



**INDEPENDENT RESOURCE
EVALUATION**
**OF THE BASIN AND ISLAND PSCs,
WEST PAPUA, INDONESIA**
AS OF JANUARY 1, 2012

Prepared by:

RPS Energy Consultants Limited

#03-01 China House, 19 China Street,
Far East Square,
Singapore 049561

T: +65 6499 0060

F: +65 6499 0069

E: RPSsingapore@RPSGroup.com

W: www.rpsgroup.com

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Prepared for:

RH Petrogas Limited


20 Harbour Drive,
PSA Vista #06-03/03A,
Singapore 117612





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The opinions and interpretations presented in this report represent our best technical interpretation of the data made available to us. However, due to the uncertainty inherent in the estimation of all sub-surface parameters, we cannot, and do not guarantee the accuracy or correctness of any interpretation and we shall not, except in the case of gross or willful negligence on our part, be liable or responsible for any loss, cost damages or expenses incurred or sustained by anyone resulting from any interpretation made by any of our officers, agents or employees.

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The Directors,
RH Petrogas Limited
20 Harbour Drive,
PSA Vista #06-03/03A,
Singapore 117612.

Project Ref: **ECVI854**

June 27, 2012

Gentlemen,

INDEPENDENT RESOURCE EVALUATION OF THE BASIN AND ISLAND PSCs, WEST PAPUA, INDONESIA AS OF JANUARY 1, 2012

In response to your request, RPS Energy Limited ('RPS') has completed an independent techno-commercial evaluation of certain Indonesian petroleum properties (the "Properties") in which RH Petrogas Limited ('RH Petrogas' or the 'Company') holds working interests (**Figure 1**).

- RH Petrogas' participation in the Basin Production Sharing Agreement ('PSC') is through its wholly-owned subsidiaries RHP Salawati Basin BV (25.9360% working interest) and Petrogas (Basin) Ltd (34.0640% working interest). The block is operated by PetroChina International (Bermuda) Limited ('PetroChina' or the 'Operator').
- RH Petrogas' participation in the Island PSC is through its wholly-owned subsidiaries RHP Salawati Island BV (14.5122% working interest) and Petrogas (Island) Ltd (18.7020% working interest). The block is operated by PetroChina International (Kepala Burung) Limited ('PetroChina' or the 'Operator').

EXECUTIVE SUMMARY

RPS undertook this audit following the signing of a Letter of Engagement dated May 9, 2012.

On the basis of independent assessment and other technical information made available concerning the Properties, RPS has prepared two detailed reports that have been combined for this summary. Those reports are:

- Independent Resource Evaluation of the Basin PSC, West Papua, Indonesia, as of January 1, 2012 (dated May 18, 2012).
- Independent Resource Evaluation of the Island PSC, West Papua, Indonesia, as of January 1, 2012 (dated May 18, 2012).

Within those reports and attached appendices RPS presents the datasets, analyses and results pertaining to the producing fields, undeveloped discoveries and near-term prospectivity. RPS's assessments are summarised herein and, at the request of the Company, RPS has prepared;

- an estimate of the future oil and gas production from the producing fields (**Figure 2** to **Figure 5**);
- a Reserves Audit Statement (**Table 1**);
- a Contingent Resources Audit Statement for undeveloped discoveries made within the PSCs, plus post licence expiry production from the currently producing fields (**Table 2** and **Table 3**); and;
- a Prospective Resources Audit Statement for the near-term exploration targets (**Table 4**) for the PSCs.

BASIS OF EVALUATION

The audit was completed during a two (2) month period between March and May, 2012. During the review, an RPS team visited RH Petrogas' offices in Singapore to meet with members of RH Petrogas' project development teams. The visits provided the opportunity to discuss and review the geological and engineering interpretations as well as the Operator's current and future plans for the Properties.

This audit was based on technical data, future development plans and resource estimates provided by RH Petrogas to RPS up to May 2, 2012.

RPS's approach in conducting this study has been to focus on validating RH Petrogas' and the Operator's evaluations in regards to the key discipline areas (geology, geophysics, reservoir and production engineering). Due to time and data constraints, particular emphasis was placed on the performance of currently producing wells, workover and infill activities planned for those fields, and reviewing the near-term development and exploration programmes within the PSCs. The aim was to perform an independent audit that is sufficiently detailed to form a robust estimation of the future production and near-term exploration of the Basin and Island PSCs.

The Basin PSC is almost exclusively onshore contains the Arar Block to the north, and the Walio Block to the south (**Figure 1**). The Island PSC is located both onshore and offshore and contains four separate blocks; namely the Salwati Ridge Block (onshore) and the Offshore Walio, and Koi Complex and Sele Strait Blocks (offshore, see **Figure 1**). Within both PSCs there has been considerable oil and gas activity since the early 1970's, during which many wells have been drilled, multiple 2D seismic lines acquired and local 3D surveys shot over some of the twenty-six currently producing fields. The majority of the fields produce from the Tertiary age Kais Formation, which is a carbonate sequence that forms a broad shallow marine platform with localised reefal complexes. Other plays are noted and the Operator will focus near term exploration efforts on Pre-Tertiary clastic sequences that form the likely source rock for hydrocarbons but may also contain reservoir hydrocarbons in structo-stratigraphic traps.

RPS has not undertaken an assessment of the Stock Tank Oil Initially In-Place ('STOIP') and Gas Initially In-Place ('GIIP') volumes for the producing fields (see **Appendix I** for glossary), as assessment of these more mature fields has become a dynamic assessment of the declining oil and gas production. Decline Curve Analysis ('DCA') was conducted on the eight producing fields.

It should be noted that, based on RPS's assessment of future production there are some volumes of recoverable hydrocarbons that would remain unproduced beyond the PSC licence expiry dates. These oil volumes have been classified as "Contingent Resources" and have not been included in the Reserves in **Table 1**, in order to be consistent with the Reserves and Resources estimating guidelines as presented in the SPE PRMS definitions (see **Appendix II**).

The estimated remaining Contingent Resources volumes beyond the PSC expiry dates (for a further ten year extension) are reported in **Table 2** and **Table 3**. These are presented on a "Gross 100% Licence Interest Basis", and have been estimated based on the assumption that the PSCs are renewed under the same/current terms and conditions. Although RH Petrogas' participation in renewed licences may be expected, it is however not guaranteed at the present. Therefore, RPS has presented the volumes on a Gross 100% Licence Interest Basis, implying no inherent ownership by RH Petrogas or any other Contractor.

Based on the audit, it is RPS's opinion that the estimates of total remaining recoverable hydrocarbon volumes form a reasonable representation of the future operation of the PSCs. The reported hydrocarbon resources are estimates based on professional judgment and are subject to future revisions, upward or downward, as a result of future planned operations or as additional information become available.

Oil volumes are reported in Millions of stock tank barrels ('MMstb'), Gas volumes are reported as Billions of standard cubic feet ('Bscf') and Liquid Petroleum Gas ('LPG') volumes are presented in

metric tons ('t'). All volumes are reported as both gross (100%) interest and RH Petrogas' ('Contractor's') net entitlement, and all lie entirely within the permit boundary of the Properties.

The work was undertaken by a team of professional petroleum engineers, geoscientists and economists and is based on data supplied by RH Petrogas. In estimating Reserves, we have used standard petroleum engineering techniques. These techniques combine geological and production data with detailed information concerning fluid characteristics and reservoir pressure. We have estimated the degree of uncertainty inherent in the measurements and interpretation of the data and have calculated a range of Reserves. We have taken the working interest that RH Petrogas has in the Properties as presented by RH Petrogas; we have not investigated, nor do we make any warranty, as to RH Petrogas' interest in the PSCs.

The data set included geological, geophysical and engineering data together with reports, presentations and financial information pertaining to the contractual and fiscal terms applicable to the Properties. In carrying out this review, RPS has relied solely upon this information.

QUALIFICATIONS

RPS is an independent consultancy specializing in petroleum reservoir evaluation and economic analysis. Except for the provision of professional services on a fee basis, RPS does not have a commercial arrangement with any other person or company involved in the Property that is the subject of this report.

David R. Guise, P.Eng., Managing Director Consulting – Australia Asia Pacific in RPS's Perth Office, has supervised this evaluation. Mr. Guise has in excess of 30 years of petroleum engineering experience. He is a Technical Director of RPS, a Registered Professional Engineer in the province of Alberta, Canada and a member of the Society of Petroleum Engineers. The other lead professionals involved in this work are RPS Employees and hold degrees in geology, geophysics, petroleum engineering and related subjects; and have relevant experience in the practice of geology, geophysics or petroleum engineering.

BASIS OF OPINION

The evaluation presented in this report reflects our informed judgment, based on accepted standards of professional investigation, but is subject to generally recognized uncertainties associated with the interpretation of geological, geophysical and engineering data. The evaluation has been conducted within our understanding of petroleum legislation, taxation and other regulations that currently apply to the Property. However, RPS is not in a position to attest to the Property titles, financial interest relationships or encumbrances related to the Properties. Our estimates of Reserves and Resources are based on data provided by RH Petrogas. We have accepted, without independent verification, the accuracy and completeness of these data.

The report represents RPS's best professional judgment and should not be considered a guarantee or prediction of results. It should be understood that any evaluation, particularly one involving future performance and development activities may be subject to significant variations over short periods of time as new information becomes available. This report relates specifically and solely to the subject Properties and is conditional upon various assumptions that are described herein. This report must, therefore, be read in its entirety. This report was provided for the sole use of RH Petrogas and its advisors on a fee basis.

RPS has given its written consent to the issue of this document with its name included within it; and with inclusion of the results presented therein and references thereto in submissions by RH Petrogas to the stock exchanges. Prior to the issuance of this report or sections of this report to a third party, RPS requests that we are able to view the said release in order to check its wording and context.

Specifically, excerpts may only be reproduced or published (as required for regulated securities reporting purposes) with the express written permission of RPS.

RPS accepts responsibility for the interpretations and professional opinions contained in this report, as set out in this part of this document; and to the best of our knowledge and belief RPS has taken all reasonable care to ensure that such is the case. The information contained in this report is in accordance with the facts and does not omit anything likely to affect the importance of such information.

Yours faithfully,

RPS Energy Consultants Limited



David R. Guise, P.Eng.,

Managing Director – Consulting

Australia & Asia Pacific

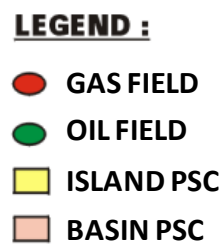
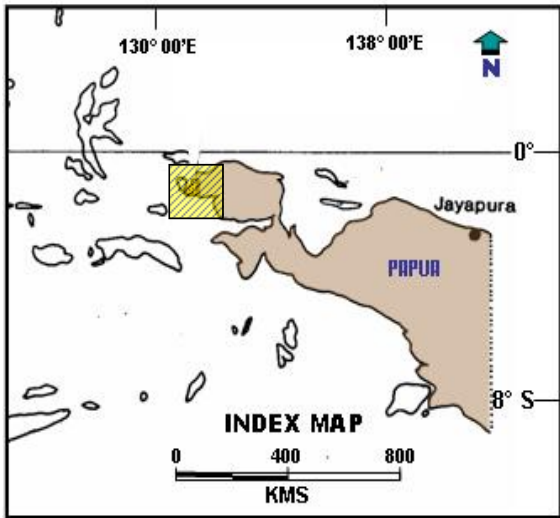
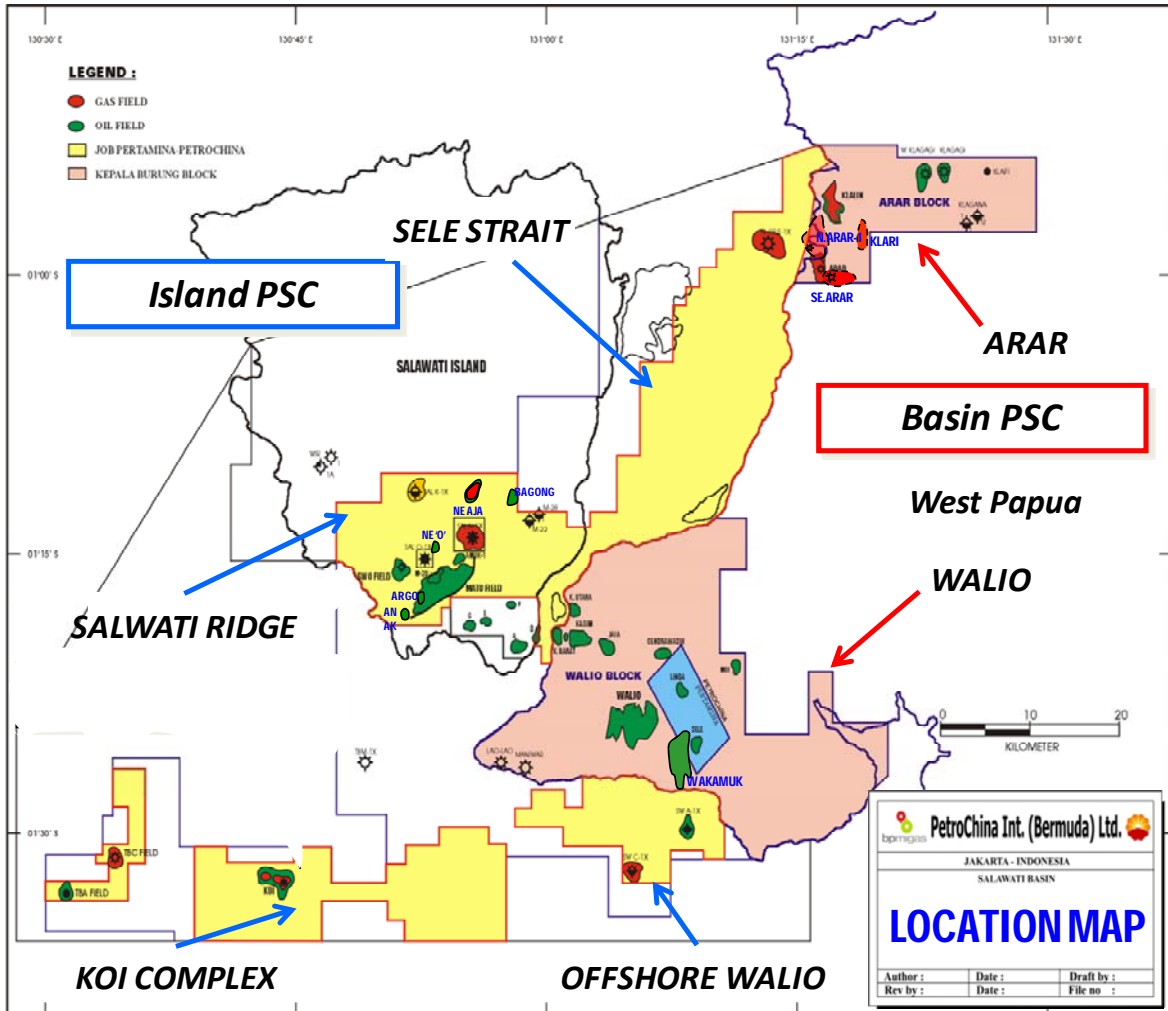


FIGURE I – LOCATION OF THE BASIN AND ISLAND PSCS, ONSHORE AND OFFSHORE WEST PAPUA ('BIRDS HEAD'), INDONESIA

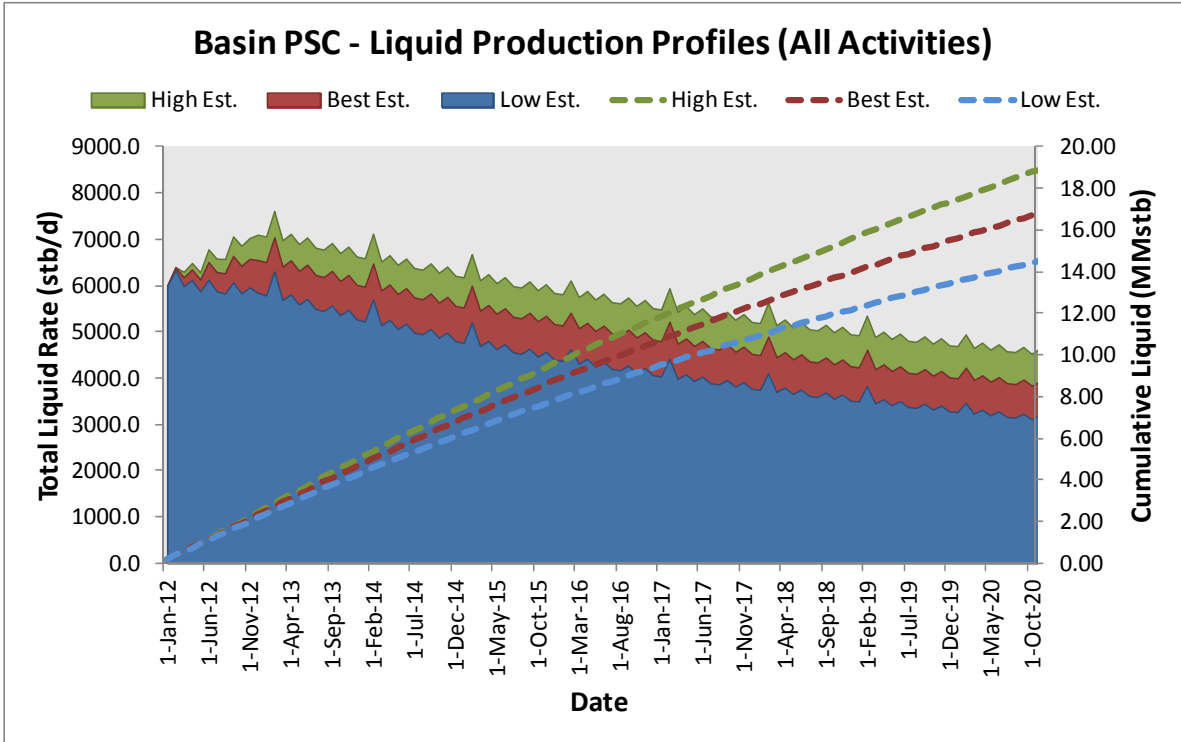


FIGURE 2 – BASIN PSC OIL PRODUCTION FORECAST

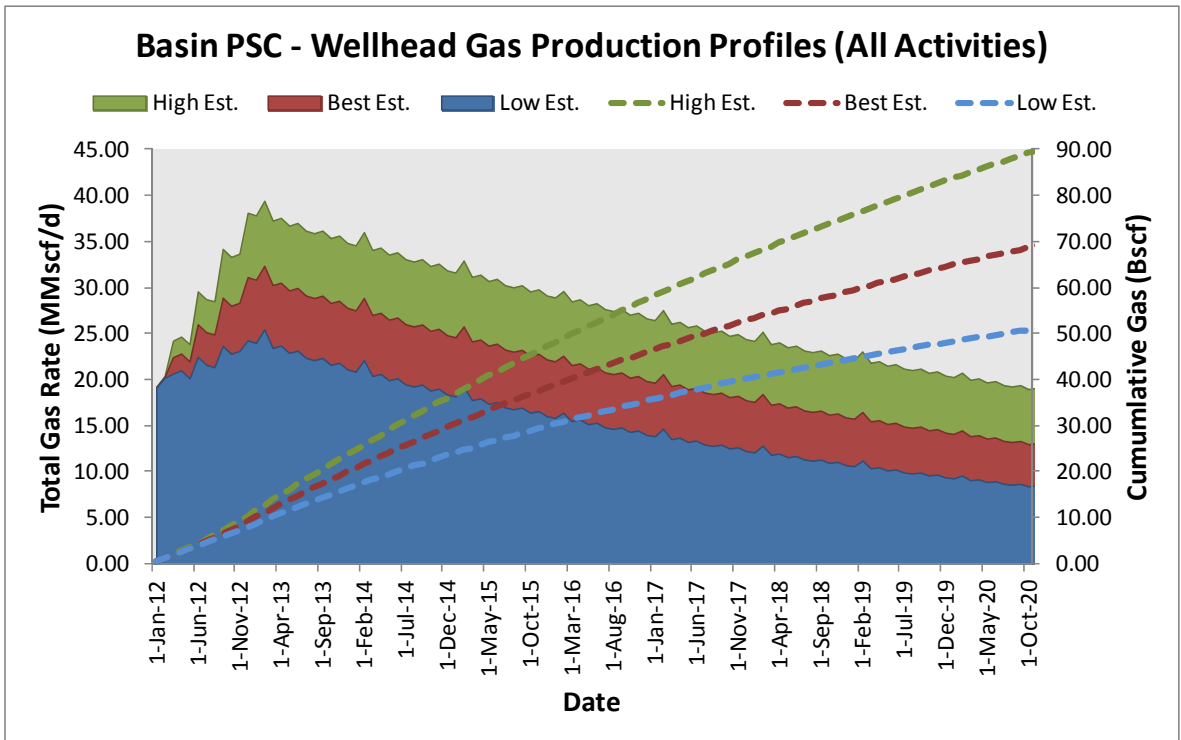


FIGURE 3 – BASIN PSC WELLHEAD GAS PRODUCTION FORECAST

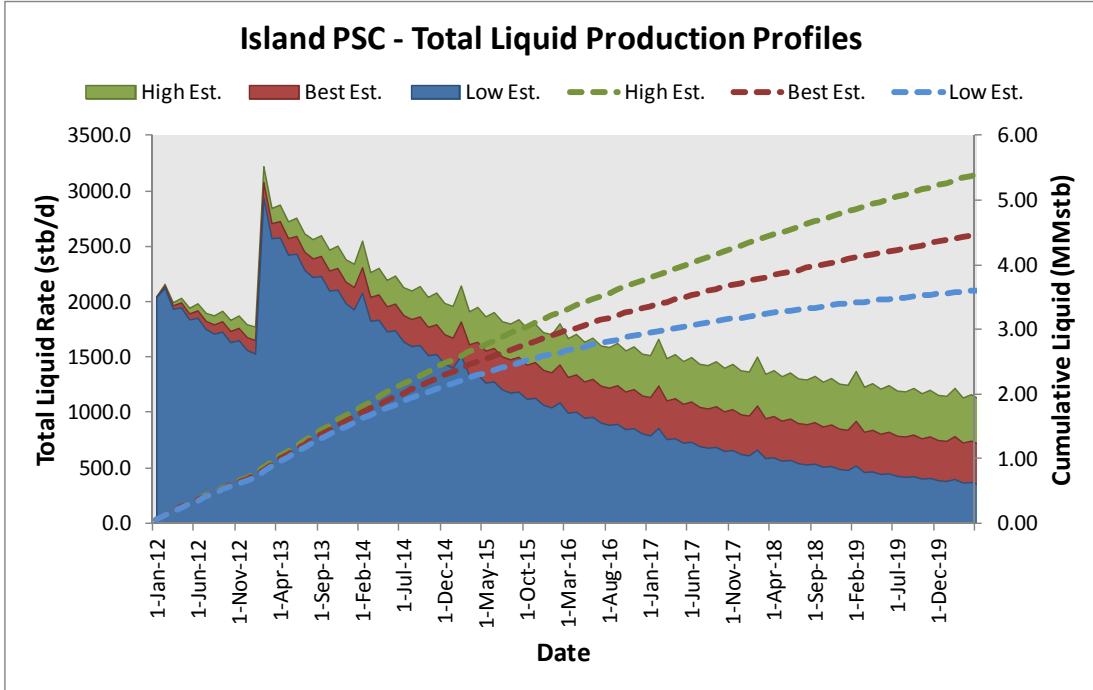


FIGURE 4 – ISLAND PSC OIL PRODUCTION FORECAST

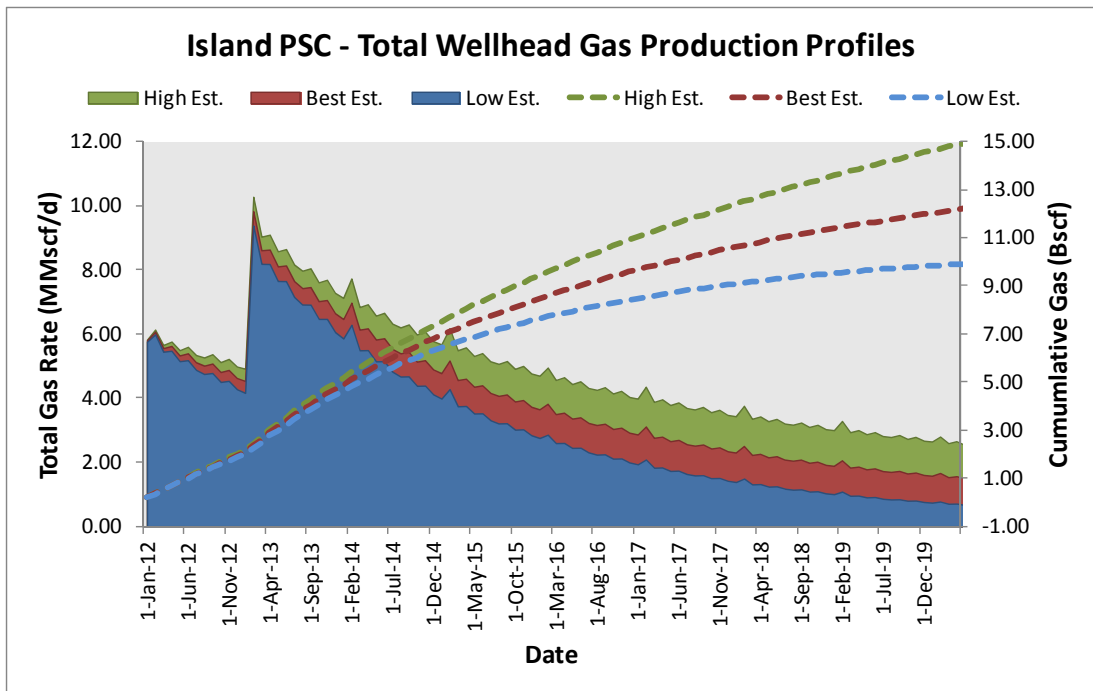


FIGURE 5 – ISLAND PSC WELLHEAD GAS PRODUCTION FORECAST



INDEPENDENT RESOURCE EVALUATION

- AS OF JANUARY 1, 2012RH PETROGAS LIMITED

TABLE I
OIL, GAS AND LPG RESERVES FOR THE BASIN AND ISLAND PSCS –
ONSHORE AND OFFSHORE WEST PAPUA, INDONESIA
AS OF JANUARY 1, 2012

OIL RESERVES ⁴ (MMstb)

Licence	Gross 100% License Basis ¹			RH Petrogas' Net Working Interest Basis ²			RH Petrogas' Net Entitlement Basis ³		
	1P	2P	3P	1P	2P	3P	1P	2P	3P
Basin PSC	13.9	16.5	19.0	8.3	9.9	11.4	4.6	5.1	5.5
Island PSC	3.4	4.3	5.2	1.1	1.4	1.7	0.9	1.0	1.1

GAS RESERVES ⁵ (Bscf)

Licence	Gross 100% License Basis ¹			RH Petrogas' Net Working Interest Basis ²			RH Petrogas' Net Entitlement Basis ³		
	1P	2P	3P	1P	2P	3P	1P	2P	3P
Basin PSC	3.6	3.6	3.6	2.2	2.2	2.2	1.4	1.4	1.4
Island PSC	8.5	11.1	13.8	2.8	3.7	4.6	2.0	2.3	2.6

LPG RESERVES ⁶ (Metric Tons)

Licence	Gross 100% License Basis ¹			RH Petrogas' Net Working Interest Basis ²			RH Petrogas' Net Entitlement Basis ³		
	1P	2P	3P	1P	2P	3P	1P	2P	3P
Basin PSC	3,624	3,624	3,624	2,174	2,174	2,174	1,359	1,359	1,359
Island PSC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

BARRELS OF OIL EQUIVALENT ⁷ (MMBOE)

Licence	Gross 100% License Basis ¹			RH Petrogas' Net Working Interest Basis ²			RH Petrogas' Net Entitlement Basis ³		
	1P	2P	3P	1P	2P	3P	1P	2P	3P
Basin PSC	14.9	17.5	20.0	8.9	10.5	12.0	5.0	5.5	5.9
Island PSC	4.8	6.2	7.5	1.6	2.0	2.5	1.2	1.4	1.5

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Notes to Table I:

1. All volumes reported below these columns are based on gross (100%) interest as the fields are within the PSC licence boundaries. These volumes include RH Petrogas' and its partner's interests including the Indonesian Government's share.
2. The volumes reported under these columns are based on RH Petrogas' net working interest, which include the Indonesian Government's share under the PSC.
3. The volumes reported under these columns are based on RH Petrogas' net entitlement, which exclude the Indonesian Government's share under the PSC.
4. Oil Reserves includes Oil Reserves and Condensate Reserves and are reported in Million of stock tank barrels ('MMstb').
5. Gas Reserves are based on the contractual volume until the expiry of the existing gas sales and purchase agreement and are reported net of inerts and fuel. Volumes are reported in Billions of standard cubic feet ('Bscf').
6. Based on the contractual volume until the expiry of the existing LPG sales and purchase agreement, taking into account economic limits. Volumes are reported in metric tons ('t').
7. RPS has used 6.0 Bscf/MMOEB for the conversion of gas volumes to MMBOE (millions of oil equivalent barrels). LPG yield used for RH Petrogas is 4.35 tons/MMscf. LPG has very high heating value, approximately 2,750 Btu/scf. Therefore to get 1 BOE, we only require 2,110 scf of LPG.
 - The Reserves are estimated as of January 1, 2012 until PSC expiry date of April 22, 2020 for the Island PSC and October 15, 2020 for the Basin PSC, respectively.
 - Reserves were aggregated by arithmetic summation.

TABLE 2
CONTINGENT OIL/CONDENSATE RESOURCES ATTRIBUTABLE TO THE BASIN
AND ISLAND PSCS – ONSHORE AND OFFSHORE WEST PAPUA, INDONESIA
AS OF JANUARY 1, 2012

	Gross Contingent Oil Resources (MMstb) 100% License Basis ¹		
	1C	2C	3C
Basin PSC			
Post Licence Expiry Production ²	8.14	11.54	14.97
Island PSC			
Post Licence Expiry Production ²	0.55	1.74	3.09
TBC Discovery ³	9.04	13.12	19.41
Koi Discovery ³	4.67	9.25	17.09
North Sele Discovery ³	0.64	0.92	1.29
Notes:			
<ol style="list-style-type: none"> 1. All volumes reported below these columns are based on gross (100%) interest as the fields are within the Island PSC licence boundary. These volumes include Contractors' and the Indonesian Government's share. 2. The Contingent Oil Resources are estimated beyond PSC expiries of April 22, 2020 (Island PSC) and October 15, 2010 (Basin PSC) for ten year extensions. The Contingent Oil Resources volumes were estimated based on the assumption that RH Petrogas is able to renew the Production Sharing Agreements under the same/current terms and conditions. Although RH Petrogas' participation in any renewed/extended licence may be expected, it is however not guaranteed at the present. Therefore, RPS has presented the volumes on a "Gross 100% Licence Interest Basis" only, implying no inherent ownership by RH Petrogas or any other Contractor. 3. RPS estimates the Chance of Development for the discoveries to be 75%. 			

TABLE 3
CONTINGENT GAS RESOURCES ATTRIBUTABLE TO THE BASIN AND ISLAND
PSCS – ONSHORE AND OFFSHORE WEST PAPUA, INDONESIA
AS OF JANUARY 1, 2012

	Gross Contingent Gas Resources (Bscf) 100% License Basis ¹		
	1C	2C	3C
Basin PSC			
Post Licence Expiry Production ²	15.42	26.79	43.99
Island PSC			
Post Licence Expiry Production ²	0.80	2.93	5.81
TBC Discovery ³	144.1	219.0	342.8
Koi Discovery ³	13.1	10.1	8.4
North Sele Discovery ³	45.8	69.2	102.1
<p>Notes:</p> <ol style="list-style-type: none"> All volumes reported below these columns are based on gross (100%) interest as the fields are within the Island PSC licence boundary. These volumes include Contractors' and the Indonesian Government's share. The Contingent Oil Resources are estimated beyond PSC expiries of April 22, 2020 (Island PSC) and October 15, 2010 (Basin PSC) for ten year extensions. The Contingent Oil Resources volumes were estimated based on the assumption that RH Petrogas is able to renew the Production Sharing Agreements under the same/current terms and conditions. Although RH Petrogas' participation in any renewed/extended licence may be expected, it is however not guaranteed at the present. Therefore, RPS has presented the volumes on a "Gross 100% Licence Interest Basis" only, implying no inherent ownership by RH Petrogas or any other Contractor. RPS estimates the Chance of Development for the discoveries to be 75%. 			

TABLE 4
PROSPECTIVE RESOURCES ATTRIBUTABLE TO THE BASIN AND ISLAND PSCS –
ONSHORE AND OFFSHORE WEST PAPUA, INDONESIA
AS OF JANUARY 1, 2012

Oil Prospects

Prospect	Scheduled	Formation	Gross Oil Prospective Resources (MMstb)			GPOS ²
			100% License Basis ¹			
			Low	Best	High	
Basin PSC						
Klabaru-I ³	2012	Pre-Tertiary	1.18	3.14	7.74	6%
North Klalin-2	2012	Kais Lst	0.09	0.21	0.55	24%
Pelikan-I	2012	Kais Lst	0.69	2.43	7.64	10%
	2012	Pre-Tertiary	4.55	13.69	39.39	3%
Island PSC						
Zircon-I	2012	Kais Lst	2.92	8.34	21.28	27%

Gas Prospects

Prospect	Scheduled	Formation	Gas Prospective Resources (Bscf)			GPOS ²
			100% License Basis ¹			
			Low	Best	High	
Basin PSC						
Klabaru-I ³	2012	Kais Lst	0.50	0.83	1.38	72%
North Klalin-2	2012	Kais Lst	5.5	14.1	36.7	24%
Klaimas-I	2012	Kais Lst	16.9	35.3	73.7	24%

Notes:

1. All volumes reported below these columns are based on gross (100%) interest as the fields are within the Island PSC licence boundary. These volumes include Contractors' and the Indonesian Government's share.
2. GPOS is the geological probability of success and refers to the chance of discovering hydrocarbons in the respective target horizons by flowing commercial rates of hydrocarbon from the reservoir to surface.
3. The Klabaru-I well was drilled in late 2011 but remains untested.



INDEPENDENT RESOURCE EVALUATION

- AS OF JANUARY 1, 2012RH PETROGAS LIMITED

APPENDIX I

GLOSSARY OF TECHNICAL TERMS



INDEPENDENT RESOURCE EVALUATION

- AS OF JANUARY 1, 2012RH PETROGAS LIMITED

APPENDIX - GLOSSARY OF TECHNICAL TERMS

1C	Low Estimate Contingent Resources
2C	Best Estimate Contingent Resources
3C	High Estimate Contingent Resources
1P	Proved Reserves
2P	Proved plus Probable Reserves
3P	Proved plus Probable plus Possible Reserve
Acre	Area in acre
AOF	Absolute Open Flow
API	American Petroleum Institute
B	billion
bbbl	barrels
bbbl/d	barrels per day
BBTUD	Billions of British Thermal Units per Day
bcpd	barrels of condensate per day
BOE	barrel of oil equivalent
B_g	gas formation volume factor
B_{gi}	gas formation volume factor (initial)
B_o	oil formation volume factor
B_{oi}	oil formation volume factor (initial)
B_w	water volume factor
bcpd	barrels of condensate per day
bopd	barrels of oil per day
BTU	British Thermal Unit
Bscf	billions of standard cubic feet
bwpd	barrels of water per day
°C	Temperature in Centigrade
cc	cubic centimetre
CGR	condensate gas ratio
cP	Viscosity in centiPoise
DCQ	daily contracted quantity direct
DST	Drill Stem Test
Entitlement Volumes	the volumes of oil and/or gas which a Contractor receives under the terms of a PSC
ELT	Economics Limit Test

APPENDIX - GLOSSARY OF TECHNICAL TERMS

EUR	Estimated Ultimate Recovery
°F	Temperature in Fahrenheit
FBHP	flowing bottom hole pressure
FTHP	flowing tubing head pressure
FTHT	flowing tubing head temperature
ft	Length in feet
ft ³	Volume in cubic feet
ftSS	depth in feet below sea level
GEF	Gas Expansion Factor
GIP	Gas in Place
GIIP	Gas Initially in Place
gm	Weight in grams
gm/cc	Density in grams per cubic centimetre
GOR	gas/oil ratio
GRV	gross rock volume
GSA	Gas Sales Agreement
GWC	gas water contact
lb	Weight in pounds
lb/cuft	Density in pounds per cubic feet
KB	Kelly Bushing
km	Length in kilometres
km ²	Area in square kilometres
km ³	Volume in cubic kilometres
m	Length in meter
MM	million
MM\$	million US dollars
MD	measured depth
mD	permeability in millidarcies
MDT	Modular Formation Dynamics Tester
m ³	cubic metres
m ³ /d	cubic metres per day
MMscf/d	millions of standard cubic feet per day
Money of the Day	Cash values calculated to include the effect of inflation
NTG	net to gross ratio

APPENDIX - GLOSSARY OF TECHNICAL TERMS

NPV	Net Present Value
OWC	oil water contact
P1	Proved Reserves
P2	Probable Reserves
P3	Possible Reserves
P ₁₀	Probability of 10% chance the value would be larger than the reported and considered high value
P ₅₀	Probability of 50% chance the value would be larger than the reported and considered best value
P ₉₀	Probability of 90% chance the value would be larger than the reported and considered low value
P _b	bubble point pressure
P _c	capillary pressure
petroleum	deposits of oil and/or gas
phi	porosity fraction
phie	Effective porosity fraction
P _i	initial reservoir pressure
PRMS	Petroleum Resources Management System (SPE Terminology)
PSC	Production Sharing Contract
psi	pounds per square inch
psia	pounds per square inch absolute
psig	pounds per square inch gauge
rcf	Volume in reservoir cubic feet
Real	Cash values calculated to exclude the effects of inflation
scf	standard cubic feet measured at 14.7 pounds per square inch and 60°F
scfd	standard cubic feet per day
scf/stb	standard cubic feet per stock tank barrel
stb	stock tank barrels measured at 14.7 pounds per square inch and 60°F
stb/d	stock tank barrels per day
stb/MMscf	stock tank barrels per million standard cubic feet measured at 14.7 pounds per square inch and 60°F
STOIIP	stock tank oil initially in place
S _w	water saturation
US\$	United States Dollars
TAC	Technical Assistance Contract

APPENDIX - GLOSSARY OF TECHNICAL TERMS

TAN	Total Acid Number (of oil)
Tscf	trillion standard cubic feet
TVDSS	true vertical depth (sub-sea)
TVT	true vertical thickness
TWT	two-way time
US\$	United States Dollar
V _{sh}	shale volume
WI	Working Interest
WC	water cut
WHP	Well Head Pressure
φ	porosity

APPENDIX II

RESERVES AND RESOURCES DEFINITIONS AND GUIDELINES



INDEPENDENT RESOURCE EVALUATION

- AS OF JANUARY 1, 2012 RH PETROGAS LIMITED



RESERVES AND RESOURCES DEFINITIONS AND GUIDELINES

**Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG), and Society of Petroleum Evaluation Engineers (SPEE)
Petroleum Resources Management System (PRMS)
Definitions and Guidelines (1)**

Preamble

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

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

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

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

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

It is understood that these definitions and guidelines allow flexibility for users and agencies to tailor application for their particular needs; however, any modifications to the guidance contained herein should be

¹ These Definitions and Guidelines are extracted from the Society of Petroleum Engineers / World Petroleum Council / American Association of Petroleum Geologists / Society of Petroleum Evaluation Engineers (SPE/WPC/AAPG/SPEE) Petroleum Resources Management System document ("SPE PRMS"), approved in March 2007, and available, free and in full, at: www.spe.org/spe-app/spe/industry/reserves/index.htm

clearly identified. The definitions and guidelines contained in this document must not be construed as modifying the interpretation or application of any existing regulatory reporting requirements.

RESERVES

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

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

Proved Reserves

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

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

- the area delineated by drilling and defined by fluid contacts, if any, and
- adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data.

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



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Probable Reserves

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

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

Possible Reserves

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

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

Probable and Possible Reserves

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

The 2P and 3P estimates may be based on reasonable alternative technical and commercial interpretations within the reservoir and/or subject project that are clearly documented, including comparisons to results in successful similar projects. In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area. Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing, faults until this reservoir is penetrated and evaluated as commercially productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources. In conventional accumulations, where drilling has defined a highest known oil (HKO) elevation and there exists the potential for an associated gas cap, Proved oil Reserves should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.



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CONTINGENT RESOURCES

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

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

PROSPECTIVE RESOURCES

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

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

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

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

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

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

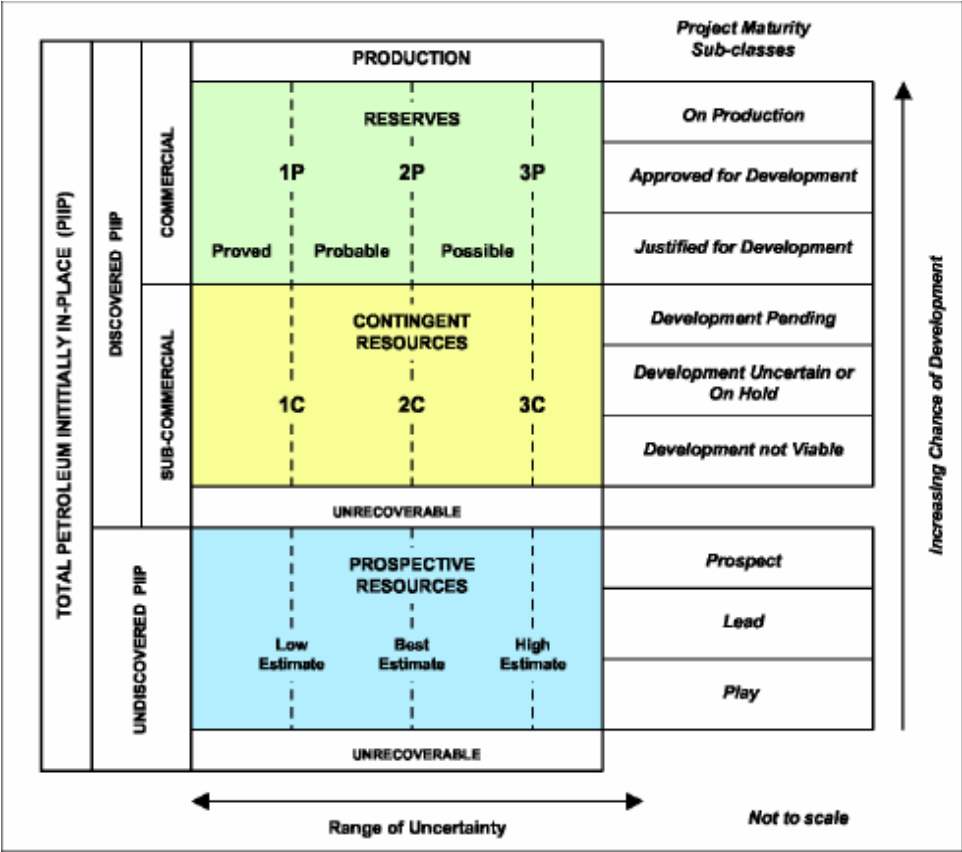
Play- A project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation in order to define specific leads or prospects.

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



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