



ASX Code: AAE

21 December 2010

Company Announcements Office  
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## AGRI ENERGY ACQUIRES OPTION OVER SYRIAN OIL AND GAS PROJECT

### TWO EXPLORATION WELLS TARGETING 100+mmboe IN 2011

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- **Agri Energy Ltd (Agri or the Company) has entered into agreements giving it the right to acquire 100% of Triton Petroleum Pte Limited (Triton) via binding Put and Call Options and a Merger Implementation Agreement (MIA).**
  - **Triton is a Singaporean private company, focused on oil and gas exploration in the Middle East and North African regions. Its principal asset is a 20% beneficial interest in Block 9 Syria, a 10,032km<sup>2</sup> petroleum exploration licence in north-western Syria.**
  - **Key features of Syria Block 9 are:**
    - **strategically located on the north-eastern flank of the proven Palmyride Basin, hosting discoveries of over 6tcf of gas and 400mmbbl of oil and NGL's**
    - **420km<sup>2</sup> 3D seismic survey was recently completed**
    - **a two well drilling program is planned for 2011 with 100+mmboe targets identified**
    - **existing oil and gas infrastructure in the region would facilitate development of any discovery**
  - **Under the MIA, Agri will provide a working capital payment of \$500,000 to Triton to compliment Triton's recent US\$1,800,000 rights issue capital raising. All funds will be applied to the exploration of Block 9 Syria.**
  - **Triton Chairman, Joseph Naemi, has been appointed as a Non-executive Director of Agri. Mr Naemi has twenty years of experience in the natural resources sector throughout Central Asia, the Middle East, North Africa and Latin America.**

Agri Energy is pleased to announce it has entered into Put and Call Option Agreements with the majority (77%) of Triton shareholders to acquire their stake in Triton. Triton is the holder of a 20% beneficial interest in Block 9 Syria (Block 9), a 10,032km<sup>2</sup> petroleum exploration licence in north-western Syria. The Option Agreements are irrevocable and exclusive and may be exercised at any time between 14 February 2011 and 31 March 2011.

In addition Agri has entered into a MIA with Triton Petroleum providing for the acquisition of the remaining 23% of Triton in the event of the exercise of the Option Agreements. The MIA will also govern the merger of Agri and Triton.

Under the MIA, Agri will make a working capital payment of \$500,000 available upon request to Triton. Triton has recently completed a US\$1,800,000 rights issue capital raising and these funds will be applied to Block 9 Syria. The commercial terms of the Option Agreements and MIA are attached.

## SYRIA, PROJECT & WORK PROGRAM

### Country Background

Syria is an established hydrocarbon province, bordering Turkey and Iraq, located less than 200km from Saudi Arabia. The country has proven reserves of 2.5 billion barrels of oil and 10 trillion cubic feet of gas. Production in 2009 averaged 376 thousand barrels per day of oil and 560 million cubic feet of gas per day. Countrywide exploration and appraisal success rates have averaged 46% and 69% over the last 10 years. Notable companies operating in Syria include Shell, PetroCanada, Total and Gulfsands.

### Syria Block 9: location map



Source: Kulczyk Oil Ventures Inc



## SYRIA BLOCK 9

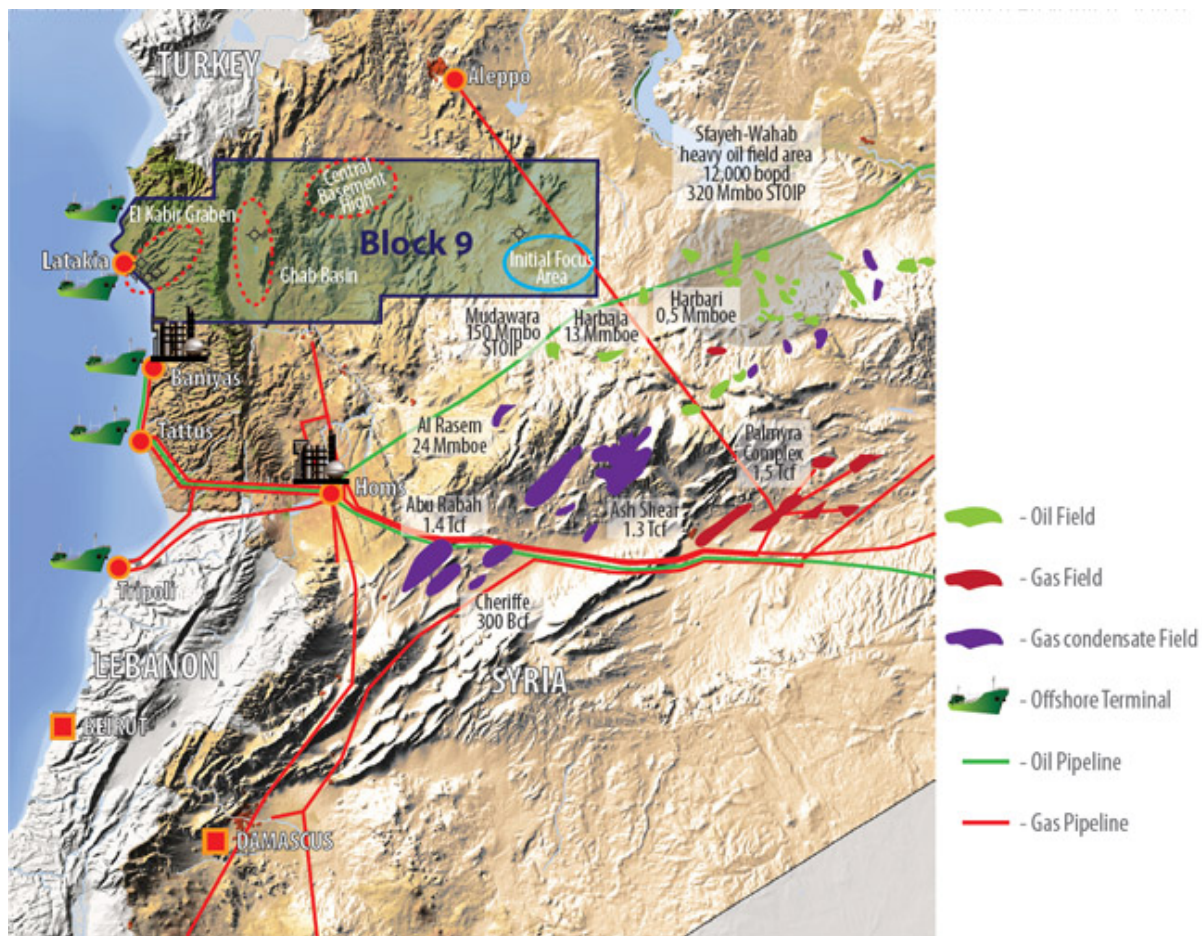
Triton Petroleum holds a 20% beneficial interest in Block 9 Syria, a 10,032km<sup>2</sup> petroleum exploration licence in north-western Syria.

Block 9 Syria is located on the north-eastern flank of the proven Palmyride Basin. The basin hosts discoveries of over 6 trillion cubic feet of gas and 400 million barrels of oil and NGL's.

Block 9 is well positioned with respect to petroleum infrastructure. The Palmyra-Aleppo gas pipeline, which will soon be tied into the Turkish pipeline grid, runs directly through the licence. To the southwest of the block there is an existing crude oil pipeline.

Block 9 is operated by Kulczyk Oil Ventures Inc, which has a 50% interest in the permit. The remaining 30% is owned by MENA Hydrocarbons Inc (subject to Syrian Government approval). KOV's 50% interest is also subject to a back-in right granted to AnSCO Inc, an unrelated Californian company, to acquire a 5% participating interest in the Block (subject to regulatory approvals and consents).

### Palmyride Basin: oil and gas accumulations and infrastructure



Source: Kulczyk Oil Ventures Inc

### Work Program

During the course of 2010 the owners of Block 9 acquired 420km<sup>2</sup> of 3D seismic data. Processing and interpretation of this data is well advanced. Some minor reprocessing is likely to be undertaken and interpretation is should be finished in early 2011.

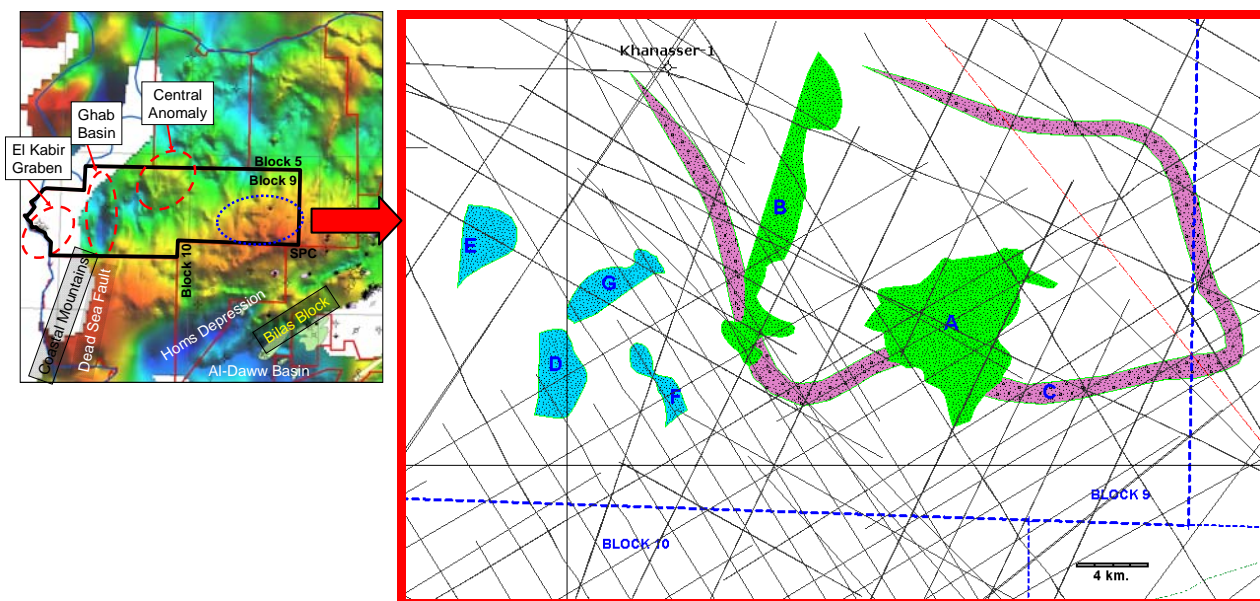
During the first half of 2011 drilling of two commitment wells will commence. Based on the pre-existing 2D data, the operator has identified two prospects with a gross resource potential of 100-120mmboe



each (mean recoverable). Both prospects are believed to have the potential for oil and/or gas/condensate charge.

The initial interpretation of the new 3D data has identified new target zones that are deeper and larger than previous estimates. This has resulted in the depth of the first well being increased from 2400m to 3200m. The revised prospect sizes will be known at the end of the 2010 year post the completion of the interpretation of the 3D seismic data. Dry hole costs are budget to be US\$10.0-11.0m per well, including a 10% contingency allowance, with Triton to contribute 20% of these costs.

### Focus area prospects and leads map



Source: Kulczyk Oil Ventures Inc

### Operator

Block 9 is operated by Kulczyk Oil Ventures Inc (KOV), a Canadian incorporated company listed on the Warsaw Stock Exchange, with a market capitalisation of approximately US\$200mil. KOV is an international upstream oil and gas exploration company with a diversified portfolio of projects in Brunei, Syria and Ukraine. The company is managed by a highly experienced team of oil and gas professionals.

The main shareholder of KOV is Kulczyk Investments SA, an international investment house founded by Polish businessman Dr. Jan Kulczyk, with a 49% interest. KOV also has a 30.6% direct equity stake in Triton.

### BOARD UPDATE

Triton Chairman, Mr Joseph Naemi has joined the board of Agri, as a Non-executive Director. In the event of the exercise of the Option Agreement, it is proposed under the MIA that upon Completion, Mr Naemi assumes the role of Chairman and CEO. Mr Stuart Smith, currently Managing Director of Triton, will assume the role of Executive Director and CFO of Agri.

CV's for Mr Naemi and Mr Smith can be found in the Appendix to this announcement.

### CAPITAL STRUCTURE

If the Option Agreements are exercised and the merger proceeds, it will constitute a change in the nature and/or scale of the activities of Agri in accordance with Chapter 11 of the ASX Listing Rules such that Agri will be required to re-comply with the admission requirements in Chapters 1 & 2 of the ASX Listing Rules.

## Appendix

### A. Commercial Terms of the Acquisition

Agri has entered into Option Agreements with the holders of 77% of Triton (**Majority Triton Shareholders**), to acquire their Triton shares. The Option Agreements are irrevocable and exclusive and may be exercised at any time between 14 February 2011 and 31 March 2011.

Agri and Triton have entered into an MIA, which in the event that the Option Agreements are exercised, governs the merger between Agri and Triton; upon and subsequent to the acquisition by Agri, of the entire issued share capital of Triton.

Agri will offer 22.156 of its shares for every Triton share. Triton currently has 45,164,416 shares on issue, and 51,636,730 shares on a fully diluted basis. The total consideration for the acquisition by Agri of the entire issued share capital of Triton is 1,144,063,388 Agri Shares (**Consideration Shares**).

Completion under the MIA will involve the acquisition of not less than 77% of the total issued share capital of Triton, being the shareholding of the Majority Triton Shareholders. The MIA provides that in the event of exercise of the Option Agreements, Agri shall make offers (**Offers**) on the same terms as the Option Agreements to the remaining Triton shareholders (**Minority Triton Shareholders**) for their Triton shares and Triton shall promote that the Minority Triton Shareholders accept these Offers. Any Triton shares not acquired pursuant to the Option Agreements and the Offers shall, following completion under the MIA, be acquired by Agri pursuant to the drag along provisions of the Triton Constitution.

The MIA is subject to a number of conditions including:

- All of the Option Agreements being exercised on or before 31 March 2011;
- Agri obtaining all necessary regulatory and shareholder approvals required to complete the Merger including authority to allot and issue the Consideration Shares and all approvals required for re-compliance with chapters 1 & 2 of the ASX Listing Rules;
- Agri issuing a prospectus and receiving sufficient applications to meet the minimum subscription under the ASX listing rules required for re-compliance with chapters 1 & 2 of the ASX Listing Rules;
- Agri receiving conditional approval of ASX on terms acceptable to Agri to reinstate Agri on ASX following re-compliance with chapters 1 & 2 of the ASX Listing Rules; and
- Board control passing to Triton's nominees.

Under the MIA, Agri will procure irrevocable undertakings from its shareholders, who have an aggregate voting power in Agri of more than 50%, to vote in favour of all matters requiring shareholder approval.

The MIA contains exclusivity undertakings, warranties and pre-completion covenants standard in agreements of this nature, and including a covenant to apply working capital in accordance with the agreed working capital budgets of both parties.

## B. Syria Block 9 Licence Terms

The Block 9 exploration, development and production contract, was signed by Kulczyk Oil Ventures Inc (then Loon Corporation Inc), on 20 September 2007. The initial exploration period is for four years, with two extensions of three years and two years, respectively.

### Work Commitments

The work obligations for the initial period comprised the acquisition, processing and interpretation of 350 km<sup>2</sup> of 3D seismic (which is now largely complete), and the drilling of two exploration wells (planned for 1H-2011). The minimum expenditure commitment for this program is \$7.5m. The remaining drilling component of this commitment is \$4.0m.

Block 9 Work Commitments			
	Initial Period	Extension Period 1	Extension Period 2
Duration	4 yrs	3 yrs	2 yrs
Seismic Acquisition	350sq.km 3D	200km 2D	100km 2D
Exploration Wells	2	2	1
Relinquishment	25%	25%	50%
Expenditure (US\$mil, gross)	7.5	7.0	2.5
Expenditure (US\$mil, net to 20%)	1.5	1.4	0.5

### Financial terms

Block 9 is a production sharing agreement (PSA) regime. Key fiscal terms are:

- Royalty of 12.5%
- 35% of gross production available for cost recovery
- Contractor share of Profit Oil 29% free of tax, up to 15,000bopd
- Contractor share of Profit Gas 32% free of tax, up to 50mmboe cumulative production
- All income taxes borne by the state, from its share of production

## C. Triton Management CV's

### **Joseph Naemi**

#### **Proposed Chairman and CEO**

Triton Chairman, Mr Joseph Naemi has joined the board of Agri. Mr Naemi has twenty years of experience in the natural resources sector throughout Central Asia, the Middle East, North Africa, and Latin America.

Mr Naemi is a member of: The Energy Institute in London, UK; International Association for Energy Economics in Cleveland, Ohio, USA; Australian Institute of Management (NSW & ACT Branch) in Sydney, Australia; The Australian Institute of International Affairs; and Petroleum Exploration Society of Australia.

Mr Naemi has held numerous Executive and Non-executive positions with privately held and publicly listed energy companies in Australia, Canada, Mongolia, and Singapore.

### **Stuart Smith**

#### **Proposed Executive Director and CFO**

Mr Smith has over 20 years experience in the finance industry, including 16 years in Investment Banking specialising in the energy sector. He has been an Executive Director of the Triton group of companies for over two years, with primary responsibility for the group's commercial and finance functions.

Prior to joining Triton, Stuart was Head of Asia-Pacific Oil & Gas Research for Merrill Lynch, based in Singapore, and responsible for researching companies throughout Asia and Australia. During his 16 years in Investment Banking, he gained substantial experience in areas such as Equity Research, IPO's, secondary capital raisings, and M&A.

Stuart is a qualified Chartered Accountant (Australia), with several years experience with a "Big Four" accounting firm. He is also a Non-executive Director of Warsaw listed E&P company, Kulczyk Oil Ventures Inc, where he serves on the Audit and Reserves Committees.