded in determining the rights of any person to attend or vote at the Extraordinary General Meeting.
4. Pursuant to regulation 41 of The Uncertificated Securities Regulations 2001, members will be entitled to attend and vote at the meeting if they are registered on the Company's register of members 48 hours before the time appointed for the meeting or any adjournment thereof.
5. Shareholders (or their proxies) attending the meeting are deemed, for the purpose of the Financial Services and Markets Act 2000, to have requested any information given to them orally by the directors or any other person on their behalf at the meeting.