AGRI ENERGY LIMITED

To be renamed

SIROCCO Energy Limited

PROSPECTUS

For the offer of 20,000,000 Shares at an issue price of $0.20 each in order to raise up to $4,000,000.

Oversubscriptions of up to a further 15,000,000 Shares at an issue price of $0.20 each to raise up to an additional $3,000,000 may be accepted.

IMPORTANT NOTICE

This Offer is conditional upon the Conditions of the Offer outlined in Section 6.4 being satisfied. In the event that the Conditions of the Offer are not satisfied the Company will not proceed with the Offer and the Company will repay all Application Monies received.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the Listing Rules and to satisfy ASX requirements for re-admission to the Official List following a change to the nature and scale of the Company's activities.

All references to the Securities in this Prospectus are made on the basis that the 1:23 consolidation, approved at the November General Meeting on 30 November 2012, has been undertaken.

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

THIS OFFER IS NOT UNDERWRITTEN

Lead Manager

TAYLOR COLLISON

Sharebrokers and Investment Advisers
www.taylorcollison.com.au

Contents

1. Important Information

1.1 Important Notice

This Prospectus is dated 30 November 2012 and was lodged with the ASIC on that date. The ASX, ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

The expiry date of this Prospectus is at 5.00pm WST on that date which is 13 months after the date this Prospectus was lodged with the ASIC (**Expiry Date**). No securities may be issued on the basis of this Prospectus after the Expiry Date.

Application will be made to ASX within seven days after the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered speculative.

1.2 Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.siroccoenergy.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

1.3 Overseas Applicants

No action has been taken to register or qualify the Shares or the Offer or otherwise to permit the public offering of the Shares, in any jurisdiction outside of Australia.

The distribution of this Prospectus within jurisdictions outside Australia may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about, and observe, any such restrictions. Any failure to comply with restrictions may constitute a violation of these laws.

The Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue the Prospectus.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to his or her Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

1. Important Information (continued)

1.4 Competent Persons Statement

The information in this Prospectus that relates to Hydrocarbon Reserves/Resources is based on information compiled by Mr Gregory Channon, Managing Director of the Company. Mr Channon is a qualified geoscientist and has over 20 years of experience in the petroleum industry both in Australia and internationally. Mr Channon consents to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears.

1.5 Defined Terms and Other Matters

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in Section 16.

Unless otherwise stated, all other references to "$", dollars and cents are to Australian currency. Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

Unless otherwise noted all references to Securities in the Prospectus are on the basis that the 1:23 consolidation approved by Shareholders at the November General Meeting on 30 November 2012, has been undertaken (**Post Consolidation**).

2. Corporate Directory

Directors
Gregory Channon
Dougal Ferguson
Patrick Burke

Company Secretary
Dougal Ferguson

Proposed Director
Keith Coughlan

Registered Office
Level 8, 225 St Georges Tce
Perth WA 6000

Website
www.siroccoenergy.com.au

Investigating Accountant
Stantons International Audit and Consulting Pty Ltd
(Trading as Stantons International Securities)
Level 2, 1 Walker Ave
West Perth WA 6005

Independent Geologist
Senergy (GB) Limited
39 Charing Cross Road
London WC2H 0AR
United Kingdom

Auditors
KPMG
235 St Georges Terrace
Perth WA 6000

Australian Lawyers
GTP Legal
Level 1, 28 Ord Street
West Perth WA 6005

Republic of Sudan Lawyers
TG Elsir A. Elhibir Law Office
Advocates & Comm.for Oaths
Apartment (2), 2nd Floor, Alhaaya Building
Shareef Hindi Street
Khartoum, Republic of Sudan

Lead Manager and Corporate Adviser
Taylor Collison Limited
Level 16, 211 Victoria Square
Adelaide SA 5000

Share Registry*
Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St. George's Terrace
Perth WA 6000
Investor enquiries: 1300 557 010
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

* This entity is included for information purposes only and has not been involved in the preparation of this Prospectus.

3. Indicative Timetable

Lodgement of Prospectus with ASIC	30 November 2012
Opening Date	30 November 2012
Closing Date	5.00pm WST on 14 December 2012
Settlement of Acquisition and allotment of Shares under the Offer	18 December 2012
Despatch of Holding Statements	20 December 2012
Expected date for listing on ASX	21 December 2012

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.

4. Letter from the Board

Dear Investor

On behalf of the Directors, I am pleased to present this Prospectus and to offer you the opportunity to invest in Agri Energy Limited, to be renamed Sirocco Energy Limited (**Company**).

This Prospectus has been issued by the Company for an initial public offering of 20,000,000 shares at $0.20 per share to raise $4,000,000. Oversubscriptions of up to a further 15,000,000 shares to raise a further $3,000,000 may be accepted (**Offer**).

The Company has entered into an agreement pursuant to which the Company has a right, subject to re-compliance with Chapters 1 and 2 of the Listing Rules, to a 49.9% shareholding in Statesman Africa Limited (**SAL**) for nominal consideration. A wholly owned subsidiary of SAL, Statesman Resources Limited (BVI), has recently been awarded a 75% working interest[1] in the 100,000 km^2 Block 14 in north-west Sudan.

Block 14 is large and under-explored. Two potential hydrocarbon basins have been identified in the block, but no wells have been drilled. An independent geological expert has validated the potential, and has recognised that Block 14 could contain 1.5 billion barrels of undiscovered prospective resource.[2] The Company and its partners have the opportunity in Block 14 to open up a new hydrocarbon province in north eastern Africa, which could have great potential.

The funds raised under this Prospectus will be utilised to mature drilling prospects within Block 14. In particular, the Company will be using modern geoscience technology to identify drilling targets and then de-risk them. Further de-risking of the drilling targets could also occur as regional exploration activity starts to increase. Already one well has been drilled immediately to the south of Block 14 in 2012 and has encountered oil shows. A further well is currently being drilled to the north of Block 14. Further success from surrounding exploration will have a significant positive impact on Block 14.

The Company has also been actively evaluating other new acquisition and joint venture opportunities in the oil and gas sector. Evaluation of these new projects is at an early stage and has not yet been concluded.

This Prospectus includes details of the Offer, the Company, the assets and proposed operations together with a statement of the risks associated with investing in the Company. I recommend that you study the document carefully and seek independent professional advice before investing in the Company.

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[1] Refer to paragraph 11 of the Annexure to the Independent Title Report in Section 11 for a summary of production sharing arrangements pursuant to the EPSA.

[2] These are un-discovered Play assessed Prospective Resources stated on a gross basis: Prospective Resources are defined as quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations. Undiscovered accumulations are evaluated according to their chance of discovery, and assuming a discovery, the range of potential recovery under hypothetical development scenarios.

Letter from the Board (continued)

On behalf of the board of Directors, I recommend this offer to you and look forward to welcoming you as a shareholder of the Company.

Yours sincerely,

Gregory Channon
Managing Director

5. Investment Overview

5.1 Investment Highlights

On 10 September 2012 the Company announced it had entered into an agreement pursuant to which the Company has a right, subject to re-compliance with Chapters 1 and 2 of the Listing Rules, to a 49.9% shareholding in SAL for nominal consideration. A wholly owned subsidiary of SAL, Statesman Resources Limited (BVI), has recently been awarded a 75% working interest in the 100,000 km^2 Block 14 in north-west Sudan (refer to paragraph 11 of the Annexure to the Independent Title Report in Section 11 for a summary of production sharing arrangements pursuant to the EPSA).

Block 14

Block 14 is situated in the north-west corner of Sudan, on the border with Libya and Egypt. Key highlights of Block 14 include:

- The block is large (100,000 km^2), and contains untested sedimentary basins that have the potential to be hydrocarbon productive. The region is uninhabited, with year round access.
- The block is surrounded by multi-billion barrel oil producing provinces in Egypt, Libya and Sudan. The untested basins appear analogous with the Murzuq Basin in Libya, which contains 2.2 billion barrels of reserves.
- An independent assessment of the block has determined an unrisked gross prospective resource of 1.5 billion barrels[3].
- Exploration activity is increasing in the surrounding region, with drilling activity on-going to the north and south of the block.

The Company's exploration strategy for 2013 is to mature the existing leads and plays recognised in the block with geological and geophysical studies and, if oversubscriptions are received, the acquisition of new seismic data. Exploration drilling is planned for 2014.

In addition to Block 14, the Company has been actively evaluating new acquisition and joint venture opportunities in the oil and gas sector. Evaluation of these new projects is at an early stage and has not yet been concluded. The Company has not yet entered into any agreements in respect of these projects and there is no guarantee that it will do so in the future.

Full details in respect of the Company and its projects are set out in Sections 8, 9 and 11.

[3] These are un-discovered Play assessed Prospective Resources stated on a gross basis: Prospective Resources are defined as quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations. Undiscovered accumulations are evaluated according to their chance of discovery, and assuming a discovery, the range of potential recovery under hypothetical development scenarios

5. Investment Overview (continued)

5.2 Key Risks

An investment in the Shares of the Company is subject to many risks and uncertainties. Some of the more significant risks which affect an investment in the Company are:

Risk	Summary Details
Conditions of the Offer	▪ The Offer is subject to the satisfaction of the Conditions of the Offer outlined in Section 6.4. ▪ There is a risk that the Conditions of the Offer will not be satisfied and the Company will not proceed with the Offer in which case the Company will repay all Application Monies received. ▪ Further details of this risk are set out in Section 12(a).
Exploration risk	▪ Oil and gas exploration, development and production are high-risk enterprises, only occasionally providing high rewards. ▪ Block 14 is in the early stages of exploration and is classed as frontier territory with unproven hydrocarbon potential. ▪ There is no assurance that exploration of Block 14, or any other projects that the Company may acquire an interest in in the future, will result in the discovery of economically viable quantities of oil and gas reserves. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited. ▪ Further details of this risk are set out in Section 12(h).
Exploration Production Sharing Agreement (EPSA)	▪ SAL and the other funding party to the EPSA must pay a security bond equivalent to approximately US$6,000,000 (**Security Bond**) (of which SAL is required to pay approximately US$5,000,000). The Security Bond was required to be paid by 3 November 2012 but SAL is negotiating with the Sudanese Government for this date to be extended. If this date is not extended, or the Security Bond is not lodged within any subsequent timeframe agreed with the Sudanese Government, then SAL will be in breach of the EPSA. ▪ Pursuant to the EPSA the JOC must establish commercial production within four years of declaring a discovery commercial otherwise the discovery will be relinquished. ▪ The work programme required under the EPSA is considered feasible although challenging and the JOC is under a tight timeframe to conduct these operations. ▪ Further details of this risk are set out in Section 12(e).
Joint Venture Party Risk	▪ The other funding party to the EPSA is required to pay approximately US$1,000,000 of the Security Bond outlined above and Statesman is required to contribute its share (being approximately US$2,500,000) of SAL's portion of the Security Bond. If Statesman fails to provide its share of SAL's portion of

5. Investment Overview (continued)

	the Security Bond, or if the other funding party to the EPSA fails to pay its share of the Security Bond, then SAL will be in breach of the EPSA. ▪ The obligations of the JOC pursuant to the EPSA, including the funding obligations of the funding parties of the JOC, are joint obligations. Therefore if the other funding party of the JOC fails to comply with its funding obligations then SAL will be required to meet those obligations. Should this occur then SAL may have remedies against the other funding party (refer to section 13.3 for further details of remedies available). In addition, if Statesman fails to comply with its funding obligations in respect of its percentage interest in SAL then the Company will be required to meet those obligations.
Country risk	▪ The Company's primary operation will be in Sudan. In Sudan uncertainties may arise from potential political instability, potential for corruption, potential for civil strife, lack of infrastructure, unexpected changes in local laws and unexpected changes to fiscal regimes. ▪ There are risks associated with conducting business in Sudan which are not necessarily present in a developed country like Australia. These include the potential for economic, social and political instability, hyperinflation, currency instability and changes of law affecting foreign ownership, government participation, foreign exchange controls, export duties as well as government control over oil and gas operations. ▪ Further details of this risk are set out in Section 12(b).
Reliance on key personnel	▪ The Company is reliant on a number of key personnel employed, or to be employed by the Company details of whom are set out in Section 7.1 and 7.4. Loss of such personnel may have a materially adverse impact on the performance of the Company. ▪ Further details in respect of this risk are set out in Section 12(n).
Further funding	▪ The future capital requirements of the Company will depend on many factors including the results of future exploration and business development activities. The Company believes its available cash and resources following the Acquisition should be adequate to fund its initial exploration work program, business development activities and other Company objectives. ▪ The minimum expenditure over the first three year term of the EPSA is US$12 million, with the Company's contribution being approximately US$5 million. However, it is expected that the costs of activities required in the work programme will significantly exceed this sum and it is likely that the Company will need additional funding to meet this obligation. ▪ Should the Company require additional funding there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional finance, if required, would have a material adverse effect on the

5. Investment Overview (continued)

	Company's business and its financial condition and performance. ▪ Further details in respect of this risk are set out in Section 12(p).
New Projects and Acquisitions, Joint Ventures and Dilution	▪ The Company intends to actively pursue new projects which will require payment of monies. There can be no guarantee that any proposed acquisition will be completed or be successful. ▪ Further details in respect of this risk are set out in Section 12(g).

6. Details of the Offer

This summary is not intended to provide full information on the Shares offered by this Prospectus. In deciding to apply for Shares, you should read this Prospectus carefully in full. If you are in doubt as to the course you should follow, please contact your professional advisers.

6.1 The Company

The Company has for the past ten years been engaged in the development of ethanol projects in Australia and overseas. Following completion of the Acquisition, the Company intends to focus on Block 14 and will conduct a strategic review in order to maximize the possible value from its existing ethanol projects which may include either continuing with development or disposal of the projects. . Details of the Acquisition and Block 14 are set out in Sections 8, 9 and 11.

6.2 The Offer

By this Prospectus, the Company invites investors to apply for up to 20,000,000 Shares at an issue price of $0.20 each in order to raise up to $4,000,000.

Oversubscriptions of up to a further 15,000,000 Shares at an issue price of $0.20 each to raise a further $3,000,000 may be accepted.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

6.3 Purpose of the Offer

The purpose of this Offer is to provide additional funds to enable the Company to:

(a) assist the Company to meet the requirements of ASX and re-comply with Chapters 1 and 2 of the Listing Rules;

(b) meet its share of the obligations of SAL to fund exploration and development of Block 14 located in Sudan;

(c) identify and evaluate new acquisition and joint venture opportunities in the oil and gas sector

(d) meet the costs of the Offer; and

(e) provide working capital.

On completion of the Offer, the Board believes the Company will have sufficient capital to achieve these objectives.

6.4 Conditions of Offer

The Offer is conditional upon:

(a) Completion of the Acquisition;

6. Details of the Offer (continued)

(b) The Company re-complying with Chapters 1 and 2 of the Listing Rules and receiving conditional approval for re-quotation of its Shares on the ASX; and

(c) The date for payment of the Security Bond is extended to a date which is on or after the date by which the Company can post or make payment of its portion of the Security Bond,

(together the **Conditions of the Offer**).

The Company was suspended from Official Quotation from the time of the November General Meeting and will not be re-instated until the Conditions of the Offer are achieved. There is a risk that the Conditions of the Offer will not be achieved.

In the event the Conditions of the Offer are not achieved then the Company will not proceed with the Offer and will repay all Application Monies received.

6.5 Use of Proceeds

The table below sets out the intended application of funds raised under the Prospectus on the basis of the Company raising the minimum subscription ($4,000,000) and the full oversubscription ($7,000,000) under the Offer over a one year period:

Proposed Application of Funds	Aggregate Minimum Subscription $4m	Aggregate Full Over Subscription $7m
Cash on Hand	200,000	200,000
Payment from Statesman upon Completion	150,000	150,000
Capital Raised	4,000,000	7,000,000
Total Funds Available	4,350,000	7,350,000
Security Bond Contribution	2,500,000	2,500,000
Company's share of the obligations of SAL to fund exploration and development of Block 14	807,040	3,303,040
Expenses of the Offer	339,266	507,348
Identification and evaluation of oil and gas opportunities, administration expenditure and working capital	704,694	1,039,692
Total	**4,350,000**	**7,350,000**

Please refer to Section 3.6 of the Independent Technical Assessment Report in Section 9 for further details on the SAL's proposed exploration programmes.

Actual expenditure may differ significantly from the above estimates due to a number of factors including market conditions, the development of new opportunities, the results obtained from exploration and other factors (including the risk factors outlined in Section 12). The consideration of

6. Details of the Offer (continued)

new opportunities may result in the Company expending funds on due diligence or other acquisition costs which may not be recouped through the ultimate acquisition and/or development of the project under consideration.

Depending on the results from Block 14, there may be adjustments to the expenditure budgets in the table above.

The consideration of new opportunities may result in the Company expending funds on due diligence or other acquisition costs which may not be recouped through the ultimate acquisition and/or development of the project under consideration.

To capitalise on future opportunities and depending on the success of its activities, the Company may require debt or further equity fundraisings.

The Directors believe that the Company will have sufficient working capital to meet its business obligations, as set out in the above table, upon completion of the Offer.

6.6 Capital Structure

The capital structure of the Company following completion of the Offer is summarised below:

Fully Paid Ordinary Shares[1]	Minimum Subscription $4,000,000	Full Over Subscription $7,000,000
Shares on issue at date of Prospectus[2]	32,645,347	32,645,347
Shares to be issued pursuant to the Offer	20,000,000	35,000,000
Shares to be issued to Belliver Ltd	652,174	652,174
Total Ordinary Shares (Post Offer – Undiluted)	**53,297,521**	**68,297,521**

Notes

1 Refer to Section 14.1 for the rights and obligations attaching to the Shares.
2 The actual number of Shares Post Consolidation may vary slightly due to rounding on Consolidation.

Options	Number of Options	Exercise Price	Expiry Date
Adviser Options[1, 2]	86,957	$0.46	30 June 2014
Lead Manager Options[1]	500,000[3]	$0.25	3 years from grant date
Class A Plan Options[1, 2]	434,783	$0.46	31 December 2014
Class B Plan Options[1, 2]	434,783	$0.69	31 December 2015
Class C Plan Options[1]	2,500,000	$0.30	31 December 2016
Class D Plan Options[1]	2,500,000	$0.30	31 December 2016
Total Options	**6,456,523**		

Notes

1 Refer to Section 14.2 for the rights and obligations attaching to the Adviser Options, the Lead Manager Options, Class A Plan Options, Class B Plan Options, Class C Plan Options and Class D Plan Options.
2 The actual number of Options Post Consolidation may vary slightly due to rounding on Consolidation.
3 Based on the Minimum Subscription. In accordance with the Lead Manager Mandate, the Company shall grant Taylor Collison such number of Lead Manager Options as is equal to 2.5% of the number of Shares

6. Details of the Offer (continued)

issued under the Offer. In the event an amount greater than the Minimum Subscription is raised, the Company shall grant Taylor Collison additional Lead Manager Options in accordance with this formula up to a maximum of 875,000 Lead Manager Options in the event the full oversubscription is raised.

6.7 Substantial Shareholders

The substantial Shareholders in the Company as at the date of this Prospectus and their respective relevant interest on completion of the Offer, assuming no Shares are subscribed for by the substantial Shareholders under the Offer, are summarised below.

Substantial Holder	Current Shares (post Consolidation)	% (pre-Offer)	% (post-Offer) Minimum Subscription	% (post-Offer) Full Over Subscription
Mimo Strategies Pty Ltd <MIMO A/C>	2,331,521	7.14%	4%	3.41%
Ascent Capital Holdings Pty Ltd, Gary Steinepreis and David Steinepreis	6,819,565	20.89%	11.7%	9.99%

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares re-commencing trading on ASX.

6.8 Restricted Securities

Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules, certain Shares and Options on issue prior to the Offer, may be classified by ASX as restricted securities and may be required to be held in escrow.

6.9 Dividend Policy

The Company anticipates that significant expenditure will be incurred in the evaluation and development of the Company's projects. These activities, together with the possible acquisition of interests in other projects, are expected to dominate the two year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results, the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

6.10 Applications

Applications for Shares under this Prospectus must be made using the Application Form. Payment for the Shares must be made in full at the issue price of $0.20 per Share. Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares. Completed Application Forms and accompanying cheques must be mailed or delivered to:

6. Details of the Offer (continued)

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St. George's Terrace
Perth WA 6000

or

Computershare Investor Services Pty Limited
GPO BOX 52
Melbourne Victoria 3001
Australia

Cheques should be made payable to "**Agri Energy Limited – Share Offer Account**" and crossed "**Not Negotiable**". Completed Application Forms must reach one of the above addresses by no later than the Closing Date.

The Company reserves the right to close the Offer early.

6.11 Oversubscriptions

The Company may accept oversubscriptions of up to a further $3,000,000 through the issue of up to a further 15,000,000 Shares at an issue price of $0.20 each under the Offer. The maximum amount which may be raised under this Prospectus is therefore $7,000,000.

6.12 Allotment

Subject to ASX granting conditional approval for the Company to be admitted to the Official List and the Company raising the minimum subscription under the Offer (being 20,000,000 Shares), allotment of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date. Prior to allotment, all Application Monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of the Shares takes place, will retain any interest earned on the Application Monies.

The Directors reserve the right to allot Shares in full for any Application or to allot any lesser number or to decline any Application. Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus Application Monies will be returned by cheque to the Applicant as soon as practicable after the allotment date.

6.13 ASX Listing

The Company was suspended from Official Quotation from the date of the November General Meeting and will not be reinstated until satisfaction of the Conditions to the Offer.

In the event that the Conditions of the Offer are not achieved, including if the Company does not receive conditional approval for re-quotation on ASX, then the Company will not proceed with the Offer and will repay all Application Monies received, without interest.

6. Details of the Offer (continued)

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus (or such longer period as is permitted by the Corporations Act), the Company will not issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

6.14 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

6.15 Minimum Subscription

The minimum subscription in respect of the Offer is $4,000,000.

If the minimum subscription has not been raised within four months after the date of this Prospectus, the Company will either repay the Application Monies to Applicants or issue a supplementary or replacement prospectus to allow Applicants one month to withdraw their Application and be repaid their Application Monies. No interest will be paid on this money.

6.16 Lead Manager

Taylor Collison has been appointed as lead manager to the Offer. Refer to Section 13.8 for a summary of the terms of the Lead Manager Agreement between the Company and Taylor Collison.

6.17 Underwriter

The Offer is not underwritten.

6.18 Commissions on Application Forms

The Company reserves the right to pay a commission of 6% (exclusive of goods and services tax) of amounts subscribed to any licensed securities dealers or Australian Financial Services Licensee in respect of valid Applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian Financial Services Licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian Financial Services Licensee.

6. Details of the Offer (continued)

6.19 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement Pty Ltd (**ASXS**), a wholly owned subsidiary of ASX, in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, the Company will not issue certificates to investors. Instead, Share and Option holders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASXS will send a CHESS statement.

6.20 Forecast Financial Information

Given the speculative nature of oil and gas exploration and development and the fact the SAL is in an early stage of exploration, there are significant uncertainties associated with forecasting future revenues and expenses of the Company. On this basis and after considering Regulatory Guide 170, the Directors believe that reliable financial forecasts for the Company cannot be prepared and accordingly have not included financial forecasts in this Prospectus.

6.21 Privacy Statement

If you complete an Application for Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your Application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers; regulatory bodies, including the Australian Taxation Office; authorised securities brokers; print service providers; mail houses and the Share Registry.

You can access, correct and update the personal information that the Company holds about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form for Shares, the Company may not be able to accept or process your Application.

7. Directors and Senior Management

7.1 Director Profiles

Mr Gregory Channon (Managing Director)

Mr Channon holds a Bachelor of Science degree from the University of Adelaide and has over 25 years of upstream oil and gas experience. He has a background in geoscience, and has broad technical and commercial expertise. From 2009 to 2011, Mr Channon was based in Hong Kong as the Upstream CEO and Executive Director of Brightoil Petroleum (Holdings) Limited, a company listed on the Hong Kong Stock Exchange. Prior to 2009, Mr Channon held various management and technical roles in companies including Neon Energy Limited (ASX:NEN formerly Salinas Energy Limited), Shell New Zealand, Santos Ltd (ASX:STO) and Delhi Petroleum Pty Ltd.

Mr Dougal Ferguson (Executive Director)

Mr Ferguson has over 20 years of experience in the oil and gas sector, working in senior commercial and financial roles for both domestic and international companies. Mr Ferguson was Finance Director of Neon Energy Limited (ASX:NEN formerly Salinas Energy Limited) and was the principal driver behind the acquisition of Neon Energy Pty Ltd by Salinas Energy Limited. Mr Ferguson has also been CFO and Company Secretary for a number of successful exploration and production companies including ARC Energy Limited, Adelphi Energy Limited and Discovery Petroleum Limited, all formerly listed on ASX until being the subject of takeovers. He has also held senior roles in London working for both London Stock Exchange listed Premier Oil plc and New York Stock Exchange listed Hess Corporation. Mr Ferguson brings a range of capital markets, commercial, financial and technical knowledge to the business.

Mr Patrick Burke (Non-executive Director)

Patrick Burke holds a Bachelor of Laws degree from the University of Western Australia. He has approximately 20 years of experience working in law firms and companies in Australia and Ireland. His expertise is in corporate, commercial and securities law with an emphasis on capital raisings and mergers and acquisitions. He contributes general corporate and legal skills along with a strong knowledge of the Australian Securities Exchange requirements. Mr Burke is currently non-executive director of Monto Minerals Limited (ASX:MOO), WAG Limited (ASX:WAG), Minerals Corporation Limited (ASX:MSC) and AAQ Holdings Limited (ASX:AAQ).

Mr Keith Coughlan (Non-executive Director)

Keith Coughlan has over 25 years experience in stockbroking and funds management. He has been largely involved with the funding and promoting of resources companies. He also has had experience in funds management with one of Australia's then largest fund managers, National Mutual Asset Management Ltd, a subsidiary of National Mutual.

7. Directors and Senior Management (continued)

7.2 Interests of Directors in the Company's Securities

Directors are not required under the Company's Constitution to hold any Shares. As at the date of this Prospectus, the Directors have relevant interests in the Company's securities as set out in the table below:

Director	Shares	Options
Mr Greg Channon	1,739,130[1]	2,434,782[2,3]
Mr Dougal Ferguson	1,739,130[1]	2,434,782[2,3]
Mr Patrick Burke	673,913	1,000,000[4]
Mr Keith Coughlan[5]	Nil	Nil

Notes

1 869,565 of these Shares were issued pursuant to the AAE Employee Share Plan. Refer to Section 14.3 for details of the terms of the AAE Employee Share Plan.

2 Mr Channon and Mr Ferguson each hold 217,391 Plan A Options vesting on 23 December 2012 with an exercise price of $0.46 exercisable on or before 31 December 2014 and 217,391 Plan B Options vesting on 23 December 2013 with an exercise price of $0.69 exercisable on or before 31 December 2015.

3 Mr Channon and Mr Ferguson, pursuant to Shareholder approval obtained at the November General Meeting, will be granted 1,000,000 Plan C Options vesting on 30 November 2014 with an exercise price of $0.30 exercisable on or before 31 December 2016 and 1,000,000 Plan D Options vesting on 30 November 2015 with an exercise price of $0.30 exercisable on or before 31 December 2017.

4 Mr Burke, pursuant to Shareholder approval obtained at the November General Meeting, will be granted 500,000 Plan C Options vesting on 30 November 2014 with an exercise price of $0.30 exercisable on or before 31 December 2016 and 500,000 Plan D Options vesting on 30 November 2015 with an exercise price of $0.30 exercisable on or before 31 December 2017.

5 Mr Keith Coughlan's appointment as a director of the Company is subject to the Company's re-compliance with Chapters 1 and 2 of the Listing Rules and re-admission on ASX.

7.3 Remuneration of Directors

The Constitution provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting of Shareholders. The aggregate remuneration for Non-Executive Directors has been set at an amount not to exceed $250,000 per annum.

The remuneration of Executive Directors will be fixed by the Directors and may be paid by way of fixed salary or consultancy fee.

The annual remuneration (inclusive of superannuation) payable to each of the Directors as at the date of this Prospectus is as follows:

7. Directors and Senior Management (continued)

Director	Annual Remuneration
Mr Greg Channon	$200,000
Mr Dougal Ferguson	$200,000
Mr Patrick Burke	$36,000
Mr Keith Coughlan[1]	$36,000

Note
1 Mr Keith Coughlan's appointment as a director of the Company is subject to the Company's re-compliance with Chapters 1 and 2 of the Listing Rules and re-admission on ASX.

For details of the Directors' interests in securities in the Company refer to Section 7.2 above.

7.4 Senior Management and Consultant Profiles

Dr Michael Earle – President, African Region, SAL

Dr Earle is a petroleum geologist with 28 years' experience. He holds a PhD in geology from the University of London. He has worked for private companies, listed energy and petroleum independents, and majors including BP, Hess Corporation and OMV. Over his career he has worked in North Africa (including Sudan, Libya and Egypt), Middle East, South East Asia and Europe.

During the 1990's, Dr Earle worked as Exploration Manager for LASMO plc and participated in oil discoveries in the Murzuq Basin in Libya which is considered an analogue for the Mourdi sub basin predicted to be present in Block 14. His geoscience and commercial skills, together with his experience in operating in North Africa are of great significance to the Company.

7.5 Agreements with Directors, Senior Management or Related Parties

(a) **Executive Service Agreement – Mr Greg Channon**

The Company has entered into an agreement to engage Mr Channon as Managing Director of the Company. Mr Channon receives annual remuneration of $200,000 and has, to date, received 869,565 Shares (post Consolidation) under the AAE Employee Share Plan and 217,391 Plan A Options and 217,391 Plan B Options (post Consolidation) under the AAE Employee Option Plan. At the November General Meeting, Shareholders approved the grant to Mr Channon of 1,000,000 Plan C Options and 1,000,000 Plan D Options (post Consolidation) under the Company's Employee Option Plan.

Further details in respect to the terms and conditions of Mr Channon's Executive Service Agreement are outlined in Section 13.5.

(b) **Executive Service Agreement – Mr Dougal Ferguson**

The Company has entered into an agreement to engage Mr Ferguson as Finance Director of the Company. Mr Ferguson receives annual remuneration of $200,000 and has, to date, received 869,565 Shares (post Consolidation) under the AAE Employee Share Plan and 217,391 Plan A Options and 217,391 Plan B Options (post Consolidation) under the AAE Employee Option Plan. At the November General Meeting, Shareholders approved the grant to Mr Ferguson of 1,000,000 Plan C

Options and 1,000,000 Plan D Options (post Consolidation) under the Company's Employee Option Plan.

Further details in respect to the terms and conditions of Mr Ferguson's Executive Service Agreement are outlined in Section 13.6.

(c) **Deeds of indemnity, insurance and access**

The Company is party to a deed of indemnity, insurance and access with Mr Patrick Burke and intends to enter into a deed of indemnity, insurance and access with each of Mr Gregory Channon, Mr Dougal Ferguson and Mr Keith Coughlan. Under these deeds, the Company indemnifies, or will indemnify, each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting as a director of the Company. The Company is also required, or will also be required, to maintain insurance policies for the benefit of the relevant Director and must also allow the Directors to inspect board papers in certain circumstances.

7.6 Corporate Governance

The primary responsibility of the Board is to represent and advance Shareholders' interests and to protect the interests of stakeholders. To fulfil this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Details of the composition of the Board are set out in Section 7.1.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability.

The Company seeks to follow the best practice recommendations for listed companies as outlined in ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations where appropriate for its size and the complexity of its operations. The Company considers that its present size and scope of activities do not justify the establishment of any special or separate Board committees, including audit, remuneration or nomination committees, preferring at this stage to manage the Company through the full Board of Directors.

As the Company's activities increase in size, scope and/or nature the Company's corporate governance principles will be reviewed by the Board and amended as appropriate.

8. Company and Project Overview

8.1 Company Overview

On 10 September 2012 the Company announced that it had signed a letter agreement (**Letter Agreement**) with Canadian listed Statesman Resources Limited (TSX-V:SRR) (**Statesman**) to jointly pursue oil and gas opportunities in Africa. Pursuant to the Letter Agreement, the Company has a right, subject to re-compliance with Chapters 1 and 2 of the Listing Rules, to a 49.9% shareholding in SAL. A wholly owned subsidiary of SAL, Statesman BVI, has recently been awarded a 75% working interest[4] in the 100,000 km^2 Block 14 in north west Sudan (**Sudan JV**).

Under the terms of the Letter Agreement, the Company will fund its 49.9% share of the costs of the activities of SAL, including but not limited to the minimum work program for Block 14. The minimum expenditure over the first three year term of the Exploration Production Sharing Agreement for Block 14 (**EPSA**) is US$12 million, with the Company's contribution being approximately US$5 million. The Company has provided a loan of US$800,000 to SAL being approximately 50% of the signing payment required to be made by Statesman BVI to the Government of Sudan on grant of the EPSA.

The Letter Agreement provides for the Company and Statesman to jointly pursue other oil and gas opportunities in Africa which gives the Company the opportunity to leverage off Statesman's operating capability and contacts in Africa. The Company considers the growing international interest in African oil and gas activity as a key growth area for the Company and by entering the Agreement with Statesman, provides it with access to significant opportunities in the region. The agreement to jointly pursue opportunities in Africa is for an initial period of 12 months from 10 September 2012.

Statesman is a conventional, onshore oil and gas exploration company and operator listed on the TSX Venture Exchange. Statesman is focused on the African continent and in particular Block 14 in Sudan. In addition to Block 14, Statesman also maintains interests in a North American oil and gas project in Kansas. The Reichel Gas Project is located in the Central Kansas Uplift. Statesman has a 75% working interest (60% net revenue interest) in 3 wells in the field. Gross sales volumes for the fiscal year 1 April 2011 to 31 March 2012 were 40 million cubic feet of gas.

Mr Greg Channon and Mr Dougal Ferguson, who are Directors of the Company, are also directors of Statesman.

The Company has for the past ten years been engaged in the development of ethanol projects in Australia and overseas. Following completion of the Acquisition, the Company intends to focus on Block 14 and will conduct a strategic review in order to maximize the possible value from its existing ethanol projects which may include either continuing with development or disposal of the projects.

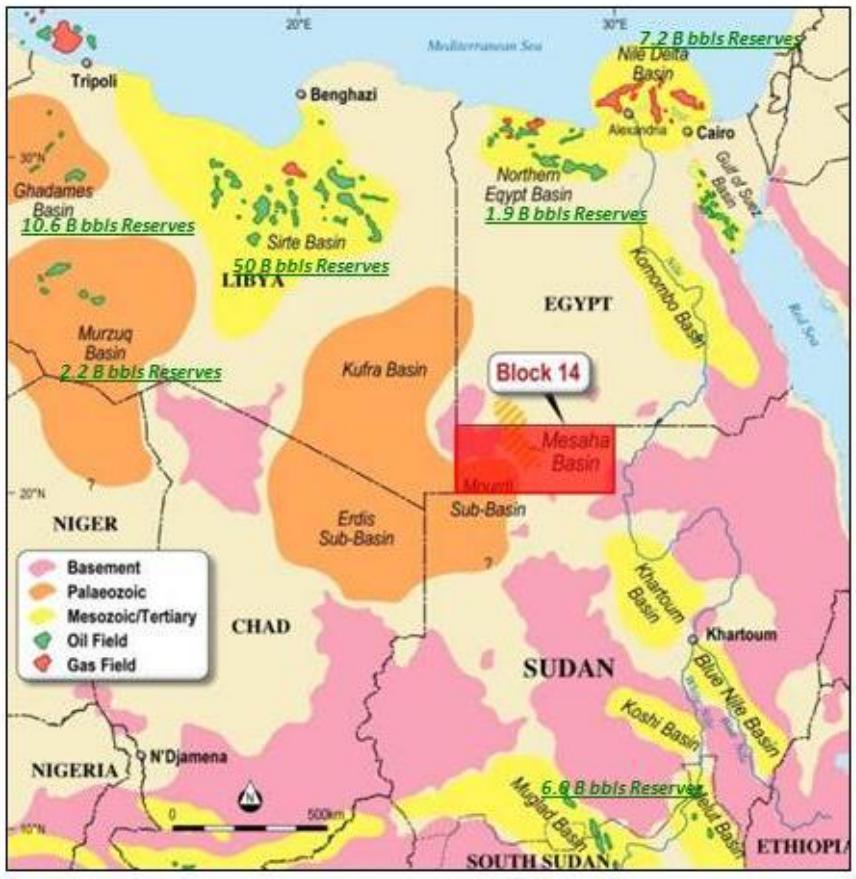
[4] Refer to paragraph 11 of the Annexure to the Independent Title Report in Section 11 for a summary of production sharing arrangements pursuant to the EPSA.

8. Company and Project Overview (continued)

8.2 Overview of Block 14

Project Location

Block 14 is situated in the remote and uninhabited northwest corner of Sudan, directly adjacent the border with Egypt and Libya. It is approximately 100,000 km^2 in area, and is underexplored, with partial gravity coverage and only 1,200km of vintage seismic within the block. The block is in the heart of the north eastern Africa oil province with Egypt and Libya, to the north and northwest respectively, containing a multi-billion barrel reserve base and a long history of prolific production.



Prior to the separation of North and South Sudan in 2011, total reserves were in excess of 6 billion barrels, and production was almost 500,000 barrels of oil per day (BOPD). Sudan announced on the 12th of November 2012, post separation, that its oil reserves were now 762 MMbbls, and current production was 120,000 BOPD.

Historical Information

Oil companies first commenced exploration in northwest Sudan in the 1950s. Exploration efforts were intermittent, and no wells were drilled in the region until 2012, when an exploration well was drilled immediately to the south of Block 14 in Block 12A. In early November 2012, the first exploration well was spud in the Mesaha Basin on the Egyptian (northern) side of the basin.

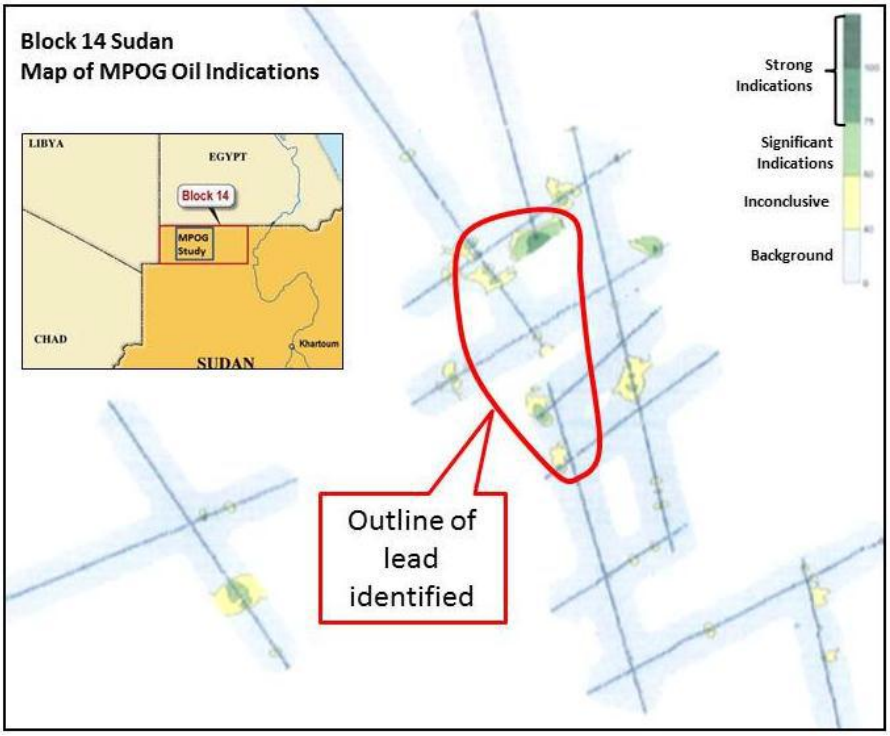
8. Company and Project Overview (continued)

The exploration history of the region can be outlined as follows:

- 1959 Shell-BP carried out a 5-month reconnaissance geological survey
- 1968 Conoco acquired an aeromagnetic survey
- 1984-90 GRAS and Robertson Research conducted a joint mapping program and assessment of hydrocarbon prospectivity, including the reinterpretation of gravity data acquired by Getech (UK) and the production of a set of geological maps
- 1998-99 OEPA and Petronas conducted a joint evaluation of the hydrocarbon prospectivity of Block 12 and Block 14 (a total of 646,500 km^2), including reinterpretation of gravity and magnetic data. Fieldwork traverses were made, but did not extend into the present contract area of Block 14.
- 2005-08 PetroSA signed an EPSA for Block 14 and acquired airborne gravity and magnetic data, seismic data, and collected samples for the detection of hydrocarbons near the surface.
- 2012 Statesman BVI and Express Petroleum signed an EPSA for Block 14. The agreed minimum work program includes seismic data acquisition and drilling one exploration well.

The previous operator in Block 14, Salima Petroleum Operating Company, which was operated by PetroSA, is understood to have spent more than US$15 million on acquiring data including ground and airborne gravity surveys, aero-magnetics surveys, 1,200km of 2D seismic data, microbiological prospecting for oil and gas (MPOG) studies, as well as field and laboratory studies.

The MPOG sampling survey by MicroPro GmbH was undertaken in Block 14 in 2008. Borehole soil samples were taken at 1,089 locations in Block 14 and the report concluded “high indication values at several stations prove the principle occurrence and potential activity of hydrocarbon oxidizing bacteria.” The highest readings in Block 14 occur immediately above the largest lead identified within the block.



8. Company and Project Overview (continued)

MPOG exploration technology is based on the detection of significant populations of specific hydrocarbon degrading micro-organisms in shallow soil samples (up to 4 metres below the surface). Hydrocarbon leakage from oil and gas traps migrates to the surface and promotes the development of hydrocarbon oxidizing bacteria. The detection of microbial anomalies indicates a corresponding hydrocarbon signature deeper underground. The identification of these anomalies is the first real indication that an effective petroleum system could be present in Block 14 and may reduce Block 14's critical risk of the presence and maturity of source rocks.

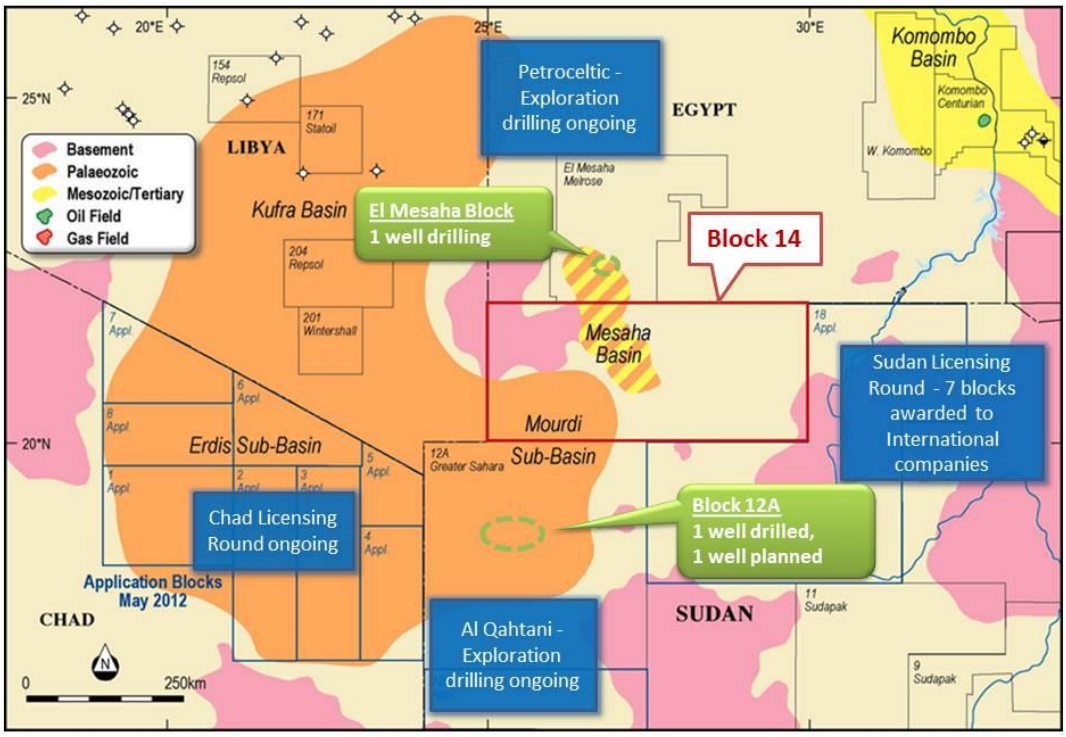
Neighbouring Exploration Activity

The region surrounding Block 14 is currently experiencing a high level of exploration activity.

An exploration well has been drilled in Block 12A (operated by the Greater Sahara Operating Company, led by the Al Qhatani Group), which borders Block 14, approximately 150km south. The well, Sahara-1, is the first exploration well drilled in the Mourdi Sub-basin. It is understood the Block 12A Joint Venture will drill a second exploration well in the coming year.

In Egypt, immediately to the north of Block 14, Petroceltic International plc and partners, Beach Energy Limited, Hellenic and Kufpec have spud an exploration well in the El Mesaha Block. Mesaha-1, spud at the end of October 2012, is the first well to be drilled in the Mesaha Graben, and is designed to test the stratigraphic section on the flank of a large structure identified from recent 2D seismic data.

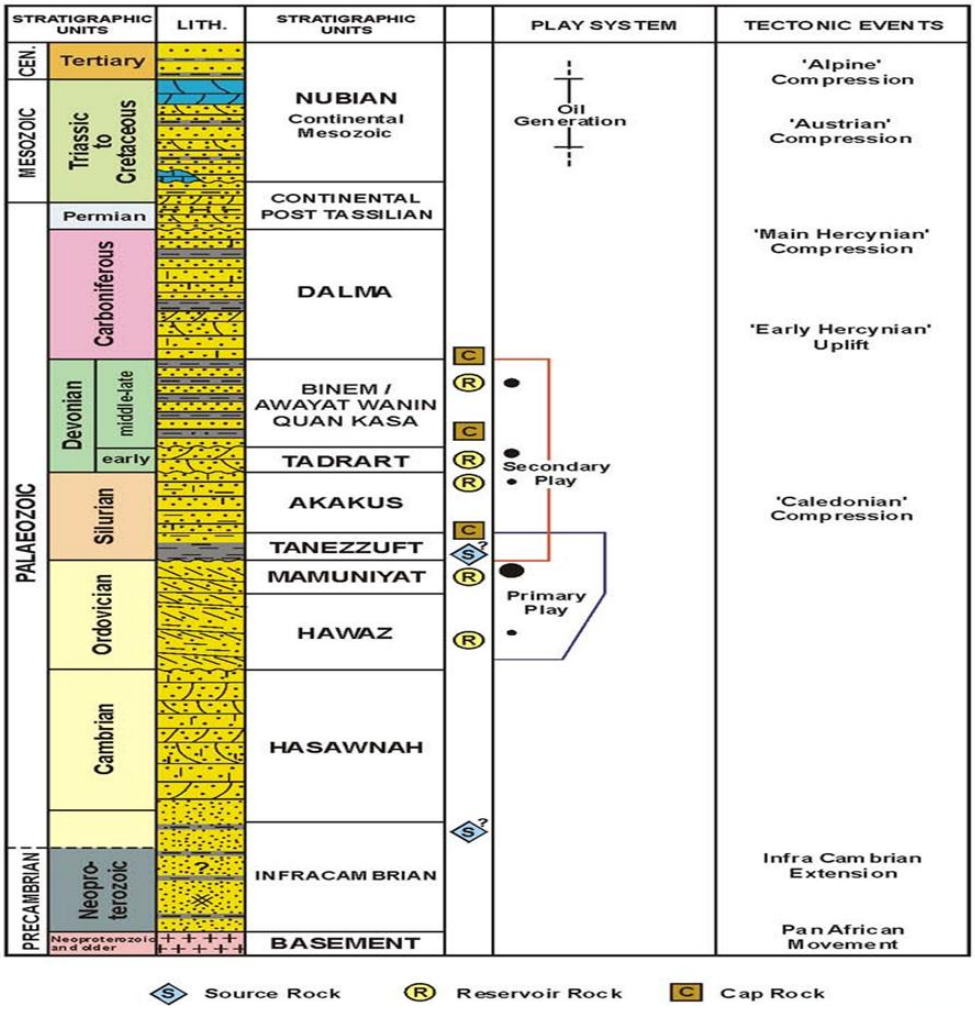
Any further positive information from these drilling campaigns could have significant impact on the prospectivity of Block 14.



8. Company and Project Overview (continued)

Block 14 Prospectivity

The prospectivity of Block 14 is defined by two deep unexplored sub-basins, the Mourdi and Mesaha. The Mourdi and Mesaha sub-basins show an affinity with the Kufra, Murzuq and Ghadames Basins in Libya. The Murzuq Basin to the north-west contains 2.2 billion barrels of reserves, while the Ghadames holds 10.6 billion barrels of reserves. The Kufra Basin to the northwest is still in the early stages of exploration and no commercial discoveries have been made as yet.



Trap Types

The region around Block 14 has a complex structural history, and is predicted to have a range of structural styles and trap types. In Block 14, existing seismic data indicates good potential for structural traps. The Mourdi sub-basin appears as a sag basin, similar to the Kufra in the Chad and Libyan sectors, with gentle rollovers and faulted anticlines. The Mesaha sub-basin is more characteristic of a "pull apart" basin and is notably more structured than the Mourdi, indicating greater potential for fault traps and tilted fault blocks with higher vertical relief.

Source

Existing data suggests the Silurian Tanezzuft Shales, (which are the source rocks in the Murzuq and Ghadames Basins respectively) may be present and mature within the block. In the Murzuq Basin,

8. Company and Project Overview (continued)

the Tanezzuft Shale is highly developed, and is some 30 times richer than in the wider region. Well data in the Murzuq Basin indicates thicknesses of 10-20m of a rich, oil prone (type II) source, with TOC's (Total Organic Carbon) in excess of 10%.

The presence and maturity of source rocks within Block 14 represents the key risk to prospectivity.

Reservoir

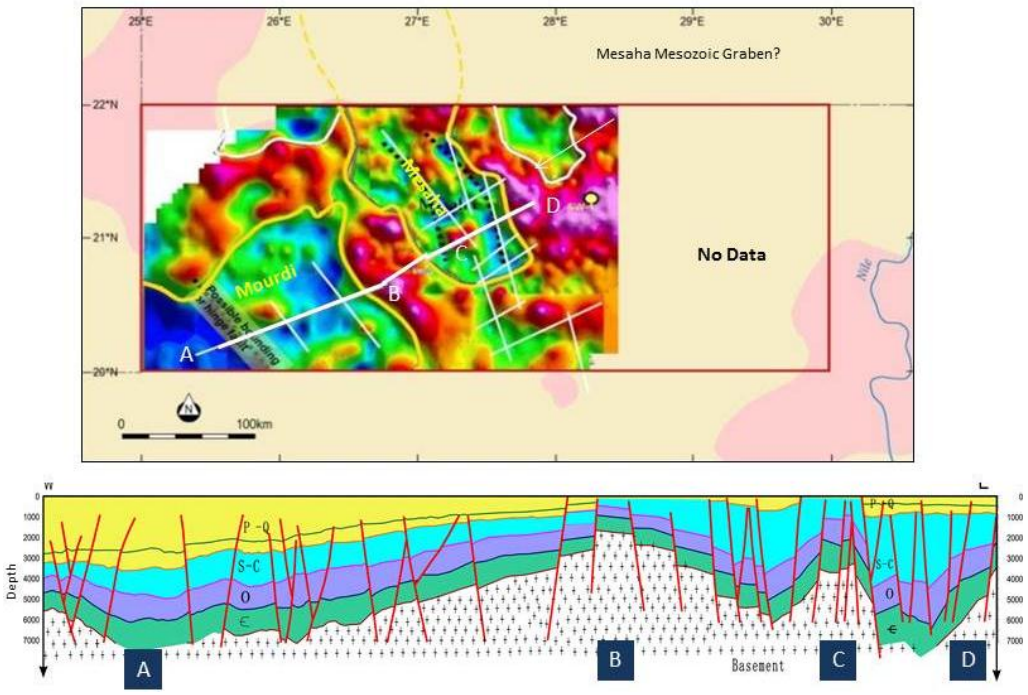
The predicted reservoir targets are expected to Cambro-Ordovician, Silurian and Devonian in age. Cambro-Ordovician Sandstones are believed to be well developed with a substantial thickness within the greater Kufra Basin. Good porosity and permeability characteristics are predicted in Block 14, based on intersection in the Libyan sector of the Kufra Basin. Silurian and Devonian Reservoirs are also likely to be developed in the region.

Seal

The main seal units are predicted to be the Silurian Tanezzuft Shale, which are also the primary source rocks in region. The shale is recognised as an effective top seal, although lateral seal could be a risk in fault traps where throw exceeds thickness of the Tanezzuft.

Exploration Potential

The existing seismic and gravity data in Block 14 has identified a number of plays and leads. These plays and leads will be evaluated technically in the upcoming Year 1 Technical work program and all leads require further technical work and additional seismic data before they are mature for drilling. If the prospective plays are proven by drilling and hydrocarbons are found in the greater region, then the upside potential of the block is very considerable.



8. Company and Project Overview (continued)

An independent consultant, Senergy (GB) Limited (Senergy), who undertook a Competent Persons Report (CPR) over the block, has validated the exploration potential of Block 14.

The CPR concluded there is potential in Block 14 for a portfolio of prospects that could have a gross unrisked total prospective resource of 1.5 billion barrels.[5] This prospective resource is based on 30 potential traps containing a best estimate of 50 million barrels each. The study identified the gross resource range of each trap to be from 20 million barrels (low or P_{90}) to 200 million barrels (high or P_{10}) each, with the best estimate being 50 million barrels.

Estimated number of potential traps	30
Best Estimate of trap size	50 MMbbls
Gross unrisked prospective resource	1,500 MMbbls[5]

For the purposes of the report, and based on the current limited dataset, Senergy has determined Block 14 to be frontier but potentially high reward hydrocarbon exploration acreage. The CPR considers the chance of success to be 4.5% (1 in 22) based on the limited data, however, Senergy notes that there is significant scope to reduce risk during the planned exploration phase. Technical de-risking through the planned seismic acquisition and lead and prospect mapping could increase the chance of success to 7-8% (1 in 12.5) pre-drilling. The CPR concludes that if a petroleum system is proven by nearby drilling in the Mourdi or Mesaha Sub-basins, the chance of success could increase to about 30% or 1 in 3.3. The overall historical chance of success in the Murzuq Basin is greater than 40%.

8.3 Exploration Program and Budget

The work program and budget for the 12 months from 1 January 2013 to 31 December 2013 is set out in the table below. This period covers the second half of the Year 1 and the first half of Year 2 according to the EPSA. The budget has been prepared on a minimum and maximum basis.

[5] These are un-discovered Play assessed Prospective Resources stated on a gross basis: Prospective Resources are defined as quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations. Undiscovered accumulations are evaluated according to their chance of discovery, and assuming a discovery, the range of potential recovery under hypothetical development scenarios.

8. Company and Project Overview (continued)

2013 Work Programme and Projects[6]	Minimum Expenditure Gross Cost US$	Minimum Expenditure Net to Agri @41.6% US$	Maximum Expenditure Gross Cost US$	Maximum Expenditure Net to Agri @41.6% US$
Compile Geological and Geophysical Database	40,000	16,640	40,000	16,640
Reprocess Existing Data[7]	300,000	124,800	300,000	124,800
Stratigraphic and Structural Framework	50,000	20,800	50,000	20,800
Regional Hydrocarbon Prospectivity and Field Review	50,000	20,800	50,000	20,800
Petroleum Systems and Play Analysis	50,000	20,800	50,000	20,800
Source Rock and Basin Modelling	50,000	20,800	50,000	20,800
Paleogeographic Studies and Reservoir Prediction	50,000	20,800	50,000	20,800
High Resolution Aero-Gravity Acquisition[8]	1,350,000	561,600	1,350,000	561,600
2D Seismic Acquisition[9]	-	-	6,000,000	2,496,000
Total	**1,940,000**	**807,040**	**7,940,000**	**3,303,040**

8.4 Other Projects

In addition to Block 14, the Company has been actively evaluating new acquisition and joint venture opportunities in the oil and gas sector in Africa. Evaluation of these new projects is at an early stage and has not yet been concluded. The Company has not yet entered into any agreements in respect of these projects and there is no guarantee that it will do so in the future.

[6] Project costs only. Does not include G&A costs.
[7] Excludes interpretation costs.
[8] Subject to availability and results of the seismic reprocessing and interpretation. Size of survey yet to be determined.
[9] 2D seismic acquisition may be part acquired in 2013.

9. Independent Technical Assessment Report

Prospective Resources Assessment of the Assets of Agri Energy Ltd in Block 14, Republic of the Sudan

Competent Persons Report

Conducted for

Agri Energy Ltd

By

Martin Eales

Jim Scallon

Final

K12AGR002P

November 2012

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(A subsidiary of Senergy Oil & Gas Limited)
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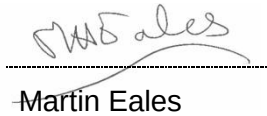
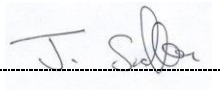
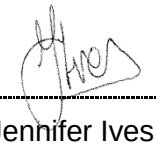
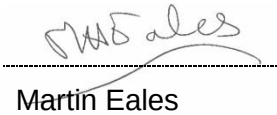
Author	 Martin Eales
Technical Audit	 Jim Scallon
Quality Audit	 Jennifer Ives
Release to Client	 Martin Eales
Date Released	29th November 2012

Senergy has made every effort to ensure that the interpretations, conclusions and recommendations presented herein are accurate and reliable in accordance with good industry practice and its own quality management procedures. Senergy does not, however, guarantee the correctness of any such interpretations and shall not be liable or responsible for any loss, costs, damages or expenses incurred or sustained by anyone resulting from any interpretation or recommendation made by any of its officers, agents or employees.

Greg Channon
Agri Energy Ltd
Level 8, 225 St Georges Terrace
Perth Western Australia 6000

29th November 2012

Dear Sirs,

In accordance with the instructions of the Directors of Agri Energy Limited (Agri, AAE or "the Company"), Senergy (GB) Limited (Senergy) has reviewed a portfolio of assets currently held by the Company in the Block 14, in the Republic of the Sudan. The block is undrilled and the assets evaluated comprise a portfolio of exploration leads.

This report is to be included in a prospectus to be issued by the Company for an offer of 20,000,000 Shares at an issue price of $0.20 each to raise up to $4,000,000 (Prospectus). Oversubscriptions of up to a further 15,000,000 Shares at an issue price of $0.20 each to raise up to an additional $3,000,000 may be accepted. The Company proposes to lodge the Prospectus with the Australian Securities and Investment Commission and Australian Securities Exchange (ASX) on or about 30 November 2012.

We were requested to provide an independent evaluation of the recoverable hydrocarbons expected for each asset categorised in accordance with the 2007 Petroleum Resources Management System (PRMS) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE). The results of this work have been presented in accordance with the requirements of the ASX Market of the Australian Stock Exchange and AIM Market of the London Stock Exchange, in particular as described in the "Note for Mining and Oil and Gas Companies - June 2009".

Recoverable volumes are expressed as gross and net prospective resources. Gross resources are defined as the total estimated petroleum that could be produced in the event of exploration success. Net resources are defined as that portion of the gross resources attributable to the interests owned by the Company.

Standard geological and engineering techniques accepted by the petroleum industry were used in estimating recoverable hydrocarbons. These techniques rely on engineering and geo-scientific interpretation and judgement; hence the resources included in this evaluation are estimates only and should not be construed to be exact quantities. It should be recognised that such estimates of hydrocarbon resources may increase or decrease in future if there are changes to the technical interpretation, economic criteria or regulatory requirements. As far as Senergy is aware there are no special factors that would affect the operation of the assets and which would require additional information for their proper appraisal.

The content of this report and our estimates of resources are based on data provided to us by the Company. Senergy confirm that to our knowledge there has been no material change of circumstances or available information since the report was compiled.

We acknowledge that this report may be included in its entirety, or portions of this report summarised, in documents prepared by the Company and its advisers in connection with commercial or financial activities and that such documents, together with this report, may be filed with any stock exchange and other regulatory body and may be published electronically on websites accessible by the public, including a website of the Company.

Executive Summary

This report comprises an independent evaluation of the potential recoverable hydrocarbon prospective resources attributable to Agri Limited interests in Block 14 in the Republic of the Sudan. The block was awarded in July 2012 to a Group including Statesman Resources Limited as the Operator with 75% working interest. Agri has entered into an agreement pursuant to which Agri has a right, subject to re-compliance with Chapters 1 and 2 of the Listing Rules of the ASX, to a 49.9% shareholding in the parent company of Statesman to give them a working interest in the licence of 37.4%.

The licence was previously held by the Salima Operating Company (comprising PetroSA 80% and Sudapet 20%) who undertook regional geological studies and acquired approximately 1,200 km of seismic in addition to gravity and magnetic data. Senergy (GB) Limited (Senergy) has reviewed the prospectivity of the block based on this data supplied by Agri.

Block 14 is located in the under-explored Kufra Basin of Sudan, and is considered as frontier acreage for hydrocarbon exploration as no hydrocarbons have yet been discovered and no wells have yet been drilled on the block. The project is at the earlier maturity stage of play/lead definition according to the Petroleum Reservoir Management System (PRMS[1]) definitions. Consequently a play[2] level evaluation has been used by Senergy to assess the conceptual resource potential of Block 14. Senergy considers the current seismic database to be adequate for the definition of structural style and play assessment. The acquisition of new seismic data is planned in 2013 in order to move the project forward to a prospect definition and drilling stage.

The potential exploration plays in Block 14 are considered to be analogous to the proven Palaeozoic Play in the Murzuq basin in southwestern Libya that has already proven reserves of over 1.5 billion barrels of oil including the giant Elephant (El Feel) Field. The acreage is therefore high risk but also has potentially high reward. Our assessment concludes that there is potential to identify a portfolio of around 30 prospects in this type of basin setting and that a portfolio of this size could have a gross un-risked arithmetically summed total prospective resource potential of over 1.5 billion barrels of oil[3].

Regional Setting

[1] PRMS is the industry standard guideline basis for our evaluation.

[2] A Play is the first or most basic stage of a project under PRMS guidelines and definitions. A Play level assessment is appropriate for an exploration project where there is limited data and in particular where the seismic data and interpretation are insufficient to confidently map the presence of prospects and leads that can be individually assessed for their resource size potential.

[3] These are un-discovered Play assessed Prospective Resources stated on a gross basis: Prospective Resources are defined as quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations. Undiscovered accumulations are evaluated accordingly to their chance of discovery, and assuming a discovery, the range of potential recovery under hypothetical development scenarios

The Kufra basin is a vast, Palaeozoic intracratonic sag basin in excess of 400,000 km^2 situated in southeastern Libya and extending into northeastern Chad ('Erdis Basin') and into northwestern Sudan where it is called the Mourdi Basin. The basin is around 4,000 - 5,000 m deep in the depocentres and the sedimentary fill consists essentially of Palaeozoic and Mesozoic clastics deposited in continental and shallow marine environments. The basin has been little explored because of its remoteness as it lies over 450 km from the nearest oil infrastructure and the very few wells drilled in the northern extent of the vast basin have been dry.

The block includes parts of the prospective Mourdi and Mesaha sub-basins that are genetically related to the large Kufra Basin. The Mourdi is directly connected to the Kufra Basin while the Mesaha is separated by an intervening basement high.

The Kufra Basin is geologically very similar to the Murzuq Basin in southwestern Libya where recently there have been several major oil discoveries. Most of the hydrocarbon play elements identified in the Murzuq Basin are present in the Kufra: thick, porous Cambro-Ordovician sandstones provide excellent potential reservoirs, Lower Silurian shales should act as effective potential seals, and structural traps exist in seismically defined fault blocks and dip closures. The Lower Silurian Tanezzuft shale source rock, which is so prolific throughout the North African region, is currently unproven and its presence is critical to understanding the overall potential of the basin. However there are reports of possible outcrops of these shale source rocks in Chad. There are also analogies with the prolific Ghadames Basin which lies to the west of the Murzuq Basin in Algeria Libya and Tunisia. Giant oil fields are found in the Lower Palaeozoic reservoirs and the Devonian play is also very prospective with large hydrocarbon accumulations.

Regional Exploration History & Block 14 Future Plans

The initial phase of exploration and deep drilling in the Kufra Basin occurred nearly 35 years ago when Eni/Agip drilled two wells in the Libyan sector between 1978 and 1981. Exploration was resumed in the 2000's as acreage was awarded in Libya, Chad and Sudan. This activity led to some limited drilling in the Libyan Kufra, for example by Repsol and Wintershall, although without success. Recent acreage awards, including the promotion of bidding rounds in the Sudan and Chad, has led to further activity and the area is now poised for a further stage of exploration drilling. Supporting this phase will require modern seismic data, in addition to gravity, magnetic and geochemical surveys to identify prospective hydrocarbon traps to drill. Well Sahara-1 in Block 12A, which is adjacent to the southern boundary of Block 14, was drilled in 2012 and has reported to have encountered oil shows; Melrose are planning a well to the north of Block 14 in Egypt. Agri is planning the first phase of modern seismic data acquisition on Block 14 in 2013 with a view to drilling in 2014/2015.

Prospective Resource Size Estimates

The existing reconnaissance seismic data in Block 14 indicates that there is good potential for large structural traps and Salima, the previous operator, identified many leads. The block area is very large consisting of nearly 100,000 km^2 (equivalent to over 16 North Sea quadrants). If the prospective plays are proven by drilling and hydrocarbons are found in the area then the upside potential of the block is very considerable.

The reconnaissance seismic grid is inadequate to detail the potential closures as the identified leads are defined on only 1 or 2 lines. More leads have been mapped in the

Mesaha than the Mourdi, but this is mainly a consequence of the greater kilometres of seismic acquired. The quantified assessment of resource potential in Block 14 is restricted by the database limitations. Senergy has estimated the resource potential from its regional knowledge of the area including the Kufra Basin, and analogue basins such as the Murzuq Basin, using publications and data supplied by Agri. There is, in our view, significant resource potential, but the database is currently inadequate for us to quantify individual prospects. The project is at the earlier maturity stage of play/lead definition according to the PRMS definitions. Consequently a play level evaluation has been used by Senergy to assess the conceptual resource potential of Block 14. We have used a more generic approach for estimating the conceptual potential of these prospective opportunities based on play type, structural styles and analogues with the adjacent Murzuq Basin where large to giant fields have been discovered and developed.

The number and size range given below for potential traps in Block 14 in the Mourdi and Mesaha sub-basins are based on similar structural styles and trap density in the Murzuq Basin. The potential in the smaller sub-basins in the east of Block 14, currently identified only on gravity data, has not been included.

Sub Basin Type	Gross Resource Range (MMbo)	Risk Category	Number of Potential traps[4]
Mourdi	20 to 200	High	20
Mesaha	20-to 200	High	10

Table S1: Block 14 Palaeozoic Play Gross Resource Assessment

If the play is proven by an exploration well then the potential of Block 14 can be significant. Assuming approximately 30 potential traps and an average of over 50 MMbo for each trap, the total unrisked prospective resources for Block 14 could be over 1.5 billion barrels of oil[5].

The risk is high and a chance of success of 4.5% is estimated based on the current data. If the play is proven in the area by drilling, then the risk will be reduced substantially. Lead resource and risk assessment is a data-driven process and lack of data is reflected in increased risk and a wider resource size range. Consequently we would expect new data and studies to significantly reduce both the risk and uncertainty for the potential traps. It is possible that new seismic will eliminate many of the leads mapped and reduce risk and potential volumes for others. The current seismic data only covers a small part of the prospective acreage in the block. Additional seismic data would also be expected to result in the identification of many other potential traps. Agri is planning a new 2D seismic data acquisition of around 1,000 km during 2013 to firm up some of the leads.

Resource ranges have been calculated for a single phase liquid, although it is recognised that this may be a simplification. Although, the main phase is expected to be oil, the hydrocarbon phase is uncertain and the gas risk is included in the risk factor assessment.

[4] The estimated number of structural traps that are predicted to be identified in this structural setting from extensive good quality seismic data coverage, is likely to be in the range of 20 in the Mourdi and 10 in the Mesaha.

[5] These are un-discovered Play assessed Prospective Resources stated on a gross basis: Prospective Resources are defined as quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations. Undiscovered accumulations are evaluated accordingly to their chance of discovery, and assuming a discovery, the range of potential recovery under hypothetical development scenarios

The prospects and leads belong to a variety of "play categories" which share aspects of trap type, reservoir target and hydrocarbon charge mechanism in common. Success in one prospect in a play in each sub-basin would significantly reduce the risk of other prospects and leads in the same sub-basin and play type.

These are indicative estimates of the gross potential that, in our opinion, it would be reasonable to expect should a lead mature into a prospect with the benefit of modern seismic data. The estimates represent an opinion based on an incomplete dataset existing over the whole of the block.

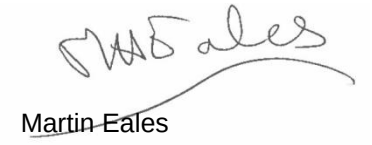
Professional Qualifications

Senergy (GB) Limited (Senergy) is a privately owned independent consulting company established in 1990, with offices in Aberdeen, London, Stavanger, Abu Dhabi, Perth and Kuala Lumpur. The company specialises in petroleum reservoir engineering, geology and geophysics and petroleum economics. All of these services are supplied under an accredited ISO9001 quality assurance system. Except for the provision of professional services on a fee basis, Senergy has no commercial arrangement with any person or company involved in the interest that is the subject of this report.

Martin Eales is a Principal Geophysicist for Senergy (GB) Limited and was responsible for supervising this evaluation. He has bachelors and doctorate degrees in geology from the Universities of Cambridge and Glasgow. He is a professional geophysicist with over 30 years of oil industry experience gained working on a wide variety of fields in major international companies and within Senergy. He has extensive experience in North Africa including the Murzuq and Kufra Basins. He is a Fellow of the Geological Society, the European Association of Geoscientists & Engineers (EAGE) and a member of the Petroleum Exploration Society of Great Britain.

This report is based on information compiled by Martin Eales from data supplied by Agri. Mr Eales has sufficient experience that is relevant to the style of hydrocarbon resource and type of deposit under consideration and to the activities which he is undertaking. Mr Eales consents to the inclusion in this report of matters based on this information in the form and context in which it appears.

Yours faithfully,



Martin Eales

Head of Exploration and Principal Geoscientist Consultant
For and on behalf of Senergy (GB) Limited

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1 Introduction

This report comprises an independent evaluation of the potential recoverable hydrocarbon prospective resources attributable to Agri Energy Limited (Agri, AAE or "the Company") interests in Block 14 in the Republic of the Sudan (**Figure 1.1**). The block was awarded in July 2012 to a Group consisting of Statesman Resources Limited as Operator with 75% working interest. Agri has entered into an agreement pursuant to which Agri has a right, subject to re-compliance with Chapters 1 and 2 of the Listing Rules of the ASX, to a 49.9% shareholding in the parent company of Statesman to give them a 37.4% working interest in the licence.

Senergy (GB) Limited (Senergy) was requested by Agri to provide an independent evaluation of the hydrocarbon resource potential and geological risks of the block. Senergy has reviewed the prospectivity of the block based on data supplied by Agri.

The block was previously held by the Salima Operating Company (PetroSA and Sudapet) who undertook regional geological studies and acquired approximately 1,200 km of seismic in addition to gravity, magnetic and geochemical data.

No exploration wells have been drilled on Block 14 and the assessment is mainly based on the knowledge of analogous plays in the Libyan Murzuq Basin where there have been several large oil discoveries and the Kufra Basin where hydrocarbons are yet to be proven. The block is very large with an area of 98,070 km^2 although less than 50% is considered prospective for hydrocarbons.

Senergy has viewed the licence agreement (EPSA) between Statesmen Resources Limited (BVI) and the Sudan government which is effective from the 3rd July 2012. It is understood that Agri has entered into an agreement pursuant to which Agri has a right, subject to re-compliance with Chapters 1 and 2 of the Listing Rules of the ASX, to a 49.9% shareholding in Statesman Africa Limited which owns 100% of Statesman Resources Limited (BVI). The proposed structure of Statesman Resources Limited and the Block 14 Operating Company, as supplied by Agri, is illustrated in **Figure 1.2**.

1.1 Sources of Information

In conducting this review we have utilised information and interpretations supplied by Agri, comprising operator information and geological, geophysical, and other data along with various technical reports and publications. The technical data available from Agri was:

- 1,189 km of 2D Seismic line acquisition, covering the Mesaha and Mourdi Basins
- Airborne gravity and magnetic data covering most of the western part of the Block
- Ground Gravity Survey at 240 m spacing
- Ground Magnetic Survey at 30 m spacing
- Uphole drilling at every line intersection, start of the line, end of the line or every 20 km on a line
- Geological survey report incorporating stratigraphy, tectonic, and field mapping

- Microbial Prospecting of Oil and Gas (MPOG) survey with sample collection at a depth of 3 to 4 m every 1,000 m on a seismic line

- Interpretation Report by ZPEB (a subsidiary of Sinopec)

We have reviewed the information provided and modified assumptions where we considered this to be appropriate. We have accepted, without independent verification, the accuracy and completeness of this data.

The area has had very limited exploration and is classed as frontier territory with unproven hydrocarbon potential. The geological data available therefore is very limited. Senergy has performed a critical assessment of the existing interpretation work supplied in the database but has not attempted a systematic re-interpretation of the raw data.

Senergy has made a regional assessment of the prospectivity of the area, the basin development, petroleum systems, play types, reservoir distribution and potential source rock characteristics. This assessment has been based on previous reports on the area, geological publications and technical articles on Sudan, Libya and Chad.

The total seismic coverage comprises of 1,189 km or 13 lines of 2D seismic data acquired in 2008 by BGP for the Salima Operating Company who were the previous operators in the block. These lines were available to Senergy for this evaluation and supplied as paper prints/pdf files. Salima commissioned ZPEB to process and interpret the seismic who defined a number of leads. The ZPEB report was supplied by Agri for this review. The interpreted data included time maps for the potential reservoir horizons. It is not possible to identify drillable prospects from the sparse seismic grid over the licence. However, the seismic indicates excellent potential for structural traps and several leads are indicated although only based on 1 or 2 lines. Based on the interpretations from the 2D seismic and gravity data, ZPEB identified 39 leads from horizon 3 (possibly near top Ordovician).

Land and airborne gravity and magnetic data had been acquired by Sudapet and Salima/PetroSA in 2005 and 2008. Senergy has viewed a gravity report, maps and profiles based on this data but has not made an independent analysis. A microbial geochemical survey was also conducted in 2008. Senergy has reviewed the report and the map indicates some significant microbial anomalies that may be indicative of hydrocarbons.

The block is undrilled and no well logs or reports from the block are available. The regional well data was limited (and based mainly on published information) and the reservoir sandstone descriptions were basic and only adequate for a general assessment of likely productive potential. There are limited relevant publications on the Kufra as the basin has been little explored. However, there are a number of published technical papers from the Murzuq and this basin has been used as a close analogue.

1.2 Licence Details

On 3rd July 2012 an Exploration and Production Sharing Agreement (EPSA) was signed between the Government of the Republic of Sudan (Minister of Petroleum), Statesman Resources Limited, Express Petroleum & Gas Company Ltd and Sudapet Co Ltd for Block 14.

It is believed that the EPSA represents standard contractual terms. Senergy has not studied the EPSA in detail and makes no comment on the legal entitlement of Agri on the licence.

The contracting parties, constituting the Contractor, have the following participating interest under the agreement:

- Statesman Resources Limited (BVI) 75%
- Express Petroleum & Gas Co Ltd 15%
- Sudapet Co Ltd 10%

The duration of the EPSA is 20 years. Sudapet's interest shall be carried by the Funding parties until the commercial production of crude oil or natural gas.

The EPSA defines the main exploration expenditure commitments and work programme. The Signature Bonus is $2 million and the Bank Guarantee (50% of First Period minimum expenditure) is $6 million. The EPSA also includes other payments to be made by the Contractor including block rental, training and social development bonuses. There is an assignment bonus of $3 million and production bonuses shall be paid on specifically defined production levels.

There are 3 exploration periods of 3, 1.5 & 1.5 years respectively. Relinquishments of 25%, 25% & any of the licence not covered by oil fields and/or gas fields will be made respectively after the end of each of the three commitment periods.

First Commitment Period (minimum expenditure $12 million)

- Reprocess & reinterpret existing data
- Acquire minimum 1,000 km 2D seismic
- 1 well

Second Optional Period (minimum expenditure $12 million)

- Acquire minimum 2,000 km 2D seismic
- 1 well

Third Optional Period (minimum expenditure $14 million)

- 2 wells

Senergy has not studied the Production Sharing terms in detail and they have not been requested to make any scoping economics for any possible discoveries.

It is understood from Agri that the signature bonus of $2 million gross had been paid on the 12th of September 2012. The bank guarantee for $6 million gross is to be put in place once the Joint Operating Company is established.

The block was previously held by the Salima Operating Company (PetroSA and Sudapet) as Operator who undertook regional geological studies and acquired approximately 1,200 km of seismic in addition to gravity and magnetic data. It is understood that in excess of $15 million was spent during this exploration phase. PetroSA relinguished the area in 2008.

1.3 Requirements

In accordance with your instructions to us we confirm that:

- We are professionally qualified and a member in good standing of a self-regulatory organisation of engineers and/or geoscientists;
- We have at least five years relevant experience in the estimation, assessment and evaluation of oil and gas assets;
- We are independent of "the Company", its directors, senior management and advisers;
- We will be remunerated by way of a time-based fee and not by way of a fee that is linked to the Admission or value of the Company;
- We are not a sole practitioner;
- We have the relevant and appropriate qualifications, experience and technical knowledge to appraise professionally and independently the assets, being all assets, licences, joint ventures or other arrangements owned by the Group or proposed to be exploited or utilised by it ("Assets") and liabilities, being all liabilities, royalty payments, contractual agreements and minimum funding requirements relating to the Group's work programme and Assets ("Liabilities").

1.4 Standards Applied

In compiling this report we have used the definitions and guidelines set out in the 2007 Petroleum Resources Management System prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE). The results of this work have been presented in accordance with the requirements of the ASX Market of the Australian Stock Exchange and AIM, a Market operated by the London Stock Exchange, in particular as described in the "Note for Mining and Oil and Gas Companies - June 2009" **(References 1 to 5).**

1.5 No Material Change

Senergy confirm that to our knowledge there has been no material change of circumstances or available information since the report was compiled and we are not aware of any significant matters, arising from our evaluation, that are not covered within this report which might be of a material nature with respect to the proposed admission.

1.6 Site Visit

A site visit had not been required as all the data pertaining to this project is subsurface information available digitally or as paper copies.

1.7 Liability

All interpretations and conclusions presented herein are opinions based on inferences from geological, geophysical, engineering or other data. The report represents Senergy's best professional judgment and should not be considered a guarantee of results. Our liability is limited solely to the Company for the correction of erroneous statements or calculations. The use of this material and report is at the user's own discretion and risk.

1.8 Consent

We hereby consent, and have not revoked such consent, to:

- The inclusion of this report, in full, in the Company's Prospectus, in the form and context in which the assessment is provided;
- The inclusion of this report, and a summary of portions of this report, in documents prepared by the Company and its advisers;
- The filing of this report with any stock exchange and other regulatory authority;
- The electronic publication of this report on websites accessible by the public, including a website of the Company; and
- The inclusion of our name in documents prepared in connection with commercial or financial activities.

The report relates specifically and solely to the subject assets and is conditional upon various assumptions that are described herein. The report must therefore be read in its entirety. This report was provided for the sole use of the Company on a fee basis. Except with permission from Senergy this report may not be reproduced or redistributed, in whole or in part, to any other person or published, in whole or in part, for any other purpose without the express written consent of Senergy.

2 Regional Petroleum Potential

Block 14, northwest Sudan, includes parts of the Mourdi and Mesaha sub-basins that are part of the large Kufra Basin that is mainly situated in Libya but extends into Chad and Sudan (**Figure 2.1**). The area is considered as frontier for hydrocarbon exploration as no hydrocarbons have yet been discovered and no wells have yet been drilled in Block 14.

The Kufra Basin is virtually unexplored though it has many stratigraphic similarities with the Murzuq Basin which contains significant commercial discoveries including the giant Elephant (El Feel) Field. The regional Kufra seismic data also indicates that structural trapping styles are analogous to the Murzuq Fields.

As the Kufra Basin is considered to be closely analogous to the more explored Murzuq Basin the following description of basin evolution, hydrocarbon plays, and source, reservoir, seal and trap characteristics that are predicted for the Kufra Basin, will make repeated comparisons to the Murzuq Basin.

2.1 Basin Evolution & Stratigraphy

The stratigraphic section predicted for Block 14 is shown in **Figure 2.2** and is based on Libyan and Sudanese published stratigraphy for the Kufra and Murzuq Basins. The local stratigraphy for the Mourdi sub-basin is also indicated.

The Kufra Basin is bounded by four basement-high structures: the Tibesti Massif in the west, the Jebel Aweinat Massif (including Jebel Asba) in the east, the Calanscio Arch (Jebel Dalma) in the north and the Ennedi and Borkou mountains in Chad (**Figure 2.3**). Exposures of Lower Palaeozoic strata are restricted to these areas. A schematic cross section across both the Murzuq and Kufra Basins are shown in **Figure 2.4**.

The initial phase of deposition is believed to have been in the lnfracambrian possibly associated with rifting and shearing along the Transafrican Lineament and a thick sequence of early Cambrian/lnfracambrian is known to be preserved in the southeastern sector of the Libyan Kufra. The Palaeozoic consists of marine and continental sand-dominated successions reflecting sedimentation along the edge of a broad shelf with generally low subsidence rates. The continental shelf was characterised by low gradients which facilitated rapid flooding of wide areas during several sea level rises. lntrashelf undulations and highs exist and evidence for early Palaeozoic high trends can be recognised from the seismic in both the Murzuq and Kufra Basins. In the Kufra Basin, the main periods of marine sedimentation were in the Silurian and Upper Devonian. Terrestrial deposition has been dominant in the Kufra Basin especially since the Late Carboniferous ('Hercynian') uplift, in contrast to the Sirte Basin in the north where thick marine clastics and limestone sequences were deposited.

A number of sub-basins have been identified in the Kufra Basin, based on seismic, aeromagnetic and gravity data. The northern sub-basin is located just south of the Kufra Oasis where 2 wells were drilled by AGIP who had a concession between 1975 and 1981. A southern sub-basin lies close to the Chad border, and the Mourdi sub-basin lies in Sudan (**Figure 2.3**). The Mesaha sub-basin lies to the west and is separated by a basement high from the Mourdi sub-basin. Additional small sub basins, Selima and Gabgaba, have been recognised from gravity data in the eastern part of Block 14 but no further data was available to indicate that they may be prospective.

The total Phanerozoic thickness is typically over 5 km and 4.5 km in the Libyan northern and southern sub-basins respectively. Gravity and seismic data over Block 14 indicate that the section may be also over 3 to 6 km thick (**Figure 2.5**). Old lines of weakness are believed to have been repeatedly reactivated during the multi-phase subsidence history and the present-day sub-basins are the result of several phases of subsidence and erosion. The main periods of extension were in the Lower Palaeozoic and Mesozoic and major periods of uplift and erosion occurred in 'Hercynian' (Carboniferous) and 'Alpine' (late Cretaceous- Tertiary) times.

In the northern sub-basin, the Mesozoic Nubian section is thinner but the Devonian is much thicker than in the southern sub-basin. The lnfracambrian is preserved along the edge of the southern basin where it is locally over 2 km thick. The Phanerzoic section appears to be at least 5 km thick in the Sudanese sector. Work by ZPEB **(Reference 6)** indicates that the older Palaeozoic section in the Mesaha may be thicker than in the Mourdi as there are apparently higher rock velocities in the Mesaha.

2.2 Hydrocarbon Play Types

The primary reservoir objective in the Kufra Basin is at the top of the Ordovician in the Mamuniyat (Libya) or Karkur Talh (Sudan) Formations (**Figure 2.2**). In addition, there are secondary objectives in the Silurian and Devonian sandstones (Akakus/Um Ras & Tadrart Formations). It is likely that the plays in the Mesaha and Mourdi sub-basins are similar although it has also been speculated that a shallow Cretaceous play may also be present in the Mesaha Sub-basin by analogy with the Sudanese and Egyptian Mesozoic rift basin. The ZPEB study considers the greatest prospectivity is in the Cambo-Ordovician. This report only considers the Palaeozoic potential of the Mesaha Sub-basin.

2.2.1 Ordovician Play

The Ordovician sandstones are the primary objective in the Kufra and Murzuq Basins **(References 7 & 8)**. The principal source interval for this play is the Silurian “hot shale” which is proven in the Murzuq Basin and predicted to be present in the Kufra Basin. Possible infra-Cambrian shales are a secondary source in this play. The Silurian Tanezzuft shale seal is believed to have been developed regionally across the Kufra Basin but it is generally not very thick compared to most other North African, Palaeozoic Basins.

Structural traps are dominant in this play and comprise a variety of fault and dip closure types. Many of the structures show significant pre and post Hercynian growth, possibly including Cretaceous (Austrian-Laramide) and Tertiary (Alpine) movements. Oil may have been generating from Cretaceous times therefore post dating much, although not necessarily all, of the structural growth.

2.2.2 Silurian-Devonian Play

The reservoir objective in this play is for Silurian- Devonian sandstones with intra-formational shale seals. The source rock is predicted to be the Silurian shales as for the Ordovician play. However, there is a greater charge risk, as migration is required through the Tanezzuft seal.

In the Murzuq Basin, the Silurian and Devonian plays have not been economically successful although oil shows and thin oil pay have been frequently encountered. However, there is greater potential in the Kufra due to better and thicker developments of sandstones and possible migration along faults that locally breach the Tanezzuft seal.

Many of the traps indicated at the Ordovician level are also probably present at the Silurian and Devonian objectives although structures generally become progressively smaller and more subtle in the younger reservoirs. There is a good potential for stacked reservoirs and it may be possible to test a number of objectives with a single well.

2.3 Hydrocarbon Source Rock Potential

There is potential for multiple source rock zones in the region. The presence and maturity of source rocks is the main risk to the region.

2.3.1 lnfracambrian

A remnant of an lnfracambrian basin is preserved in the south eastern part of the Libyan Kufra Basin. The seismic indicates a thickness of over 2 km. The section is believed to have been drilled by a Libyan Kufra well and the lithologies consisted of sandstones and shales with minor limestones. It is not known if this section is preserved in the Sudanese sector.

On the Arabian Peninsula, for example in Oman and Saudi Arabia, the lnfracambrian succession contains significant amounts of organic-rich shales and carbonates, and the lnfracambrian deposits are important source rocks in Oman (**Reference 9**). A similar facies has been also reported from NW Africa and an lnfracambrian carbonate-shale succession, with black shale horizons, has been described from outcrops in western Algeria. The depositional model indicates extensional graben development with partly organic-rich stromatolitic bioherms on the elevated footwall side and marls and black shales on the deeper hanging wall side of faults.

By analogy with other areas in northern Gondawna, the lnfracambrian succession may be regarded as a secondary source rock candidate in the basin. At depths in the range of 3.5 to 6 km it is likely to be overmature but hydrocarbons may have been generated, for example, in pre Hercynian times.

2.3.2 Silurian Tanezzuft Hot Shales

The presence of a source rock is the main risk in the Kufra Basin but there is evidence from outcrops and seismic that an anomalous basal Tanezzuft section exists that it could be a source rock analogous to that in the Murzuq Basin. The Tanezzuft Hot Shale, if present, is likely to have an irregular distribution confined to depositional lows. Good quality seismic will allow the mapping of such areas. If present, it is likely to be mature in the deeper parts of the basin although timing and amount of oil generation are very sensitive to heat flow and degrees of uplift and erosion. Hydrocarbon charge may have occurred in the Upper Cretaceous to early Tertiary, possibly prior to some of the recent Tertiary inversion.

In many areas of North Africa and Arabia organic-rich (hot) shales occur at the base of a widespread Silurian shale unit and form prolific petroleum source rocks. These hot shales are interpreted to have been deposited in intra-shelf basins, during the initial transgression after the melting of the late Ordovician ice cap **(Figure 2.6a) (Reference 10)**. The areal distribution of the organic-rich unit is discontinuous and tends to be absent from the Silurian palaeo-highs usually tested by wells.

In the Murzuq Basin, there is a clear relationship between a high amplitude seismic response for the basal unit and the presence of the hot shale source rock **(Figure 2.7)**. The high

seismic amplitudes are linked to the slow sonic velocities and low density of the organic rich black shales **(Reference 11**). During the Silurian it is likely that the Murzuq and Kufra Basins were connected and there is a good chance that source rocks will be locally present in the Kufra Basin. It is possible that the Silurian black shales may exist in the Kufra where this onlapping high amplitude unit is present although it is difficult to speculate on the thickness and quality of any source rock until proven by drilling.

There is some direct evidence that the basal Silurian hot shales may be at least locally developed in the Kufra Basin. Black shales have been encountered in a shallow borehole in Jebel Asba and high uranium values in basal Silurian shales at outcrop in Jebel Eghei in the Libyan sector. There is also evidence indicating black shales in some shallow bore holes in Chad and speculative reports of local oil seepage in the Sudanese sector.

In the Murzuq Basin, a basal Tanezzuft section can be locally identified on seismic. It is characterised by relatively high amplitudes; thickens within the palaeo-lows and onlaps onto pre-existing topography **(Figures 2.6a & 2.7a)**. There is seismic evidence that an analogous section may exist locally in the depocentres of the Kufra Basin. On seismic lines, the basal Tanezzuft unit has been interpreted over much of the subsurface in the Kufra Basin although its distribution is patchy and the seismic event is notably absent in the two deep exploration Libyan wells A1-NC43 and B1-NC43 where the Silurian hot shale is also missing. These areas were regional palaeohighs in Tanezzuft times although drilled outside of any structural closures and would have been very shallow marine or even sub-aerially exposed **(Figures 2.6b & 2.8)**. In the southern sub-basin in Libya the Tanezzuft shale is believed to have been penetrated by drilling but it is not known if any source facies were encountered.

Although the Hot Shale is only locally developed, in the Murzuq Basin it is proven to be a very effective source rock and typically 30 times richer than the normal Tanezzuft Shale. Well data typically indicates thicknesses of 10 to 20 m of a rich oil prone (Type II) source with TOC (total organic carbon) in excess of 10%.

The regional evidence indicates the possibility that Silurian source rock is present in Block 14, although the limited data available does predict a thinner source rock sequence than in Murzuq. The distribution, quality and generative capacity of source rocks in the Kufra Basin is not yet proven. It may be possible to reduce the risk of source presence if a high amplitude basal Tanezzuft unit can be mapped on new good quality seismic data.

The source rock, if present, is likely to be deep enough to have generated significant hydrocarbons in the Sudan sector where the depth exceeds 3,000 m. The lack of well control in Block 14 makes seismic calibration difficult, however well log data from neighbouring blocks may be of value. It is likely that any Silurian source, if present, would have been mature or even overmature in the deepest depocentres.

A geochemical study of Block 14 by MicroPro was commissioned by Petro SA in 2008. The methodology 'Microbial Prospecting for Oil and Gas (MPOG)' has been used for over 35 years to detect anomalies in distribution of specialized micro-organisms in shallow soil caused by a flux of low molecular hydrocarbon gases potentially from deeper reservoirs. The study indicated that there were some local areas in Block 14, both in the Mourdi and Mesaha, where significant hydrocarbon anomalies could be identified **(Figure 2.9)**

2.3.3 Devonian-Carboniferous Shales

Some intervals in the Binem (Middle - Upper Devonian) and Dalma (Carboniferous) formations are organic-rich, as reported from well B1-NC43. The source rock is relatively lean and the organic matter is Type II/III and Ill, and therefore relatively gas prone. It may be mature in the deeper parts of the Sudanese Basin.

2.4 Reservoir Objectives

The direct information on the reservoir potential in the Kufra Basin is from surface exposures along the basin margins and the deep wells in the Libyan sector. Analogies can also be made with the Murzuq Basin which has been much more intensely explored, and in which there are several fields with excellent reservoir quality.

2.4.1 Cambro - Ordovician Sandstones

The Cambro-Ordovician rocks are believed to be developed with a substantial thickness throughout the Kufra Basin. The seismic indicates a thickness in the range of 400 to 2,000 m and typically around 1,000 m. The two old Kufra wells in the northern sub-basin encountered around 1,200 m thick Cambro-Ordovician sandstone with a high net to gross (NTG) of about 90%, comparable to or even better than the Ordovician in the Murzuq Basin. The limited drilling and seismic in the southern sub-basin indicates that the section is also very sand prone and may be thicker. Similar thicknesses with good poro-perm characteristics are anticipated in the Sudanese sector.

The Mamuniyat reservoir at the top of the Ordovician is characteristic of glacial environments comprising glacio-fluvial deposits. In some areas, as in the Elephant (El Feel) Field in the Murzuq Basin, it forms an excellent reservoir but it may be highly variable in quality and difficult to predict. The porosity and permeabilities have a wide range but on average are around 16% and over 200 to 300 mD. Test results in the area can be several hundred or several thousand barrels of oil per day. The effective reservoir threshold is anticipated to be around 3,000 m and burial depth may be a crucial consideration in the depo-centres. It is difficult to predict the reservoir depths in the Mourdi and Mesaha although, over much of the prospective area in the Kufra, the Ordovician is at 2 to 3,000 m.

The porosity and permeability characteristics are anticipated to be regionally good to fair throughout the Kufra Basin. However, there is a risk of only encountering ineffective reservoir especially within low relief traps. The quality of the reservoir may be locally variable, as in the Murzuq Basin, with considerably reduced porosity and permeability if the sandstones are not clean and well sorted. More shaly sandstones are likely to be tight. In the Sudan, the Ordovician is undifferentiated as the Karkur Talh Formation. In Libya, the Late Ordovician (Ashgillian), glaciogenic Mamuniyat Formation is anticipated to have superior reservoir quality compared to the older Ordovician Hawaz and Cambrian Hasawnah Formations, because of a shallower depth of burial, generally less pervasive cements, better sorting and cleaner facies. However the distribution of the Mamuniyat is poorly constrained and, by analogy with the Murzuq, it may be locally absent. Well porosities are in the range of 8 to 18% and a value of 14% has been typically used for volumetric calculations. The reservoir threshold depth may be around 3,000 m: this is generally deeper than in many parts of the Murzuq and may indicate less inversion in the Kufra. For the Sudanese sector more conservative parameters are expected because of the possibility that the reservoirs may be more deeply buried; a

porosity range of 10 to 15% (best estimate of 12%) with a net to gross of 40 to 80% (best estimate of 60%) is indicated.

2.4.2 Silurian-Devonian Reservoirs

The objectives are the Akakus (Libya) or Um Ras (Sudan) sandstone of the Silurian and the Tadrart and the Binem Formations of the Devonian **(Figure 2.1)**. The facies is typically shallow marine, deltaic to fluvial and the Akakus-Tadrart section is especially likely to be well developed. The net to gross is lower than the Ordovician but porosities may be generally better because of the reduced burial depths.

The Silurian Tanezzuft shales and Akakus sandstones can be identified from seismic across the basin and studied at outcrop. The seismic indicates that Silurian thickness varies between 100 to 500 m. In the Libyan sector the section thickens slightly towards the northwest part of the basin but otherwise maintains a thickness of around 250 m. The Upper Silurian, Akakus Formation is typically 200 to 300 m thick in the Libyan wells in the northern sub-basin and comprises 80% of the total Silurian thickness in each well. From log and core data, the Akakus reservoir has a net:gross of around 70% and porosities are about 20%. The thickness in the Mourdi and Mesaha sub basins in Sudan may be comparable although there is insufficient data to indicate the depth or thickness of the formation.

The Devonian can also be identified from seismic across the Kufra Basin and the thickness varies between 300 to 1,000 m. In two wells in the northern Kufra the Devonian is about 700 m but it is generally thinner in the southern basin. The Devonian is better developed in the Kufra than in most of the Murzuq Basin where thickness is reduced due to non-deposition and erosion. It has been possible, in the Kufra, to regionally divide the Devonian into lower, middle and upper units. The lower unit corresponds to the Tadrart Formation of the Murzuq; the thickness ranges between 80 to 500 m, typically around 150 m, and it is generally a non marine sandstone. There is no seal between the Akakus and Tadrart and so the two formations can be regarded as a single reservoir unit. The Tadrart sandstones have also been recognised in the Sudanese sector.

The Middle to Late Devonian Upper and Lower Binem Formation is believed to be present across the entire Kufra Basin and is typically at least 500 m thick. In two Kufra wells in the northern sub-basin it is around 600 m thick and consists of shale with occasional sandstone beds usually less than 6 m thick. Well and regional evidence indicate it may be more sandstone prone to the south giving the potential of stacked reservoirs. An average net:gross of 25% with porosities of around 20% is a reasonable expectation for the Devonian in Block 14.

This reservoir has been proven effective in the Murzuq Basin although of limited commercial value because of the thin reservoirs. Porosities are typically around 10 to 20% with fair permeability (100 to 300 mD). In the Kufra, the Silurian-Devonian is better developed than in the Murzuq Basin with the potential for stacked reservoirs and seals.

2.5 Seal Intervals

The main seal units are predicted to be the Silurian Tanezzuft shale for the Ordovician Play and the Binem shales for the Silurian-Devonian Play.

2.5.1 Silurian Tanezzuft Shale

The Tanezzuft shale is regionally developed across the basin and is typically around 30 to 100 m thick. However, in the two deep wells in the north sub-basin, the Tanezzuft appears to be anomalously thin, only around 20 m thick. This may be due to the wells being situated close to the Silurian coastline to the east **(Figure 2.6b)**. In the wells, the unit is shaly with some silty and minor sandstone layers coarsening up into the Akakus sandstones. The upper boundary with the Akakus is gradational but the base overlies directly the Mamuniyat reservoir. Along the edges of the basin the Tanezzuft shales are usually poorly exposed as they are soft and well oxidised; the thickness varies significantly over short distances but is usually in the range of 60 to 100 m.

The seismic indicates that the Tanezzuft shales are present over most of the Kufra Basin. However, it is not possible to resolve separately the Tanezzuft and Akakus Formations and therefore the Silurian is usually mapped as a single interval. Over most of the basin the Silurian is around 200 to 300 m thick and possibly around 50 to 75% may be Akakus. Towards the northwest edge of the Kufra Basin, the Silurian interval thickens to 500 m. This is consistent with the outcrop data as the Silurian is best developed in the Jebel Dalma area along the northern margin and here the Tanezzuft alone may be over 150 m thick. The Silurian may be more sandstone prone in the Sudanese sector to the south east towards the paleo shoreline **(Figure 2.6b)**.

The Tanezzuft should be an effective top seal though lateral fault seal would be a risk where the throw exceeds the thickness of the Tanezzuft. In such cases, the trapping would only be effective if the fault plane sealed or the reservoir is juxtaposed against the Upper Palaeozoic shales as, for example, in the Elephant (El Feel) Field where the cross seal is the lower Carboniferous shales. Many of the leads in Block 14 indicated from the seismic are fault dependent traps with fault throws in the range of 30 to 100 m and hence the lateral seal risk is higher in the Kufra Basin than in many prospective areas of the Murzuq Basin. In the Murzuq, the Tanezzuft is typically +/-150 m and thickens to 200 to 400 m to the northwest in the region of the Elephant and Al Sharara Fields.

In summary, although the Silurian Tanezzuft shale seal is believed to have been developed regionally across the Kufra Basin it is generally not very thick compared to most other North African, Palaeozoic Basins. In the Kufra, the Tanezzuft is typically 30 to 60 m thick compared to 150 to 200 m in many of the prospective areas of the Murzuq Basin. In addition, the shales may be locally silty and coarsen up into the sandy Akakus facies. There is therefore a seal risk especially associated with fault dependant traps where fault throws may exceed the seal thickness.

2.5.2 Devonian Binem Shales

The Akakus and Tadrart sandstones are considered as a single reservoir unit as there is no intervening regional seal. The main seal is likely to be the Lower Binem shale that corresponds to the Lower Devonian seismic marker. In the Libyan wells in the northern sub-basin, there is typically at least 100 m of shale that could form effective seals.

Additionally, thin intra-formational seals may exist in the Akakus. Intra Akakus seals are effective in the Ghadames Basin where multiple stacked Akakus pay zones are common. Near to the top of the Devonian, in some wells in the northern sub-basin, there is a 100 m shale unit, which could be the proposed seal for the Upper Devonian leads that have been

identified. This upper shale unit is a well-defined local seismic marker but it is unclear if this facies is developed regionally across the basin. Locally for example, in the A1-NC43 well, the Upper Devonian seal is absent due to Hercynian erosion and Permian sandstones overlie the Devonian. Shale seals are also believed to be encountered in the Binem in the southern sub-basin.

The Binem Formation is developed dominantly in a shallow marine facies. It potentially may consist of a number of stacked sandstone reservoirs intercalated with shale seals although locally the seals may not be effective and may indeed be waste zones. The Lower Carboniferous (Dalma Formation) locally may also be a seal, as it is in the Murzuq Elephant (El Feel) Field, but generally the sandstone content is high.

The seal risk is higher for the Devonian than for the Ordovician play as there are no proven regional seals younger than the Tanezzuft Shales that are regionally developed across the basin. Cross fault seal will be a risk, especially as faults will also have to be local conduits allowing hydrocarbons to migrate from the basal Tanezzuft section. It is clear from the seismic evidence that faults have been reactivated at several times during Palaeozoic, Mesozoic and Tertiary times and it is likely that faults could either seal or be migration pathways depending on the prevailing stress regime.

In summary, seals may exist in the Devonian Binem formation where there are at least two shale intervals encountered in the many of the Kufra Libyan wells. However, there are no regional seismic markers indicating regional seals or flooding surfaces although locally the seismic indicates local strong impedance boundaries possibly due to sandstone-shale interfaces. The seals are likely to be thin, probably less than 70 m thick and there is a risk that any fault dependant structures may be breached. In the Kufra, the Silurian-Devonian play is likely to be better developed than in the Murzuq Basin with the potential for stacked reservoirs and seals.

2.6 Trap Types

The Kufra Basin has had a complex structural history and is predicted to have a range of structural styles and trap types **(Figure 2.8)**. The main periods of extension were in the Lower Palaeozoic and Mesozoic and major periods of uplift and erosion occurred in 'Hercynian' (Carboniferous) and 'Alpine' (late Cretaceous to Tertiary) times.

In the Sudanese sector of the Kufra Basin, the available seismic indicates good potential for structural traps. The Mourdi sub-basin is believed to be similar in structural style to the Libyan and Chad sectors **(Figure 2.10)**. The Mesaha sub-basin appears to be more structured than the Mourdi indicating a greater potential for traps and with greater relief **(Figure 2.11)**. Most structural leads are likely to be potential traps at Ordovician, Silurian and Devonian levels. Structures will tend to be smaller and subtler at the shallower objectives but are normally underlain by larger Ordovician closures.

A common structural style consists of tilted fault and dip reversal associated with reverse and transpressional faults and is analogous to many traps in the Murzuq Basin. There are also tilted fault blocks associated with normal and transtensional faults. They were probably early structures although subsequently reactivated. Dip reversals also occur and many are associated with basement normal faults.

Some of the largest structures are horsts and lie along old regional highs. The basal

Silurian may onlap these structures and seismic evidence indicates that the basal Silurian shale may onlap downdip. However, there were several periods of reactivation and the last movements may post-date the Mesozoic.

A disturbance zone trending NE-SW cuts the Libyan Kufra and it may be associated with the Transafrican Lineament **(Reference 8**). The zone is about 30 km wide and consists of several fault and folded structures. The style and orientation indicates a transpressional zone which was probably active in Cretaceous times. It may be of the same age as similar structures trending NE-SW identified along the eastern edge of the Murzuq. The seismic, together with the gravity data in Block 14 indicate the presence of NE-SW lineaments which may have a similar origin. In addition, especially in the Mesaha sub-basin there are indications of NW-SE trends that may have been reactivated in Cretaceous times by analogy with the Cretaceous rift basins in southern Sudan and Egypt.

2.7 Comparison with the Murzuq Basin

2.7.1 Cambro-Ordovician Play Statistics

Based on an analysis of well data in the Murzuq Basin up to year 2000 and published data, the following conclusions can be made. Around 60 exploration wells have been drilled in the Murzuq Basin, between 1958 and 2000. Drilling to test the Cambro-Ordovician play has resulted in three discoveries in NC174 with combined reserves of over 750 MMbo, four discoveries in NC115 with probable combined reserves of 700 to 1,000 MMbo and fifteen smaller discoveries, each with reserves of between 1 and 40 MMbo. The small size of many of the discoveries is mainly the result of small trap size. Of the remaining thirty seven wells, around twelve encountered hydrocarbon shows and twenty-five were dry.

The technical success rate is therefore over 30%. Although the current commercial success rate is much lower, the commerciality of any discovery in Block 14 will depend on the EPSA terms and existing infrastructure.

2.7.2 Devonian Play Statistics

Many of the 60 exploration wells that have been drilled in the Murzuq Basin primarily to test the Cambro-Ordovician play are also likely to have tested the Devonian play. Drilling has resulted in four small discoveries, with reserves of between 1 and 20 MMbo, none of which are considered commercial. Fifteen wells encountered oil shows in Devonian sandstones, and the remaining wells were dry.

The low success rate for the Devonian play reflects the risk involved in migrating oil up through Silurian shales and the variability in reservoir development reflected by low net to gross values in the reservoir. The risk factors in the Kufra related to reservoir and migration are likely to be lower than in the Murzuq.

2.7.3 Exploration Success Rates Summary (as of c2000)

All Plays in Murzuq Basin	
Historical Commercial Chance of Success (5/57 wells)	= 9%
Historical Discovery Chance of Success (24/57 wells)	= 42%

Cambro-Ordovician Play	
Historical Commercial Chance of Success (5/57 wells)	= 9%
Historical Discovery Chance of Success (20/57 wells)	= 35%

Devonian Play	
Historical Commercial Chance of Success (0/57 wells)	= 0%
Historical Discovery Chance of Success (4/57 wells)	= 7%

- A discovery is defined as a well that flows hydrocarbons to surface during a DST
- No well has ever encountered hydrocarbons in the Devonian but found the Cambro-Ordovician to be water wet
- 5 commercial discoveries are considered as the fields F-NC174, A-NC115, B-NC115, H-NC115 and M-NC115

3 Exploration Potential in Block 14

In this section we summarise the regional review with particular reference to the Petroleum System predicted for Block 14. This is followed by a review of the existing interpretation and lead definition using the currently limited Block 14 seismic database. Finally we quantify the conceptual resource potential of the Block 14 hydrocarbon plays using a "Play Level" resource and risk assessment methodology.

3.1 Petroleum System in Block

The regional data from both basins indicates that Block 14 has potential for both Ordovician and Silurian-Devonian sandstone reservoirs though the former are likely to be the most prospective in Block 14. The Ordovician Mamuniyat reservoir can be of excellent quality as in the Elephant (El Feel) Field in the Murzuq Basin, but it can also be highly variable in quality and difficult to predict. The effective reservoir threshold is anticipated to be around 3,000 m and burial depth may be a crucial consideration in the depo-centres. It is difficult to predict the reservoir depths in the Block 14 Mourdi and Mesaha sub-basins although, over much of the prospective area in the Kufra, the Ordovician is at 2 to 3,000 m. At the Devonian level, the depths are shallower and generally good quality reservoir is predicted although the sandstones may be thinner than in the Ordovician.

Source rock presence, quality and generative capacity are the main risk in Block 14 but there is evidence from outcrop and seismic that an anomalous basal Silurian Tanezzuft section exists that could be a source rock analogous to that in the Murzuq Basin. The Tanezzuft Hot Shale, if present, is likely to have a distribution concentrated in depositional lows. Good quality seismic will allow the mapping of such areas. If present, it is likely to be mature in the deeper parts of the basin although timing and amount of oil generation are very sensitive to heat flow and the degree of uplift and erosion. In Block 14 the Silurian is anticipated, from the ZPEB interpretation, to be at a depth of at least 3,000 m and therefore would likely to have generated hydrocarbons, where developed in a source rock facies. Hydrocarbon charge may have occurred in the Upper Cretaceous to early Tertiary, possibly prior to some of the recent Tertiary inversion. Geochemical studies and shallow drilling along the Tanezzuft exposures could indicate if there is an effective hydrocarbon generating system.

The lack of thick shales indicates a seal risk and the seismic does not indicate any regional thick shale markers across the basin. The Tanezzuft shale is likely to be generally an effective top seal although it may be locally relatively thin compared with that in the Murzuq Basin. Fault dependant traps may not seal especially if fault throw exceeds around 60 m. The larger structures are often associated with large faults, and therefore have a greater seal risk. The Devonian Binem shales may be effective seals but are generally fairly thin and variable in quality and thickness.

Several potential traps have been identified from the seismic in the Kufra Basin and specifically a large number of leads are indicated from the ZPEB interpretation in Block 14 associated with a variety of structural styles. Most of the leads are associated with faults although dip closures also occur. Generally, Devonian structures are likely to be subtler but overlie Ordovician closure so there is the potential for stacked pays.

Several of the Silurian-Devonian leads are dependent on fault closure and these faults may therefore be required to act both as migration conduits and also as seals at different times. The risk of structure timing and charge is probably higher than for the Ordovician plays: the

Devonian structures are generally lower relief and have had relatively more late growth that may have post-dated migration.

3.2 Geophysical Data, Interpretation & Lead Definition

The area is considered as frontier exploration, there has been no drilling in Block 14 and limited reconnaissance seismic data of poor quality **(Figures 2.10 & 2.11)**. The seismic database consists of 1,189 km of 2D seismic data equating to approximately 3.5 km / 100 km^2 within the 35,000 km^2 covered by the two basins. In the Mesaha there are 12 lines that result at best in a grid of 10 x 20 km over parts of the sub-basin. In the Mourdi sub-basin, there are only 3 seismic lines. Although both areas have excellent potential for structural traps, the existing seismic grid is only sufficient to indicate the style of possible traps and the location of more prospective areas and possible structural leads.

Agri has supplied Senergy with 2 horizon maps from the ZPEB study consisting of structural lead maps at seismic horizons 3 & 4 **(Figures 3.1 & 3.2)** and pdf prints of the 15 seismic lines. No digital seismic data was supplied and the pdf copies were not vectorised for this evaluation. These maps are suggested by ZPEB to correspond to the Top Ordovician and Cambrian. There is limited evidence to identify the age of the horizons and it is possible that the Palaeozoic objectives may be significantly shallower than indicated.

The stratigraphy and depth to basement in the Mesaha sub-basin is especially speculative; ZPEB infer the basin mainly consists of 5 to 7,000 km of Palaeozoic sediments although it is possible that the basement is shallower, Palaeozoic section thinner and a Mesozoic section could also be developed.

The mapping has been critically reviewed by Senergy using the data supplied by Agri. The review of the seismic mapping, together with an assessment of the plays, have been used to generate an estimate of the resource size potential and quantification of possible risk factors (or chance of success-COS). The seismic quality is poor and it is recognised, given the quality and quantity of data that many different interpretations are possible. At this stage, the seismic grid is insufficient to define any prospects or estimate meaning potential resources based on volumetrics. However, the data does indicate that there is the potential for medium to large fields analogous to those already discovered in the Murzuq Basin. The structural style indicates that there is significant potential for a large number of fault dependant traps. Faulting and structure seems to be more intense in the Mesaha sub-basin **(Figure 2.11)**. The Mourdi sub-basin is more subtle and analogous to the Kufra Basin in Libya **(Figures 2.8 & 2.10)**.

The ZPEB maps indicate around 20 possible leads in the Mesaha sub-basin, each based on 1 or 2 seismic lines. The structural maps were based on the reconnaissance seismic survey which is a broad grid of lines. The areas of closures indicated are therefore conceptual. It is likely that with further seismic some of the leads may be elevated to prospect status and others may disappear. Agri has highgraded one lead in the central Mesaha that will be the target of further seismic and prospect maturation. In addition, further seismic is likely to result in the identification of additional leads. There is also a high risk upside potential for larger resource volumes in conceptual stratigraphic traps associated with several of the leads and play types.

Gravity data indicates that the prospective area of the Mourdi sub-basin in Block 14 may be around 15 to 20,000 km^2 and the area of the Mesaha is around 10 to 15,000 km^2. This

comprises around 25 to 35% of the area of Block 14. It reasonable to assume that based on the prospective areas in the Murzuq that there could be the potential for at least 1 viable structure with potential resources over 20 MMbo every 1,000 km^2. This therefore equates to around 20 fields in the Mourdi and 10 in the Mesaha. This is reasonably consistent with the 39 leads in the Mourdi and Mesaha indicated from the ZPEB maps assuming that around 50% are indicative of the number of possible traps.

The numbers in **Figure 3.3** are based on the 2009 ZPEB interpretation commissioned by Salima. None of the traps indicated can be defined as prospects and the quantification of the resource potential based only on the identified leads is beyond the scope of the Senergy evaluation. Senergy concurs with the view that there is significant potential in the block, which will be the subject of additional seismic data acquisition, but does not warrant these estimates and they are included in this report in **Figure 3.3** for completeness.

3.3 Play Resource Assessment

Based on similar structural styles and trap density in the Murzuq Basin; the following table indicates a possible number of leads and estimated resource potential in Block 14.

Sub Basin Type	Gross Resource Range (MMbo)	Risk Category	Number of Potential Traps
Mourdi	20 to 200	High	20
Mesaha	20-to 200	High	10

Table 3.1: Senergy Estimated Resource Ranges

The following table indicates a range of possible trap areas, reservoir and fluid parameters based on the Elephant (El Feel) & El Shara Fields area in the Murzuq

Ordovician parameters			
	Low	Most Likely	High
Area km^2	10	25	60
Relief m	50	100	200
Shape factor	0.3	0.4	0.5
Net to gross	0.4	0.6	0.8
Porosity	0.1	0.12	0.15
Hydrocarbon saturation	0.50	0.60	0.75
Formation volume factor	1.3	1.2	1.1
Recovery factor	0.2	0.3	0.4

Table 3.2: Possible Deterministic Trap Size, Reservoir & Fluid Parameters and Recovery Factor based on analogy with the Murzuq Basin

A Monte Carlo stochastic simulation was done using the above low and high parameters and the hydrocarbon in place and potential resources estimates are given below.

	Low Estimate MMbo	Best Estimate MMbo	High Estimate MMbo
Oil in Place	60	200	650
Potential Resources [6]	20	50	200

Table 3.3: Possible Gross Probabilistic (Stochastic) STOIIP and Resource Estimates for a typical Ordovician trap based on the parameters in Table 3.3

Appendix 3 discusses an alternative methodology to define the conceptual resource size using the deterministic parameters in Table 3.2. The P_{50} calculated is consistent with the results of the Monte Carlo simulation summarised in Table 3.3.

These parameters are for the Ordovician Play; the Silurian-Devonian Play although higher risk may have better reservoir parameters. It also does not include the potential for stacked reservoirs.

If the play is proven by an exploration well then the potential of Block 14 can be very significant. Assuming approximately 30 potential traps[7], and an average of over 50 MMbo for each trap, the total unrisked prospective resources for Block 14 could exceed 1.5 billion barrels of oil[8,9].

Although analogous to the Murzuq Basin, most traps are likely to be structural, there is also a high risk upside potential for larger resource volumes in conceptual stratigraphic traps associated with several of the leads and play types.

Resource ranges have been calculated for a single phase liquid, although it is recognised that this may be a simplification. Although, the main phase is expected to be oil, the hydrocarbon phase is uncertain and the gas risk is included in the risk factor assessment.

These are indicative estimates of the gross potential that, in our opinion, it would be reasonable to expect should a lead mature into a prospect with the benefit of modern seismic data. The estimates represent an opinion based on an incomplete, dataset.

3.4 Chance of Success and Risk Factors

Senergy have conducted a estimate for the geological risk or chance of success (COS) in this frontier area based on the current knowledge of the geology in Block 14 and the analogies with the Murzuq Basin

[6] The low estimate corresponds to the P_{90}, the best estimate to the P_{50} and the high estimate to the P_{10} on a probability distribution.

[7] The estimated number of structural traps that are predicted to be identified in this structural setting from extensive good quality seismic data coverage, are likely to be in the range 20 in the Mourdi and 10 in the Mesaha.

[8] These are un-discovered Play assessed Prospective Resources stated on a gross basis: Prospective Resources are defined as quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations. Undiscovered accumulations are evaluated accordingly to their chance of discovery, and assuming a discovery, the range of potential recovery under hypothetical development scenarios

[9] The product of the multiplication of the trap number by the P_{50} resource size. This is equivalent to arithmetically summing the P_{50} values for individual opportunities. It should be noted that the resulting total is not a P_{50} value and we normally refer to this as the best estimate. This estimate is unrisked.

An analysis of exploration drilling success has been made for the Murzuq Basin. Around 50 wells were analysed but less than 10% led to current commercial discoveries. The main reason for failure was reservoir effectiveness and the presence of the source rock in a location to charge the prospect. Play risk factors are summarised below for the Ordovician Play in the Mourdi. Risks are higher for the Mesaha due to a high risk to encounter any Silurian source rocks and a reduced understanding of the stratigraphy in the sub-basin.

A Play level risk assessment considers the regional and semi-regional data rather than the risk associated with a specifically defined and mapped prospect. We consider four risk components: likelihood of trap presence in the size range indicated; likelihood of seal or trap integrity; presence and quality of reservoir; and presence and quality of source rock to charge the specific hydrocarbon phase i.e. gas risk is included.

For a Play level assessment the likelihood of trap presence is considered to be 100%, unless there are specific indications of probable absence of traps. In the case of Block 14, although the seismic data quality is poor, there are sufficient indications of faulting to suggest that closed structural traps will certainly be present.

Seal risk: 0.5. Tanezzuft shale seal; the shale is thin and poorly developed in the A1 & B1-NC58 wells in the northern sub-basin but possibly better developed in other parts of the Kufra Basin, especially within the depocentres. Most closures are fault dependant and therefore require fault seal. Evidence in the Murzuq indicates seal may not be so effective if fault throw exceeds the thickness of the Tanezzuft Shale. However, the Elephant (El Feel) Field relies on upper Palaeozoic shales to seal and the Binem shales may be well developed in the Block 14 area.

Reservoir risk: 0.6. Cambro Ordvician sandstones; the upper Ordovician (Memouniat Formation in Libya) was deposited in glacial conditions and locally can be an excellent reservoir as in the Elephant (El Feel) Field. The deeper Ordovician and Cambrian reservoirs will have poorer properties. Reservoir potential may be significantly reduced if the depth is below 3,000 m.

Charge risk: 0.3. Although there are no proven hydrocarbon source rocks in the basin they are potentially present in the Silurian and possibly in the Devonian and Carboniferous by analogy with the Murzuq Basin. Basal Tanezzuft outcrops in the Libyan Kufra have locally high gamma responses indicating a possible source rock. Seismic indicates that the basal Tanezzuft shale facies may be present in the Kufra Basin although there is little indication of thickness or quality of the shale. A geochemical study by MicroPro, commissioned by Petro SA, identified significant local hydrocarbon anomalies with the highest readings corresponding to the largest lead identified by Salima and potentially derisking the presence of a hydrocarbon source. Block 14 is likely to be situated near to the eastern edge of the marine fairway during the Silurian so the risk in the Mesaha will be higher. The migration risk is relatively low if hot shale is present. Modelling in the Libyan Kufra indicates that the base Silurian may be in the oil window in the sub-basins from around 2 to 2.5 km depending on uplift and geothermal gradient. In Block 14, the stratigraphy and burial depths for the potential reservoirs and source rock are still to be established and no geochemical modelling or migration modelling studies have been reviewed. Consequently the timing of any hydrocarbon generation and the predicted hydrocarbon phase is very uncertain. By analogy with the Murzuq Basin, the depth of burial of the reservoirs indicate that oil is more likely, but there is also a possibility of gas, and possible gas flushing.

The play risk (seal x reservoir x charge risk) is therefore estimated to be around 0.09 or 9%.

The play risk does not include the prospect risks which would be considered for a seismically well-defined prospect. The current reconnaissance seismic is poor quality; it is difficult to interpret, and to identify the stratigraphy or depth of the primary reservoirs.

With modern seismic data and a detailed understanding of the play type it would be reasonable to expect that some leads could mature into prospects with a best estimate size expectation in the range 20 to 200 MMbo. Risk would be expected to be low if the play has been proven. Larger volumes are possible as in the Elephant (El Feel) Field but probably subject to higher risk as they would involve very large faults, basement highs or stratigraphic traps. Assuming, that a new seismic survey will result in good quality data and a reasonable seismic grid to define a prospect, a typical prospect risk could be around 0.5. A conceptual total risk (play risk x trap risk) is therefore estimated at 0.045 or around 4.5%. This risk is consistent although slightly lower than the 5% indicated by ZPEB who assign an average risk of around 5% to the traps indicated on their structural maps.

The risk is high and the chance of success estimate of 4.5% is based on the current data. If the play is proven in the area by drilling, then the risk will be reduced substantially. Lead resource and risk assessment is a data driven process and lack of data is reflected in increased risk and a wider resource size range. Consequently we would expect new data and studies to significantly reduce both the risk and uncertainty for the potential traps. In particular new seismic data is required to reduce uncertainty in the structural mapping of closure geometry, whilst both geochemical modelling and reservoir studies have the potential to reduce hydrocarbon charge (gas) risk and the reservoir parameter input uncertainty, respectively. If play is proven in the area then COS for a typical prospect could increases to around 30%.

It is believed that a well (Sahara 1) was drilled in 2Q 2012 by the Sahara Oil Company in Block 12A which lies to the south of Block 14. Agri does not have any data on this well. However, scouting reports indicates that there were intermittent oil shows over a 300 m interval possibly in Devonian sandstones which, if correct, could indicate that there is a viable source. It is believed that the Block 12A consortium is planning a second well and further seismic. It is also believed that a consortium led by Melrose is currently drilling a well in Egypt immediately north of Block 14 (Figure 3.4).

The risks for the Mesaha sub-basin and for the Devonian-Silurian Play are likely to be higher. As a comparison, Senergy estimate a total play risk (seal x reservoir x charge risk) of around 0.075 or 7.5%.

The prospects and leads belong to a variety of “play categories” which share aspects of trap type, reservoir target and hydrocarbon charge mechanism in common. Success in one prospect in a play in each sub-basin would significantly reduce the risk of other prospects and leads in the same sub-basin and play type.

Play	Play Risk %	Total Risk (play risk x trap risk)
Ordovician	9	4.5
Devonian	7.5	4

Table 3.4: Risk Summary

There is significant scope for risk reduction during the exploration phase. Seismic reprocessing, geochemical, microseepage studies to detect hydrocarbon seepage and shallow drilling to prove up the Silurian shales source and seal could be done at an early phase. New good quality seismic will have the potential to upgrade the current conceptual leads into drillable prospects and this should be acquired in 2013. A well-defined prospect could reduce the pre drill risk from around 4.5 to 7-8%. Success by drilling in acreage south of Block 14 and immediately north in Egypt will significantly reduce the play risk and increase the chance of success to around 30%.

3.5 EPSA Work Programme and Minimum Expenditure

The work programme requires a minimum of 1,000 km of seismic and 1 well in the first 3 years. The work programme is considered feasible although challenging. The Operator is under a tight time schedule to conduct these operations especially considering the remoteness of the territory and any possible problems in conducting operations in Sudan.

The minimum expenditure commitment is $12 million during the first period although it is expected that the costs of seismic and a deep well will significantly exceed this sum. It is possible that activity in adjacent blocks will lead to a cost reduction by mitigating mobilisation and demobilisation costs.

The block is around 100,000 km^2 and the prospective area is around 35% or 35,000 km^2. **Figure 3.5** illustrates the terrain and indicates that it is very practical to acquire seismic of good quality and reasonable cost in this area. It is impractical to acquire a large but closely spaced seismic grid over all the prospective area at a reasonable cost. The existing seismic should be reprocessed and future seismic acquisition will have to be smart with a rapid turnaround in fast track processing and interpretation to maximise the chance to focus on the acquisition of drillable targets. Possibly, 1,000 km of seismic could firm up around 2 to 4 leads as prospects for drilling.

3.6 Proposed Work Programme and Budget

The following work program and budget[10] was supplied by Agri and is for the 12 months from 1 January 2013 to 31 December 2013. This period covers the second half of the Year 1 and the first half of Year 2 according to the Block 14 Exploration Production Sharing Agreement (EPSA). The budget has been prepared on a minimum and maximum basis.

[10] The budget and work program is subject to Government and Partner approval.

	Minimum Expenditure		Maximum Expenditure	
2013 Work Programme and Projects[11]	**Gross Cost** **US$**	**Net to Agri @41.6%** **US$**	**Gross Cost** **US$**	**Net to Agri @41.6%** **US$**
Compile Geological and Geophysical Database	40,000	16,640	40,000	16,640
Reprocess Existing Data[12]	300,000	124,800	300,000	124,800
Stratigraphic and Structural Framework	50,000	20,800	50,000	20,800
Regional Hydrocarbon Prospectivity and Field Review	50,000	20,800	50,000	20,800
Petroleum Systems and Play Analysis	50,000	20,800	50,000	20,800
Source Rock and Basin Modelling	50,000	20,800	50,000	20,800
Paleogeographic Studies and Reservoir Prediction	50,000	20,800	50,000	20,800
High Resolution Aero-Gravity Acquisition[13]	1,350,000	561,600	1,350,000	561,600
2D Seismic Acquisition[14]	-	-	6,000,000	2,496,000
TOTAL	**1,940,000**	**807,040**	**7,940,000**	**3,303,040**

Senergy understands from Agri that the work programmes cover the period to end 2013. These work programmes are reasonable for the initial phase of exploration and are justified given the exploration potential of Block 14. Senergy considers that the exploration budgets and work programmes presented by Agri are appropriate to achieve the business plan and objectives that the Company has established. The work programmes should be considered provisional as it will depend on the results of each phase of the work and should be reviewed at each stage. It is also envisaged that Agri will make plans to acquire a minimum of 1000 km of 2D seismic data; the specific seismic programme will depend on the results of the initial geological and geophysical studies.

[11] Project costs only, does not include G&A costs
[12] Excludes interpretation costs
[13] Subject to availability and results of the seismic reprocessing and interpretation; size of survey yet to be determined
[14] 2D seismic acquisition may be part acquired in 2013

4 References

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5 Nomenclature

Term	Meaning
2D	Two dimensional referring to seismic data
3D	Three dimensional referring to seismic data
API	American Petroleum Institute
AVO	Amplitude versus offset or amplitude variation with offset is often used as a direct hydrocarbon indicator.
Best Estimate	An estimate representing the best technical assessment of projected volumes. Often associated with a central, P_{50} or mean value.
CGS	Canadian Geological Survey
bbls/d	Barrels per day
Bbo	Billion barrels oil
bopd	Barrels of oil per day
Bscf	Billions of standard cubic feet
bwpd	Barrels of water per day
CPI	Computer Processed Interpretation
CO_2	Carbon dioxide
COS	Prospect Risk Factor or exploration or geological chance of success. The probability, typically expressed as a percentage, that a given outcome will occur.
GIIP	Gas Initially In Place
GOR	Gas Oil Ratio
GRV	Gross Rock Volume
HIIP	Hydrocarbons Initially in Place
IOR	Improved or Incremental oil recovery
MD	Measured depth
mD	Millidarcies
Mean	The arithmetic average of a set of values
mKB	Metres below
MM	Million
MMbo	Million barrels oil
MMboe	Millions of barrels of oil equivalent
MMscf/d	Million standard cubic feet per day
MMbo	Millions of barrels of stock tank oil
NGL	Natural Gas Liquids
NPV	Net present value
OWC	Oil Water Contact
P_{99}	The probability that a stated volume will be equalled or exceeded. In this example a 99% chance that the actual volume will be greater than or equal to that stated.
Prospective Resources	Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an

	associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.
scf	Standard cubic foot
stb/d	Stock tank barrels per day
STOIIP	Stock tank oil initially in place
Sw	Water saturation
Tcf	Trillion cubic feet
TD	Total depth
TOC	Total Organic Carbon – a measure of source rock quality
TVDSS	True vertical depth sub sea
USGS	United States Geological Survey

Appendix 1: Senergy & Author Credentials

Senergy (GB) Limited is a privately owned independent consulting company established in 1990, with offices in Aberdeen, London, Stavanger, Abu Dhabi, Kuala Lumpur, and Perth. The company specialises in petroleum reservoir engineering, geology and geophysics and petroleum economics. All of these services are supplied under an accredited ISO9001 quality assurance system. Except for the provision of professional services on a fee basis, Senergy has no commercial arrangement with any person or company involved in the interest that is the subject of this report.

Martin Eales is a Principal Geophysicist for Senergy (GB) Limited and was responsible for supervising this evaluation. He has bachelors and doctorate degrees in geology from the Universities of Cambridge and Glasgow. He is a professional geophysicist with over 30 years of oil industry experience gained working on a wide variety of fields in major international companies and within Senergy. He has extensive experience in North Africa including the Murzuq and Kufra Basins. He is a Fellow of the Geological Society, the European Association of Geoscientists & Engineers (EAGE) and a member of the Petroleum Exploration Society of Great Britain.

Jim Scallon received a BSc (Special Honours) degree in Geology from the University of Sheffield, and is a geologist and petroleum analysis professional with over 30 years experience in a variety of leadership roles in numerous worldwide locations and in a wide range of major company operating environments. He is an advisor to both small and large oil companies on a wide range of topics ranging from exploration to production decline management, and has extensive experience in the preparation of Competent Persons Reports.

Appendix 2: Resource & Risk Evaluation Method

Senergy was requested to provide an independent evaluation of the recoverable hydrocarbons expected for the assets. Standard geological and engineering techniques accepted by the petroleum industry were used in estimating recoverable hydrocarbons. These techniques rely on engineering and geo-scientific interpretation and judgement; hence the resources included in this evaluation are estimates only and should not be construed to be exact quantities. It should be recognised that such estimates may increase or decrease in future if there are changes to the technical interpretation, economic criteria or regulatory requirements.

The recoverable hydrocarbons expected for each asset are categorised in accordance with the 2007 Petroleum Resources Management System prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE). The results of this work have been presented in accordance with the requirements of the AIM Market of the London Stock Exchange, in particular as described in the "Note for Mining and Oil and Gas Companies - June 2009".

Prospective Resources can be defined for projects at one of three stages of maturity: play, lead or prospect. In each case the opportunities are verified through review of operator data, studies and maps, and by comparison with analogue play type and basin information where available. In this report Senergy reviewed the data and undertook an independent play level estimate of the resource size and associated risk.

Senergy refer to a potentially drillable opportunity as a prospect if the database is adequate for us to quantify the potential resource size and undertake a meaningful risk assessment. If the database is inadequate we assign lead status and assess the resource size potential of the play to which the leads belong.

Deterministic single point resource size estimates can be used to give a general indication of the potential. However this method will not normally capture the full range of uncertainty and consequently we favour using a probabilistic or Monte Carlo approach. For probabilistic estimates the low is P_{90}, best estimate is the P_{50} or Mean and the high case is the P_{10} (i.e. 90% probability, 50% probability or Mean of the distribution and 10% probability respectively).

An assessment has been made of the Play Risk Factor which is defined as the chance of geological success. Senergy has estimated the geological chance of success using a standard methodology which is based on the principle that an exploration play or prospect requires the four components of trap, seal, reservoir and hydrocarbon charge to be present and effective. Risk values are assigned to each of these elements and these are multiplied together to give an overall risk factor. A brief description of each of these factors is included in order to explain the choice of risk factor value.

Appendix 3: Resource Estimation (Alternative Method)

Appendix 3 discusses an alternative methodology to define the conceptual resource size using the deterministic parameters.

Table 3.2 is copied below with the deterministic STOIIP and Resource estimates added. These high and low values are assumed to represent the P_{99} and P_1 cases on a log normal distribution **(Figure A.1).** The plot indicates the P_{50} is approximately 50 MMbo, consistent with the Monte Carlo simulation described in Table 3.3.

Ordovician parameters			
	Low	ML	High
Area km^2	10	25	60
Relief m	50	100	200
Shape factor	0.3	0.4	0.5
Net to gross	0.4	0.6	0.8
Porosity	0.1	0.12	0.15
Hydrocarbon saturation	0.50	0.60	0.75
Formation volume factor	1.3	1.2	1.1
Recovery factor	0.2	0.3	0.4
STOIIP MMbo	15	225	3,100
Resources MMbo	3	65	1,200

Table A.1: Possible deterministic STOIIP and Resources using the input Parameters in Table 3.2.

This play level resource range means that we could expect a representative prospect portfolio sample to comprise at least one prospect with best estimate resource over the P_{10} value of 200-250 MMbo, several in the range 20 to 200 MMbo, and a number of prospects with best estimate resource size closer to the P_{90} value of 10-15 MMbo. There is approximately a 5% probability that a field could exceed 500 MMbo.

Appendix 4: PRMS Reserve & Resource Definitions

The following figures and tables have been extracted from the 2007 Petroleum Resources Management System (PRMS) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE). The complete document is available from www.spe.org.

"Technical Reserves" quoted in this report have been defined at the earlier of a limiting flow rate or a fixed cut-off date without conducting an economic test. Application of an economic test is required for full compatibility with the PRMS Reserves definitions, which, depending on the economic assumptions used, may result in Economic Reserves being less than Technical Reserves.

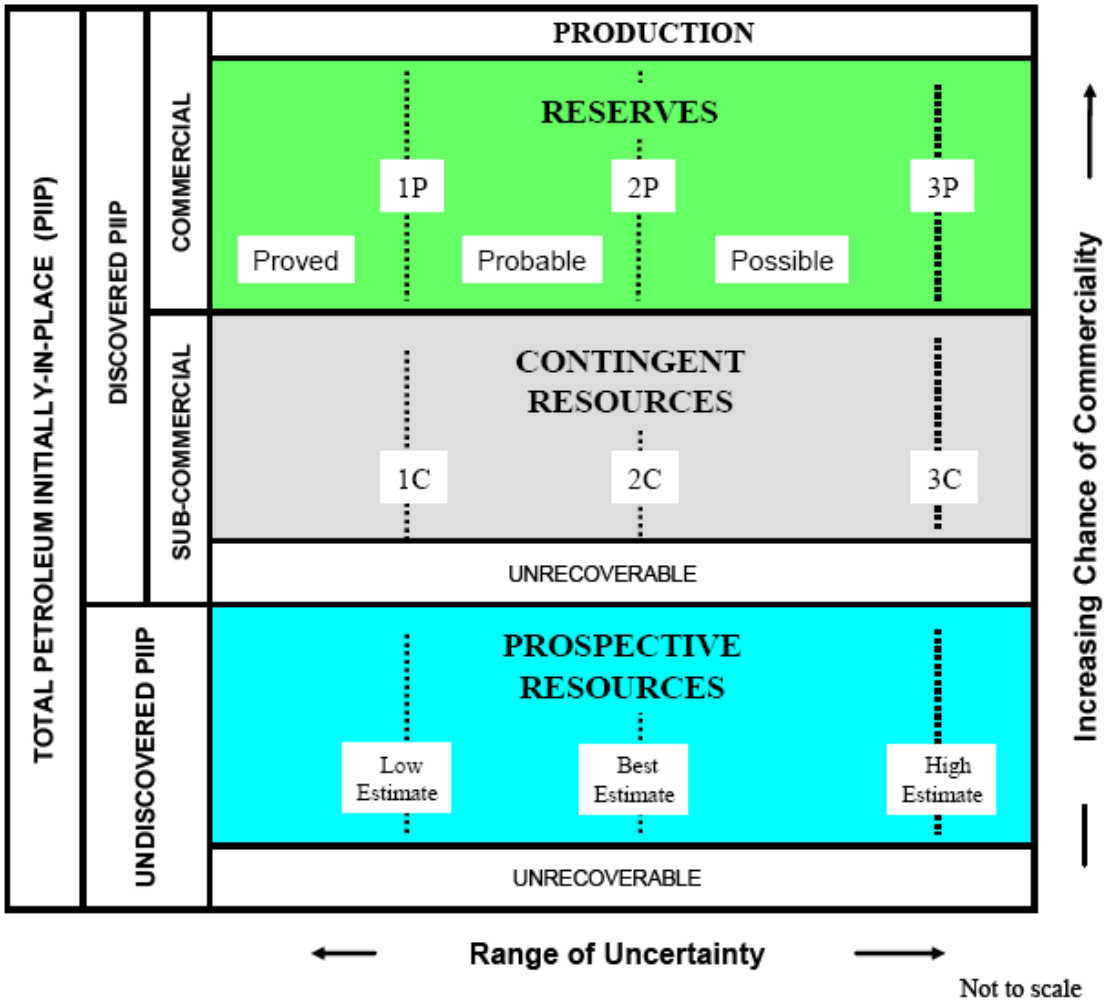

Figure A.2 Petroleum Resources Classification Framework

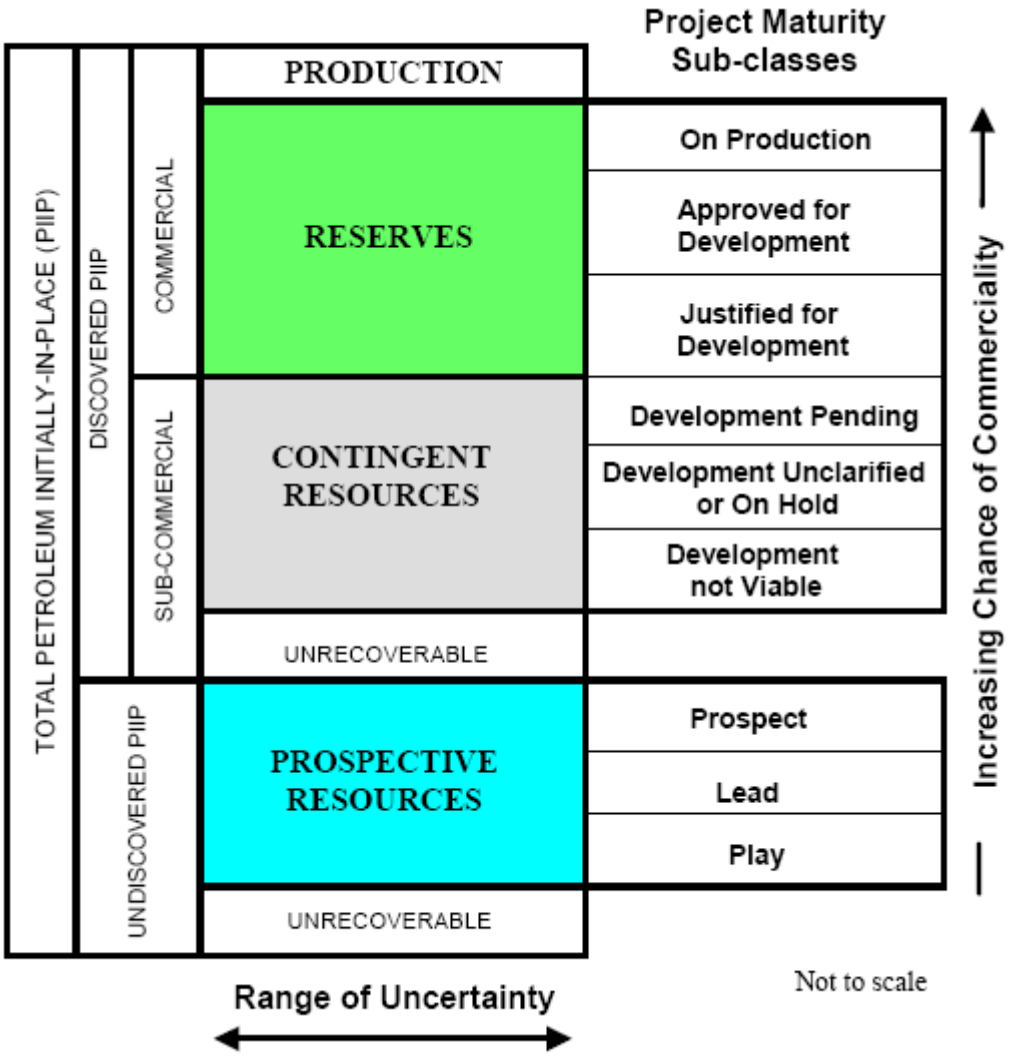

Figure A.3 Project Maturity Sub-Classes

Class/Sub-Class	**Definition**	**Guidelines**
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 hydrocarbonbearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.
On Production	The development project is currently producing and selling petroleum to market.	The key criterion is that the project is receiving income from sales, rather than the approved development project necessarily being complete. This is the point at which the project "chance of commerciality" can be said to be 100%. The project "decision gate" is the decision to initiate commercial production from the project.
Approved for Development	All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is under way.	At this point, it must be certain that the development project is going ahead. The project must not be subject to any contingencies such as outstanding regulatory approvals or sales contracts. Forecast capital expenditures should be included in the reporting entity's current or following year's approved budget. The project "decision gate" is the decision to start investing capital in the construction of production facilities and/or drilling development wells.

Class/Sub-Class	**Definition**	**Guidelines**
Justified for Development	Implementation of the development project is justified on the basis of reasonable forecast commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals/contracts will be obtained.	In order to move to this level of project maturity, and hence have reserves associated with it, the development project must be commercially viable at the time of reporting, based on the reporting entity's assumptions of future prices, costs, etc. ("forecast case") and the specific circumstances of the project. Evidence of a firm intention to proceed with development within a reasonable time frame will be sufficient to demonstrate commerciality. There should be a development plan in sufficient detail to support the assessment of commerciality and a reasonable expectation that any regulatory approvals or sales contracts required prior to project implementation will be forthcoming. Other than such approvals/contracts, there should be no known contingencies that could preclude the development from proceeding within a reasonable timeframe (see Reserves class). The project "decision gate" is the decision by the reporting entity and its partners, if any, that the project has reached a level of technical and commercial maturity sufficient to justify proceeding with development at that point in time.
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.
Development Pending	A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.	The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g. drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time frame. Note that disappointing appraisal/evaluation results could lead to a re-classification of the project to "On Hold" or "Not Viable" status. The project "decision gate" is the decision to undertake further data acquisition and/or studies designed to move the project to a level of technical and commercial maturity at which a decision can be made to proceed with development and production.
Development Unclarified or on Hold	A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.	The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are on hold pending the removal of significant contingencies external to the project, or substantial further appraisal/evaluation

Class/Sub-Class	**Definition**	**Guidelines**
		activities are required to clarify the potential for eventual commercial development. Development may be subject to a significant time delay. Note that a change in circumstances, such that there is no longer a reasonable expectation that a critical contingency can be removed in the foreseeable future, for example, could lead to a reclassification of the project to "Not Viable" status. The project "decision gate" is the decision to either proceed with additional evaluation designed to clarify the potential for eventual commercial development or to temporarily suspend or delay further activities pending resolution of external contingencies.
Development Not Viable	A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time due to limited production potential.	The project is not seen to have potential for eventual commercial development at the time of reporting, but the theoretically recoverable quantities are recorded so that the potential opportunity will be recognised in the event of a major change in technology or commercial conditions. The project "decision gate" is the decision not to undertake any further data acquisition or studies on the project for the foreseeable future.
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.
Developed Reserves	Developed Reserves are expected quantities to be recovered from existing wells and facilities.	Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-

Class/Sub-Class	**Definition**	**Guidelines**
		Producing.
Developed Producing Reserves	Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate.	Improved recovery reserves are considered producing only after the improved recovery project is in operation.
Developed Non-Producing Reserves	Developed Non-Producing Reserves include shut-in and behind-pipe Reserves.	Shut-in Reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells which will require additional completion work or future recompletion prior to start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.
Undeveloped Reserves	Undeveloped Reserves are quantities expected to be recovered through future investments:	(1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

Table A.2: Recoverable Resources Classes and Sub-Classes

Status	Definition	Guidelines
Developed Reserves	Developed Reserves are expected quantities to be recovered from existing wells and facilities.	Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.
Developed Producing Reserves	Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate.	Improved recovery reserves are considered producing only after the improved recovery project is in operation.
Developed Non-Producing Reserves	Developed Non-Producing Reserves include shut-in and behind-pipe Reserves.	Shut-in Reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells which will require additional completion work or future recompletion prior to start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.
Undeveloped Reserves	Undeveloped Reserves are quantities expected to be recovered through future investments:	(1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

Table A.3: Reserves Status Definitions and Guidelines

Category	Definition	Guidelines
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 (1) the area delineated by drilling and defined by fluid contacts, if any, and (2) 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.
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

Category	Definition	Guidelines
		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 structural 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

Category	Definition	Guidelines
		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.

Table A.4: Reserves Category Definitions and Guidelines

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Block 14 Sudan Showing the Basin Settings in North East Africa

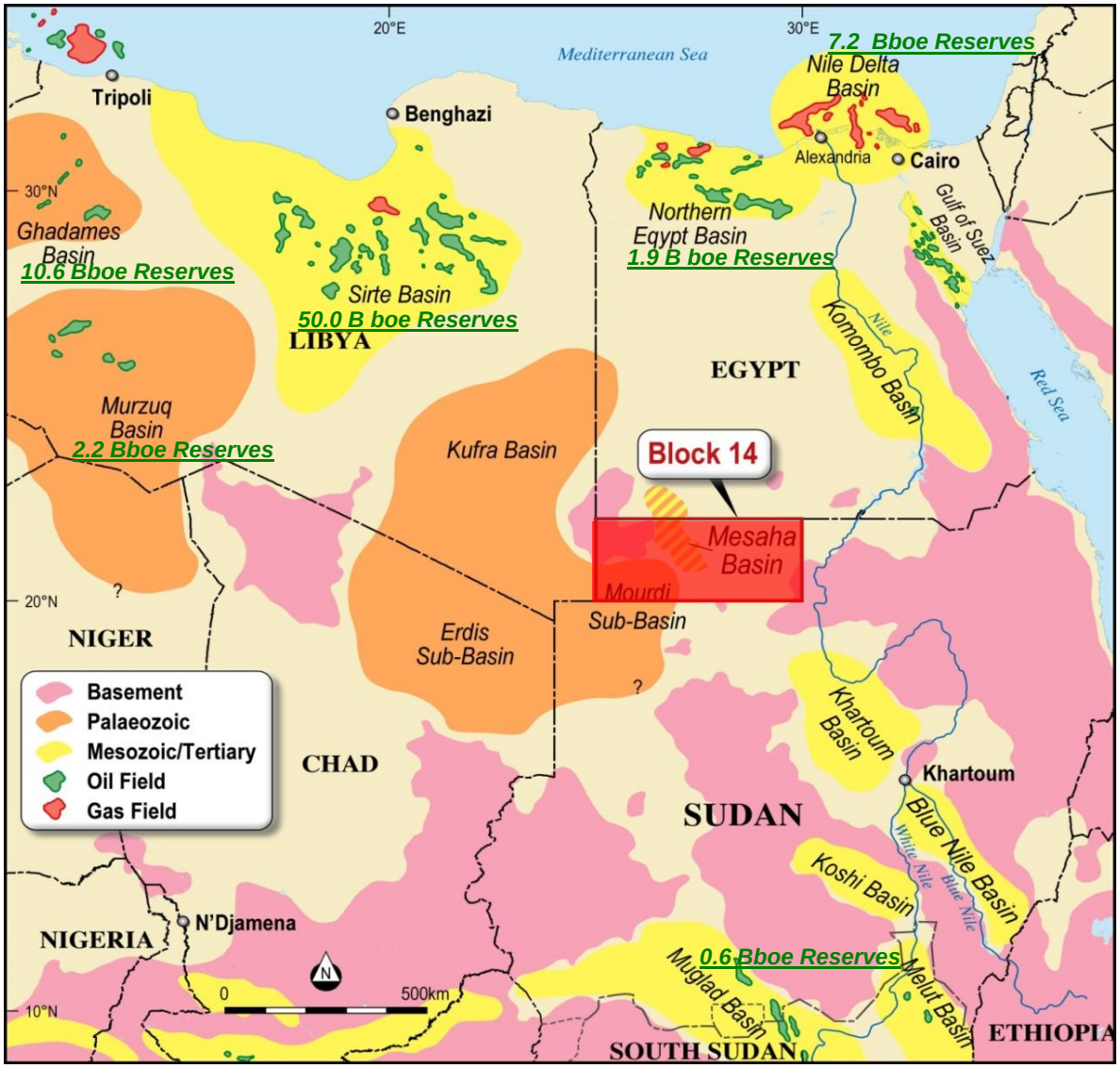


Figure 1.1

Source: Agri October 2012; reserve numbers from Hemsted 2003 (reference 12)

senergy

Proposed structure of the Block 14 Joint Operating Company

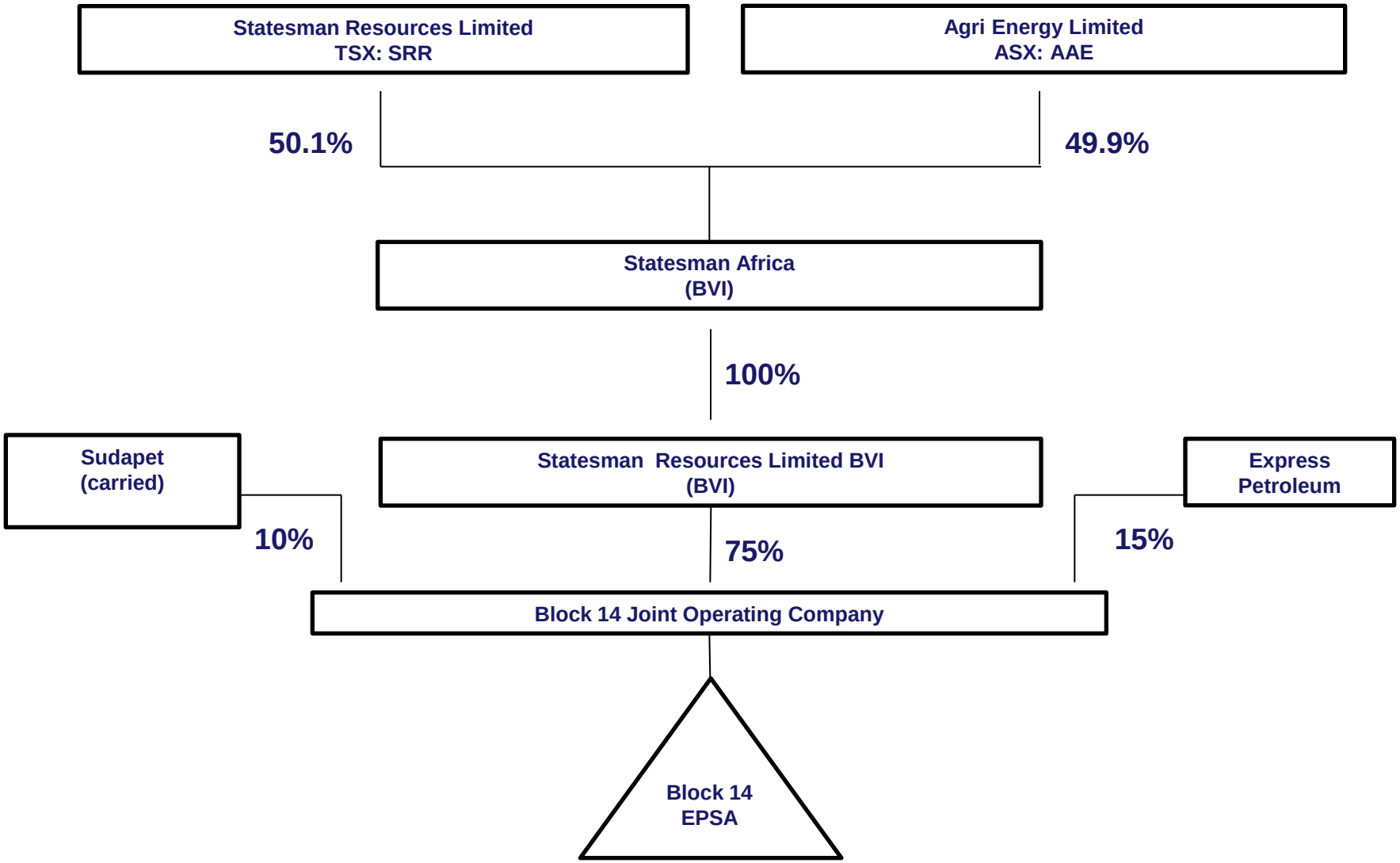


Figure 1.2

Source: Agri October 2012

senergy

Block 14: Basin Setting

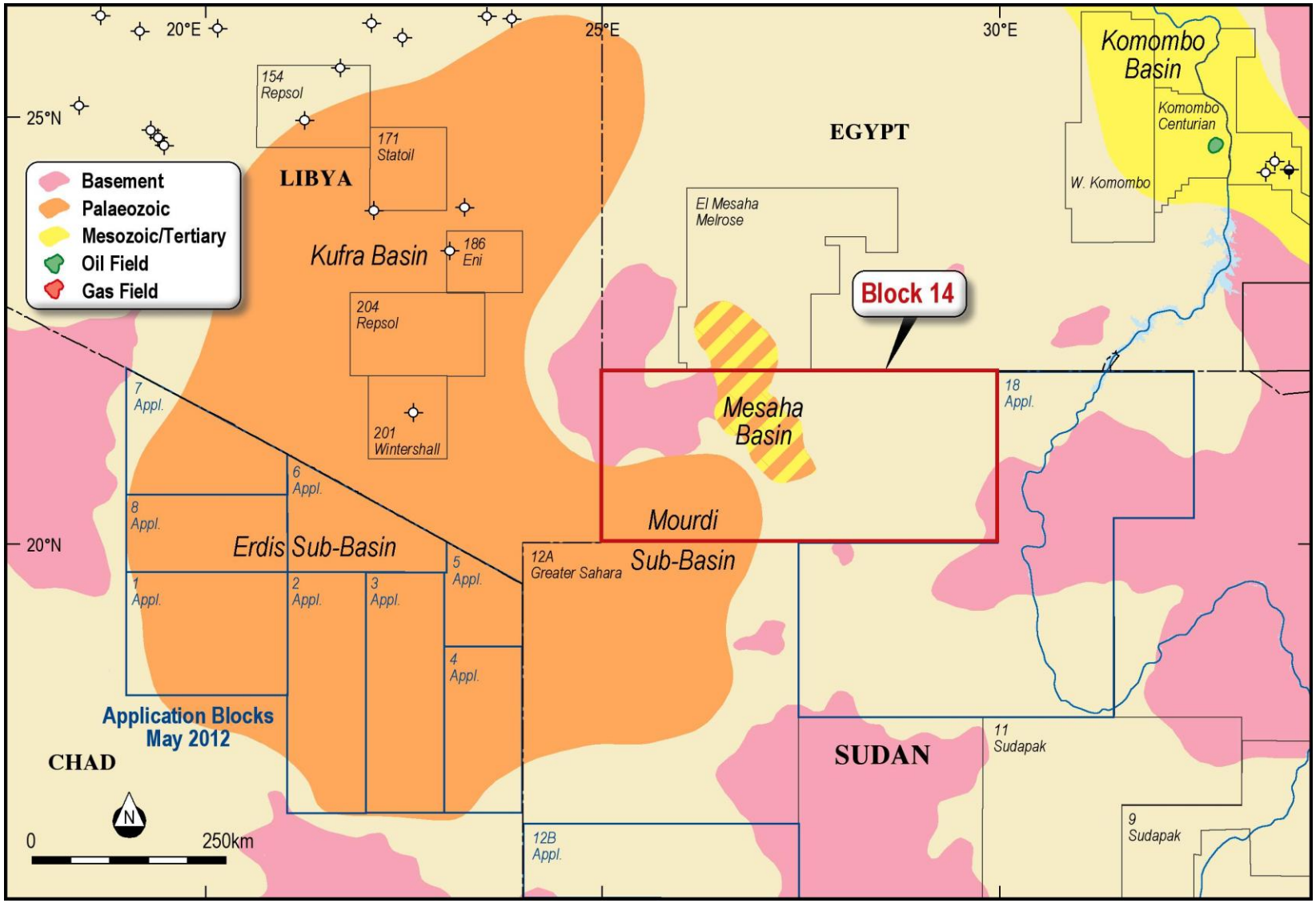
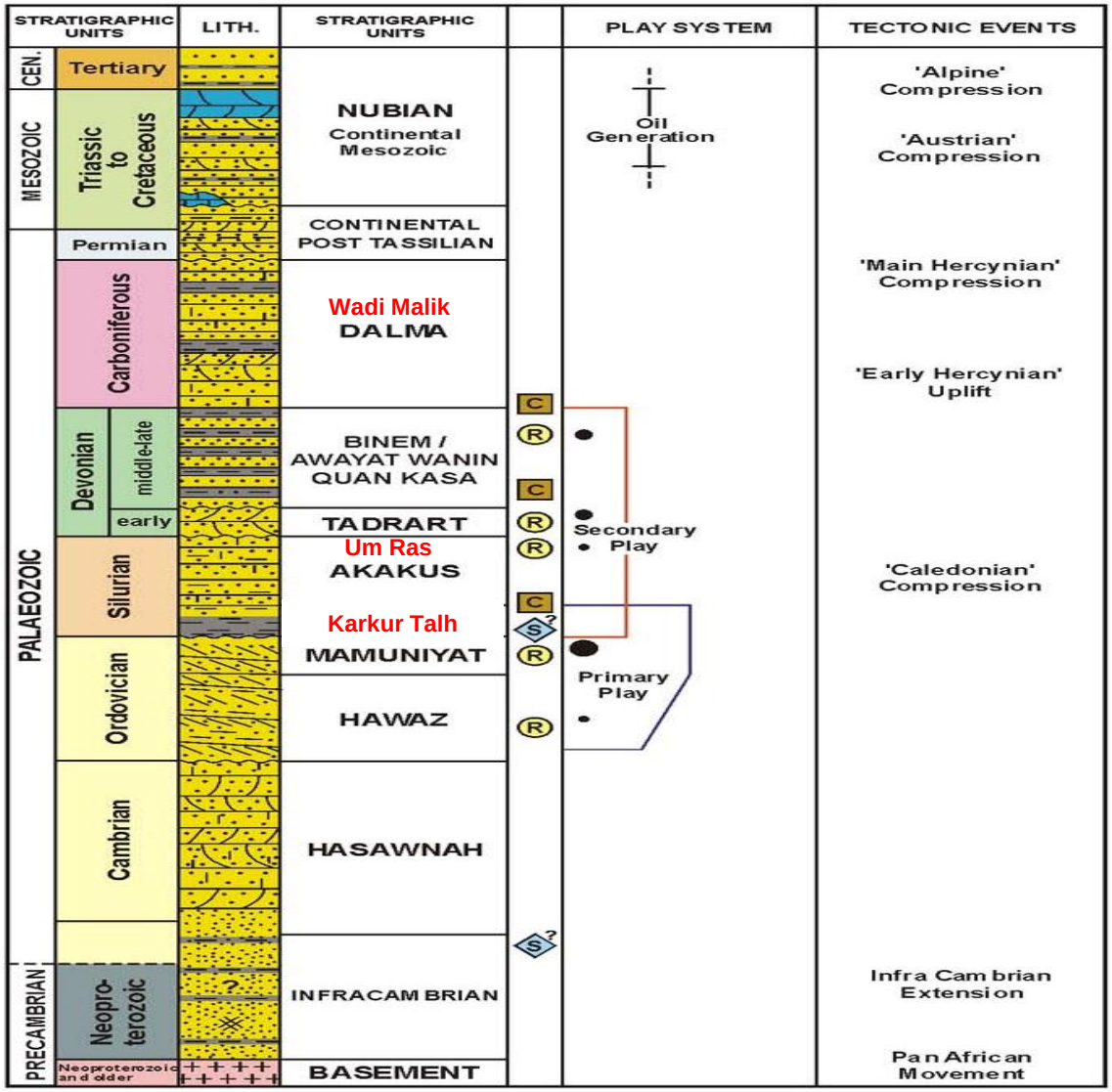


Figure 2.1

Source: Agri October 2012

senergy

Murzuq and Kufra Basins: Generalised Stratigrapahy

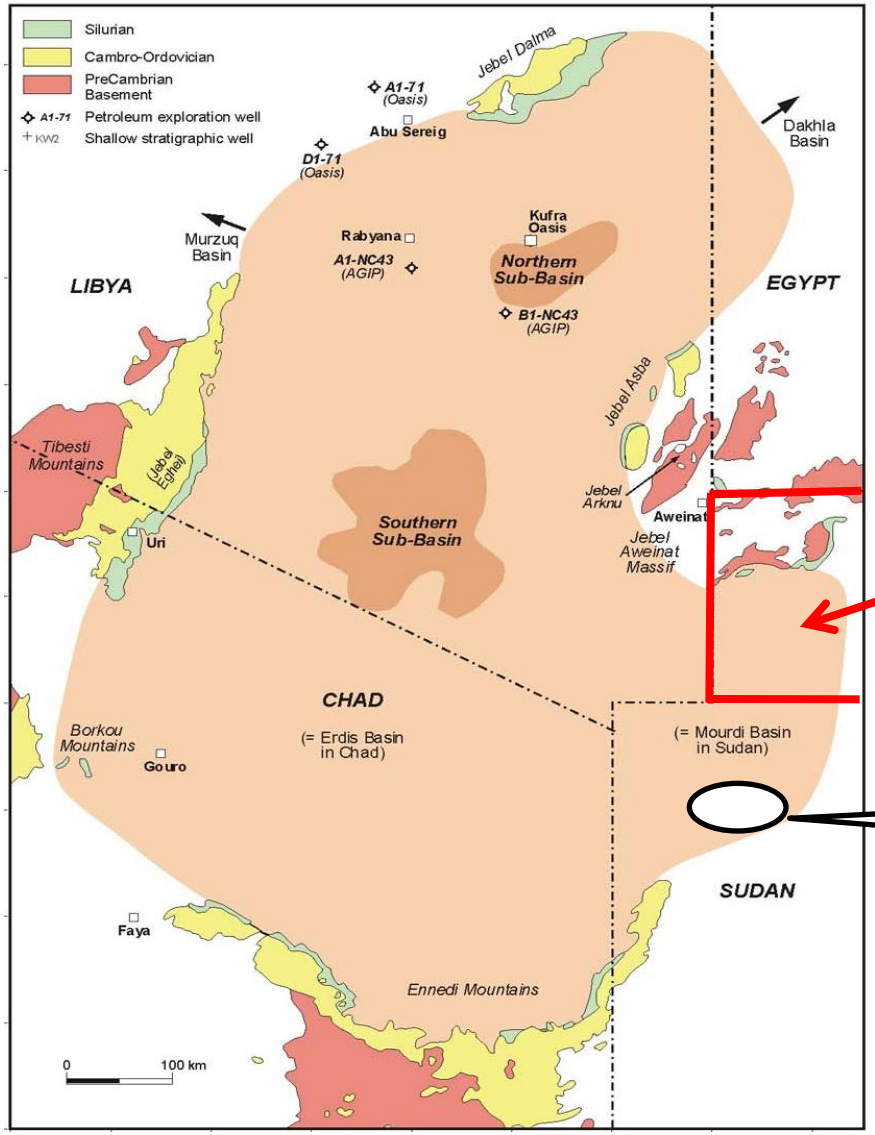


local Sudanese terms in red
eg Wadi Malik

Figure 2.2

senergy

Kufra Basin Showing Basin Limits and Generalised Outcrop Geology



Western part of Block 14 within the Kufra (Mourdi sub-basin)

Approximate Location of Block 12A well Sahara-1

The map indicates block 14 and the northern & southern sub-basins mentioned in the text.
The wells A1-NC43 and B1-NC43 were drilled around 30 years ago and are referenced in the text; there has been limited recent drilling in the Libyan Kufra and 1 well in the Sudanese Mourdi

Figure 2.3

Source: Agri October 2012

senergy

Schematic Cross Section Across the Murzuq and Kufra Basins

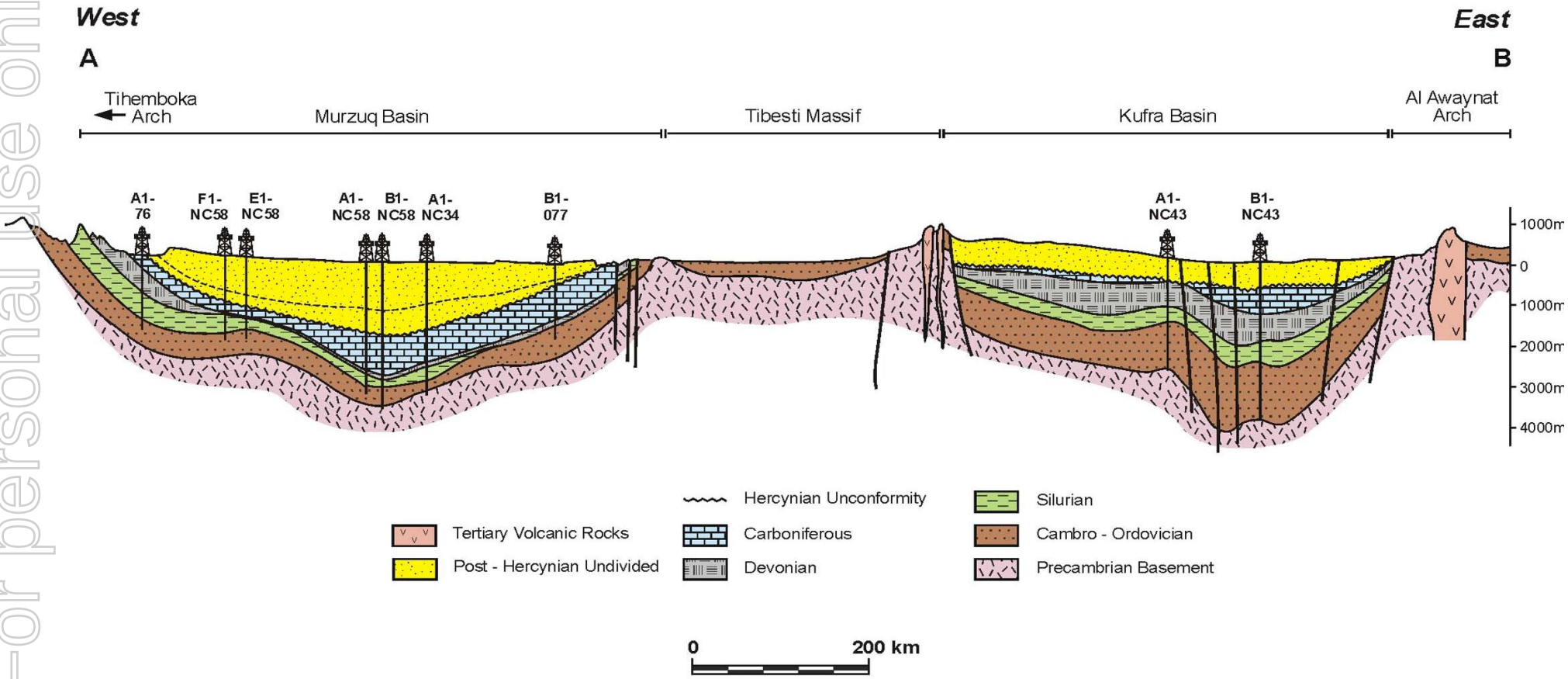
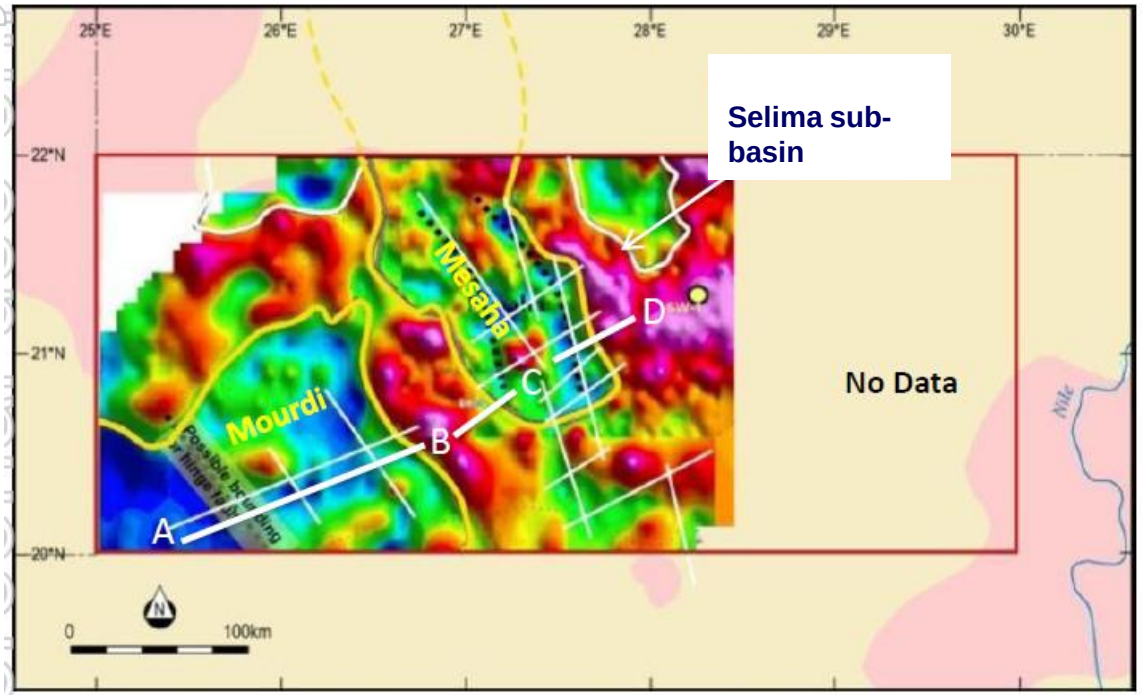


Figure 2.4

Source: modified from Craig et al. (Reference 7)

senergy

Block 14: Gravity and Structural Cross Section



- Block Data
  - Gravity
    340km x 229 km
  - 2D Seismic
    13 lines, ~1200km
  - Well
    SW- 1 shallow stratigraphic well
- Bouguer gravity data over western Block 14 shows two main depo-centres, identified as the Mourdi and Mesaha Sub-basins.

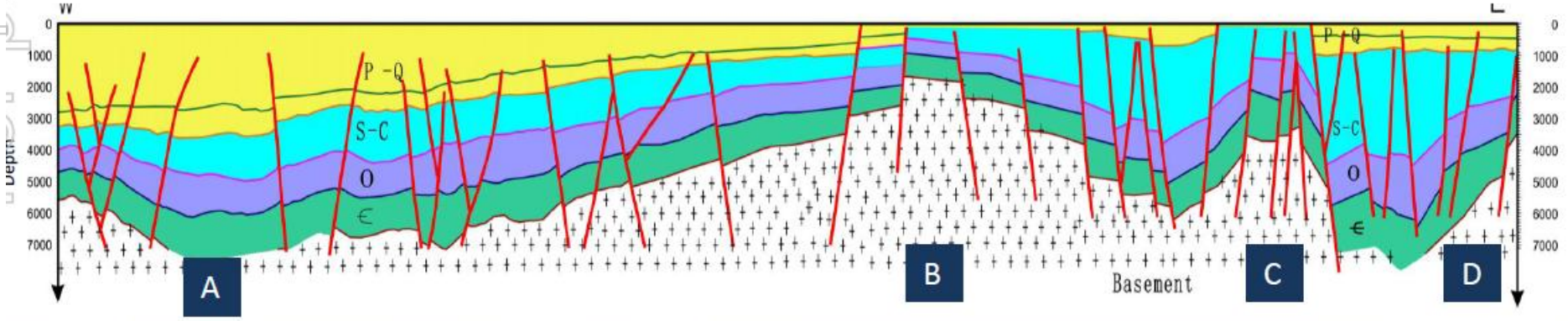


Figure 2.5

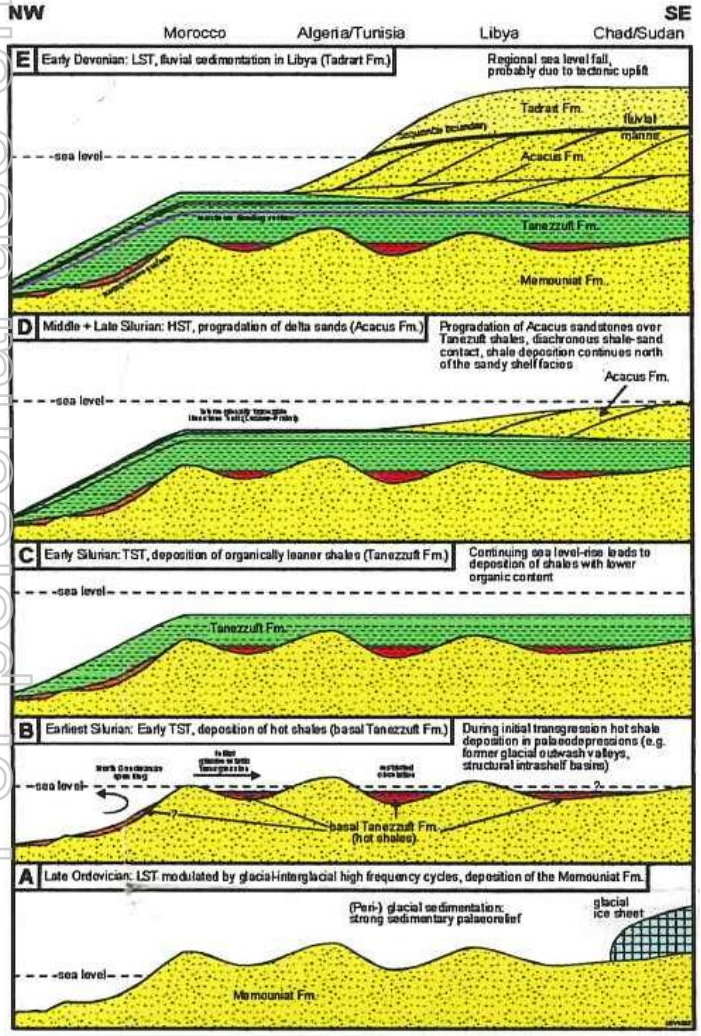
Source: modified from ZPEB Interpretation Report 2009

senergy

Model for the Development of the Silurian Source Rock in the Kufra Basin

General Depositional Model for the late Ordovician to Early Devonian

a



Model for the Development of the basal Silurian source rock in the Kufra Basin

b

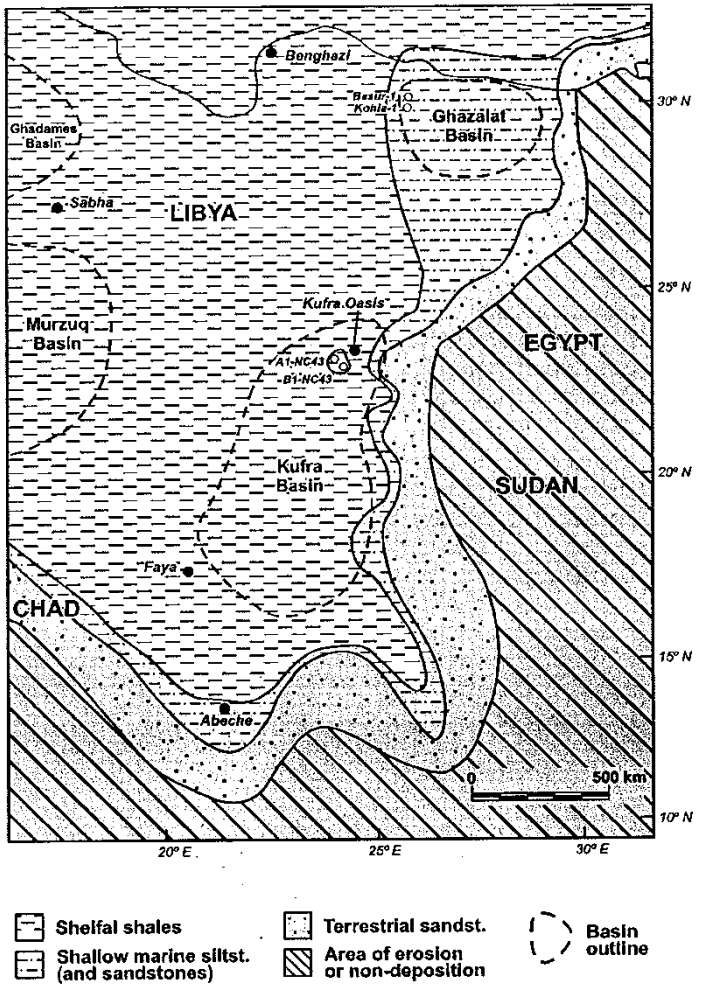


Figure 2.6

Source: modified from Craig et al. (Reference 7) & Lüning et al. (Reference 10)

senergy

Seismic Lines Showing the Development of the Tanezzuft Hot Shale in the Murzuq Basin

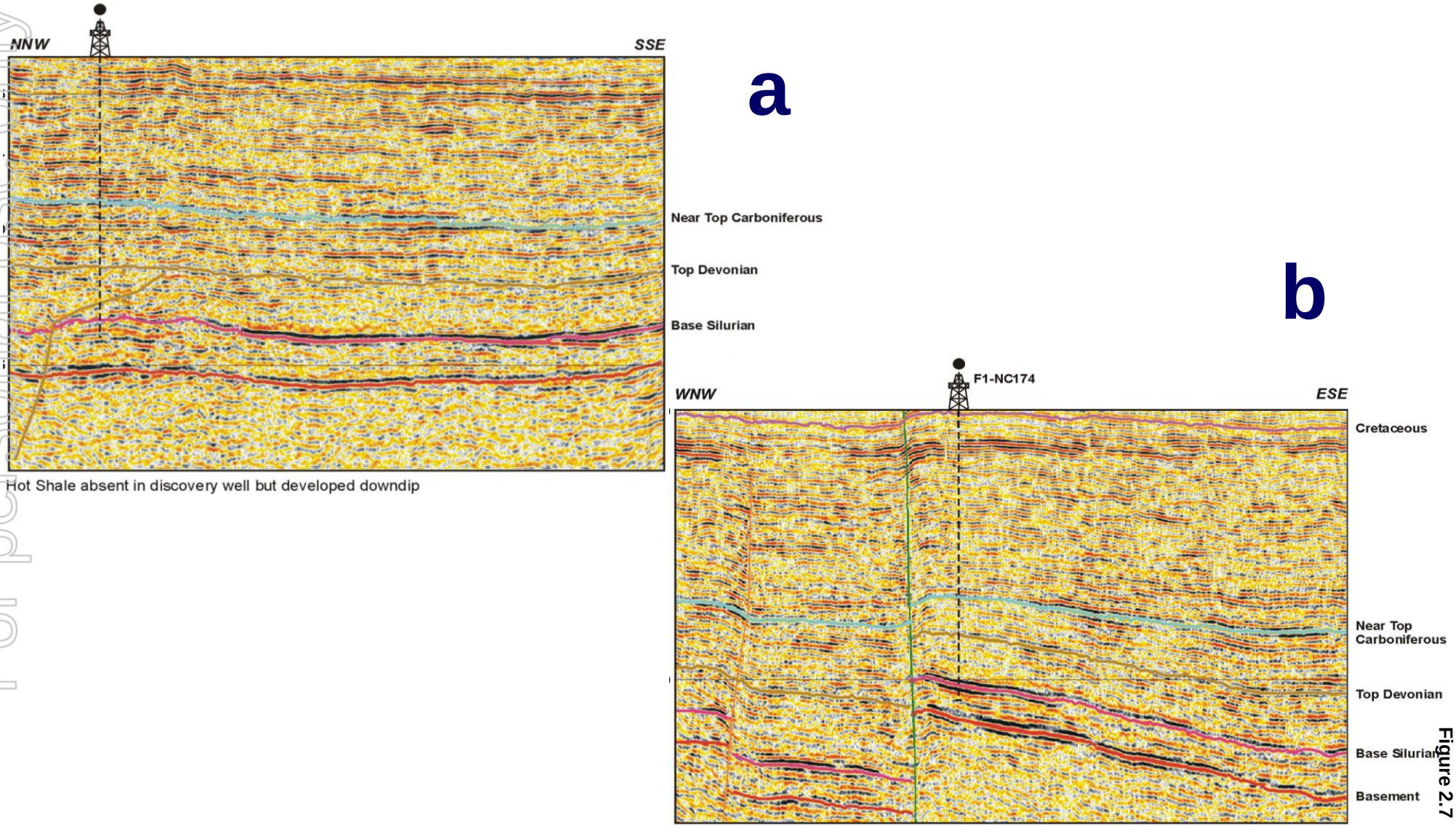


Figure 2.7

Source: modified from Craig et al. (Reference 7) & Davidson et al. (Reference 11)

senergy

Kufra Basin: Regional Seismic Line

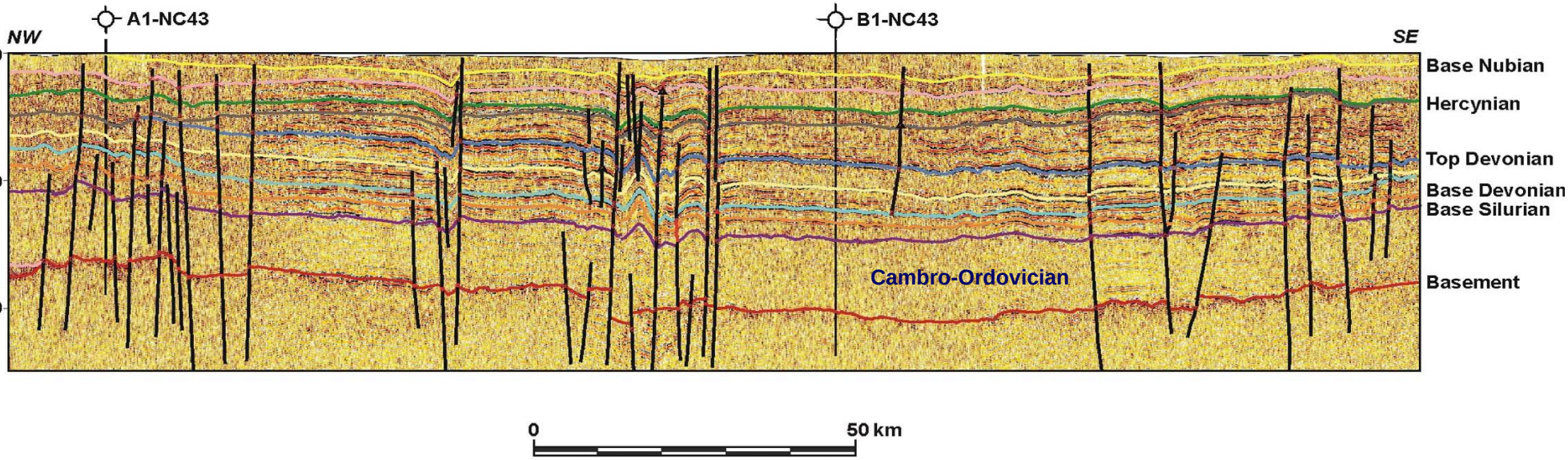


Figure 2.8

Source: modified from Craig et al. (Reference 7)

senergy

Surface Oil and Gas Geochemical Anomalies

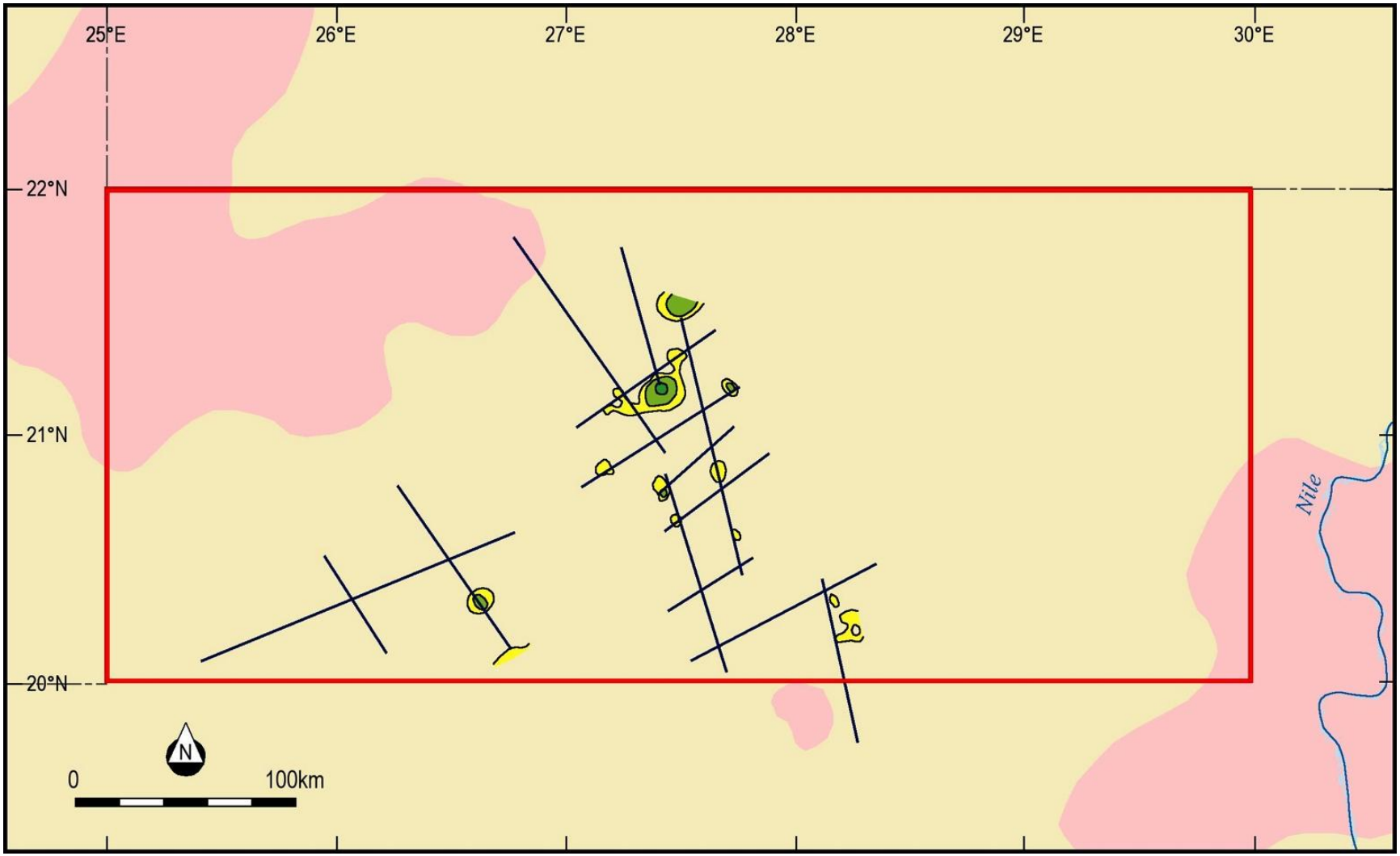


Figure 2.9

Source: MicroPro 2008

senergy

Block 14: Structural Interpretation (Mourdi Sub-basin) (from the ZPEB report)

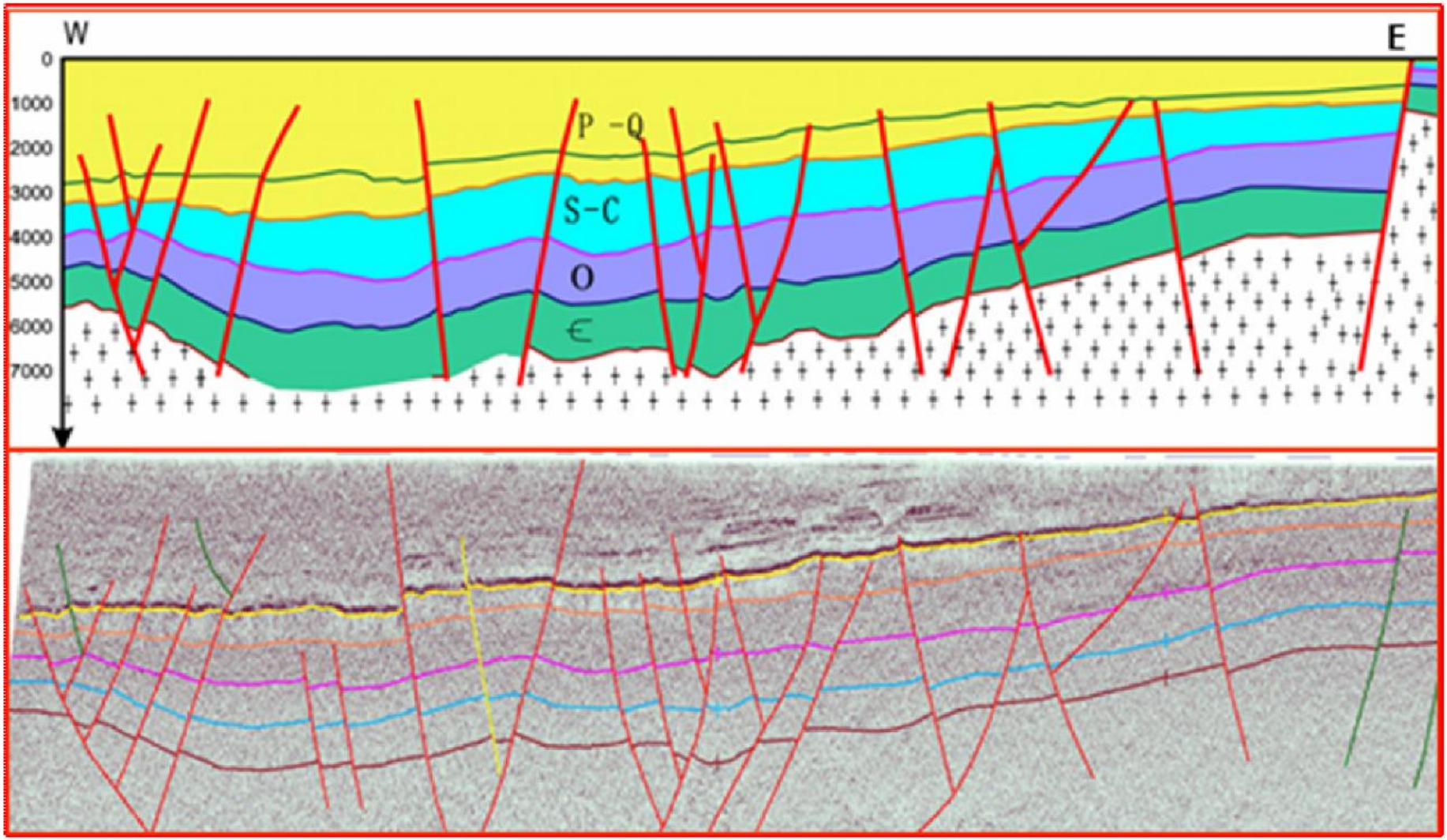


Figure 2.10

senergy

Block 14 Structural Interpretation (Mesaha Sub-basin) (from the ZPEB report)

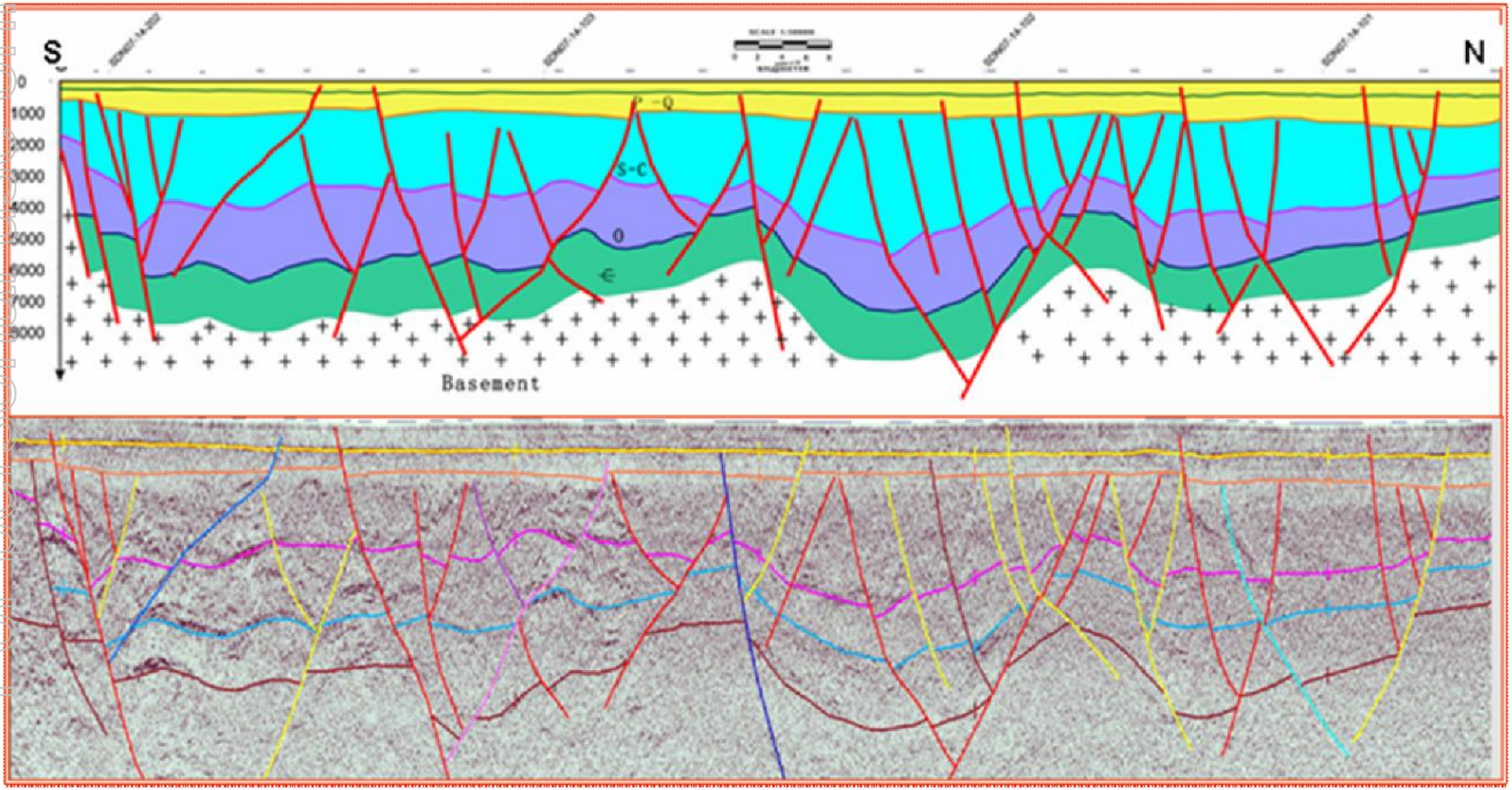
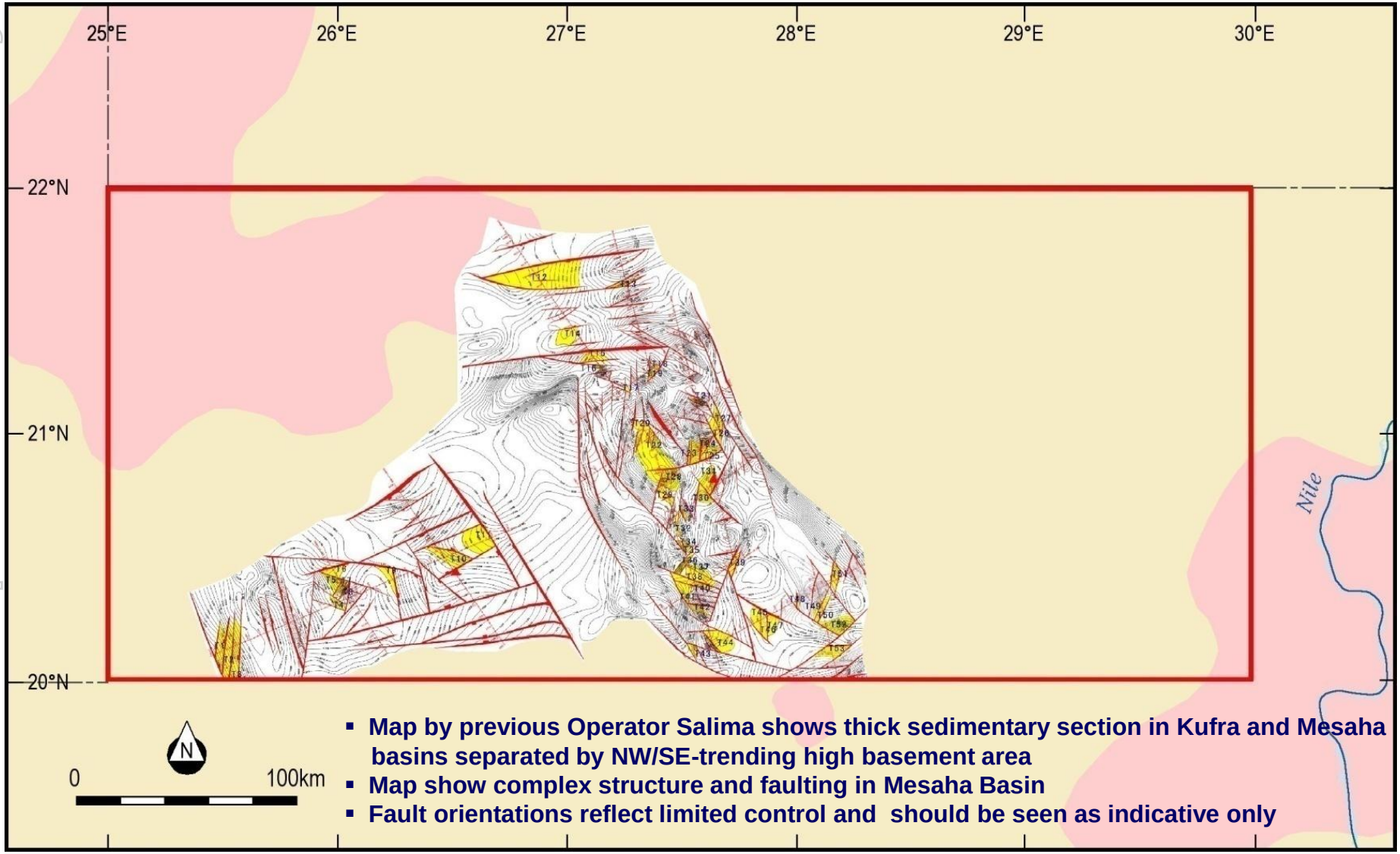


Figure 2.11

Source: ZPEB Interpretation Report 2009

senergy

Block 14: Top Horizon 4 (possibly Top Cambrian reservoir) Depth Map (from the ZPEB report)



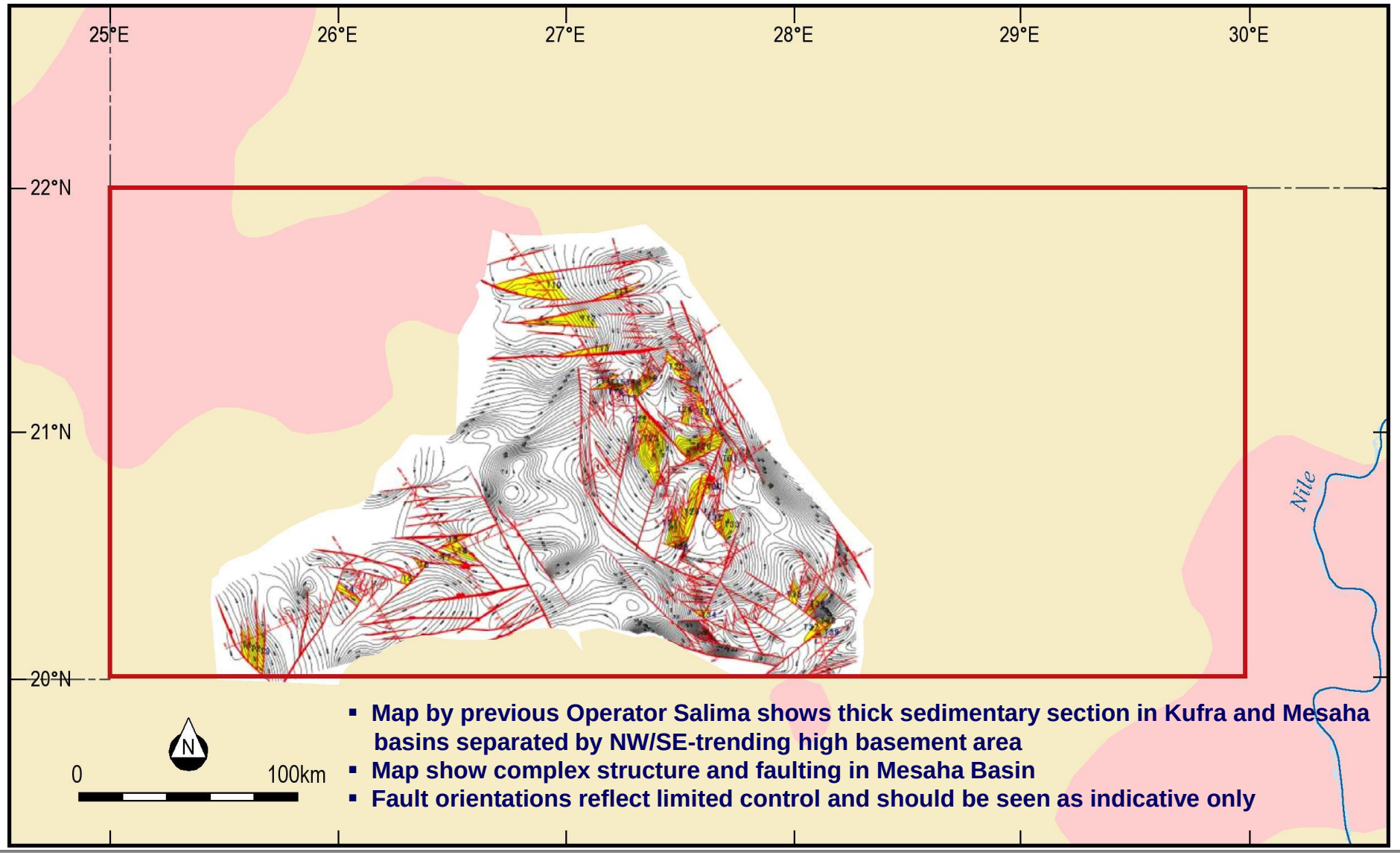
- Map by previous Operator Salima shows thick sedimentary section in Kufra and Mesaha basins separated by NW/SE-trending high basement area
- Map show complex structure and faulting in Mesaha Basin
- Fault orientations reflect limited control and should be seen as indicative only

Figure 3.1

Source: ZPEB Interpretation Report 2009

senergy

Block 14: Top Horizon 3 (possibly Top Ordovician reservoir) Depth Map (from the ZPEB report)



- Map by previous Operator Salima shows thick sedimentary section in Kufra and Mesaha basins separated by NW/SE-trending high basement area
- Map show complex structure and faulting in Mesaha Basin
- Fault orientations reflect limited control and should be seen as indicative only

Figure 3.2

Source: ZPEB Interpretation Report 2009

senergy

Lead STOIIP, Resource and Risk Estimates According to the ZPEB Report for Horizon 3 (possibly Top Ordovician)

STOIIP: stock tank oil original in place

SR: speculative recoverable resource

TRAP RESOURCE, TOP SEISMIC HORIZON 3

TRAP NAME	OIL CASE								
	STOIIP (MMSTB)			UNRISKED SR (MMSTB)			RISKED SR (MMSTB)		
	P(85)	P(50)	P(15)	P(85)	P(50)	P(15)	P(85)	P(50)	P(15)
1	36.64	96.96	209.04	4.67	14.54	36.08	0.23	0.73	1.80
2	57.74	186.84	457.83	7.36	28.03	79.03	0.37	1.40	3.95
3	112.25	343.61	819.40	14.30	51.54	141.44	0.71	2.58	7.07
4	9.67	34.33	87.54	1.23	5.15	15.11	0.06	0.26	0.76
5	6.13	23.60	63.07	0.78	3.54	10.89	0.04	0.18	0.54
6	15.89	28.04	42.87	2.02	4.21	7.40	0.10	0.21	0.37
7	5.88	23.33	63.39	0.75	3.50	10.94	0.03	0.14	0.44
8	42.92	120.59	269.92	5.47	18.09	46.59	0.27	0.90	2.33
9	14.66	39.10	84.16	1.87	5.87	14.53	0.07	0.23	0.58
10	691.59	1451.88	2584.97	88.10	217.78	446.20	4.40	10.89	22.31
11	18.55	58.57	140.60	2.36	8.78	24.27	0.09	0.35	0.97
12	349.62	842.53	1777.72	44.54	126.38	306.86	2.23	6.32	15.34
13	159.13	370.11	742.82	20.27	55.52	128.22	1.01	2.78	6.41
14	7.51	26.52	71.08	0.96	3.98	12.27	0.05	0.20	0.61
15	16.00	38.23	75.78	2.04	5.74	13.08	0.10	0.29	0.65
16	10.13	26.51	57.59	1.29	3.98	9.94	0.06	0.20	0.50
17	6.70	11.83	18.09	0.85	1.77	3.12	0.04	0.09	0.16
18	66.91	160.52	326.83	8.52	24.08	56.41	0.43	1.20	2.82
19	92.59	231.83	485.48	11.79	34.77	83.80	0.59	1.74	4.19
20	16.44	60.74	161.99	2.09	9.11	27.96	0.10	0.46	1.40
21	35.89	102.25	216.11	4.57	15.34	37.30	0.23	0.77	1.87
22	28.96	78.18	172.04	3.69	11.73	29.70	0.22	0.70	1.78
23	933.83	1972.48	3530.91	118.96	295.87	609.48	5.95	14.79	30.47
24	71.79	161.85	308.01	9.15	24.28	53.17	0.46	1.21	2.66
25	6.55	24.43	64.20	0.83	3.67	11.08	0.04	0.18	0.55
26	1861.19	4034.56	7339.36	237.09	605.18	1266.87	14.23	36.31	76.01
27	248.18	598.95	1164.82	31.61	89.84	201.06	1.58	4.49	10.05
28	24.92	71.60	158.04	3.17	10.74	27.28	0.16	0.54	1.36
29	181.99	538.41	1208.28	23.18	80.76	208.57	1.16	4.04	10.43
30	17.46	49.99	111.17	2.22	7.50	19.19	0.13	0.45	1.15
31	13.82	46.70	115.82	1.76	7.01	19.99	0.09	0.35	1.00
32	10.98	39.86	97.35	1.40	5.98	16.80	0.07	0.30	0.84
33	108.01	317.74	740.57	13.76	47.66	127.83	0.69	2.38	6.39
34	10.69	29.39	67.63	1.36	4.41	11.67	0.07	0.22	0.58
35	51.35	153.88	356.30	6.54	23.08	61.50	0.33	1.15	3.08
36	55.59	155.38	344.12	7.08	23.31	59.40	0.35	1.17	2.97
37	4.10	23.37	73.48	0.52	3.51	12.68	0.03	0.18	0.63
38	15.54	50.46	127.72	1.98	7.57	22.05	0.10	0.38	1.10
39	9.17	27.66	66.95	1.17	4.15	11.56	0.06	0.21	0.58
Total	5427.00	12652.82	24803.06	691.32	1897.92	4281.35	36.95	100.96	226.73

Source: ZPEB Interpretation Report 2009

Figure 3.3

senergy

Block 14: Regional Activity

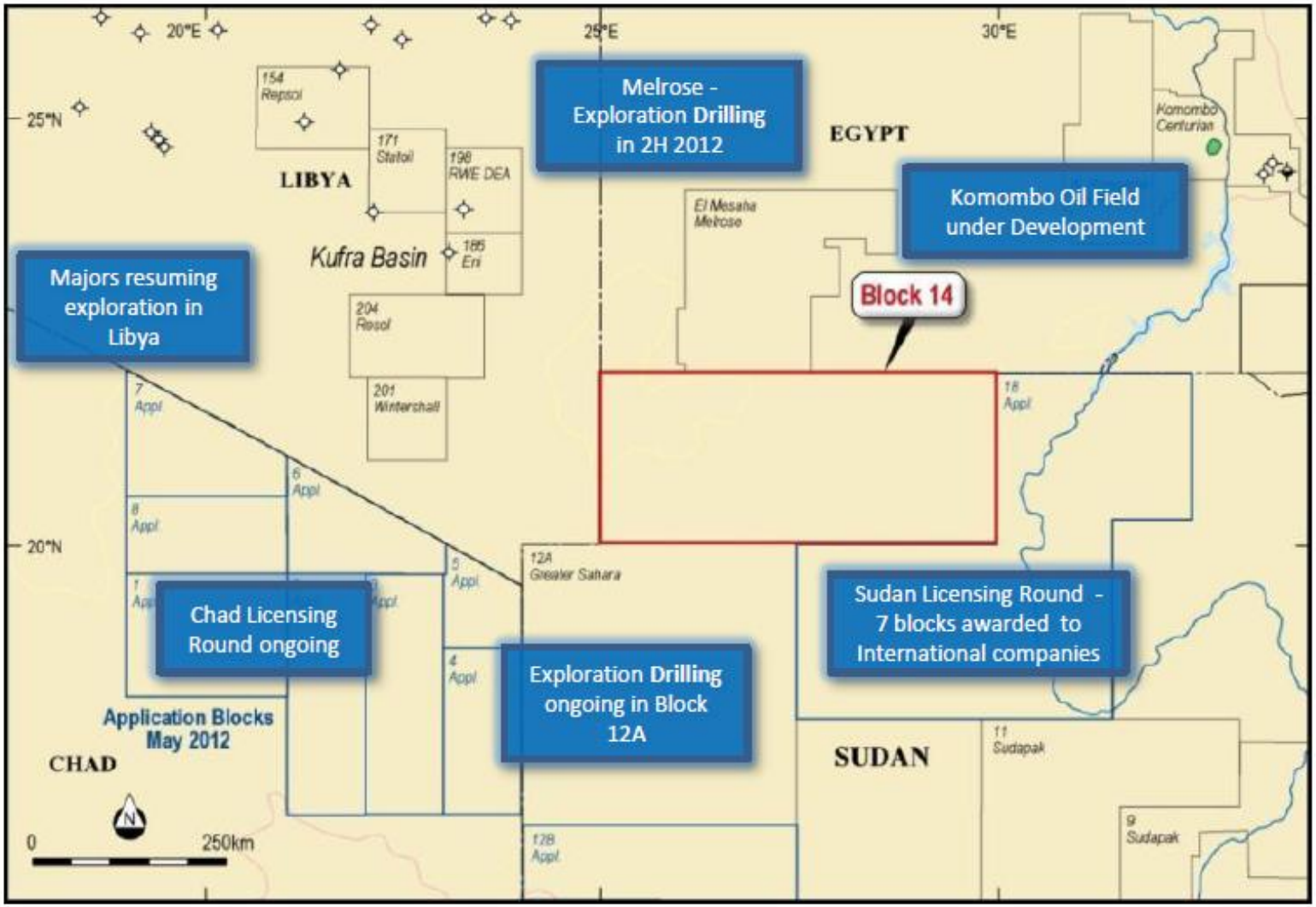


Figure 3.4

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Block 14: Summary of Previous Exploration & Terrain for Seismic Operations

2005	Airborne gravity and magnetic survey in northern area by Sudapet and Petro SA
2007-8	1,200 km reflection seismic by Salima Operating Company
	Microbial geochemical survey
	Ground gravity and magnetic survey
	Geological surveys

Figure 3.5

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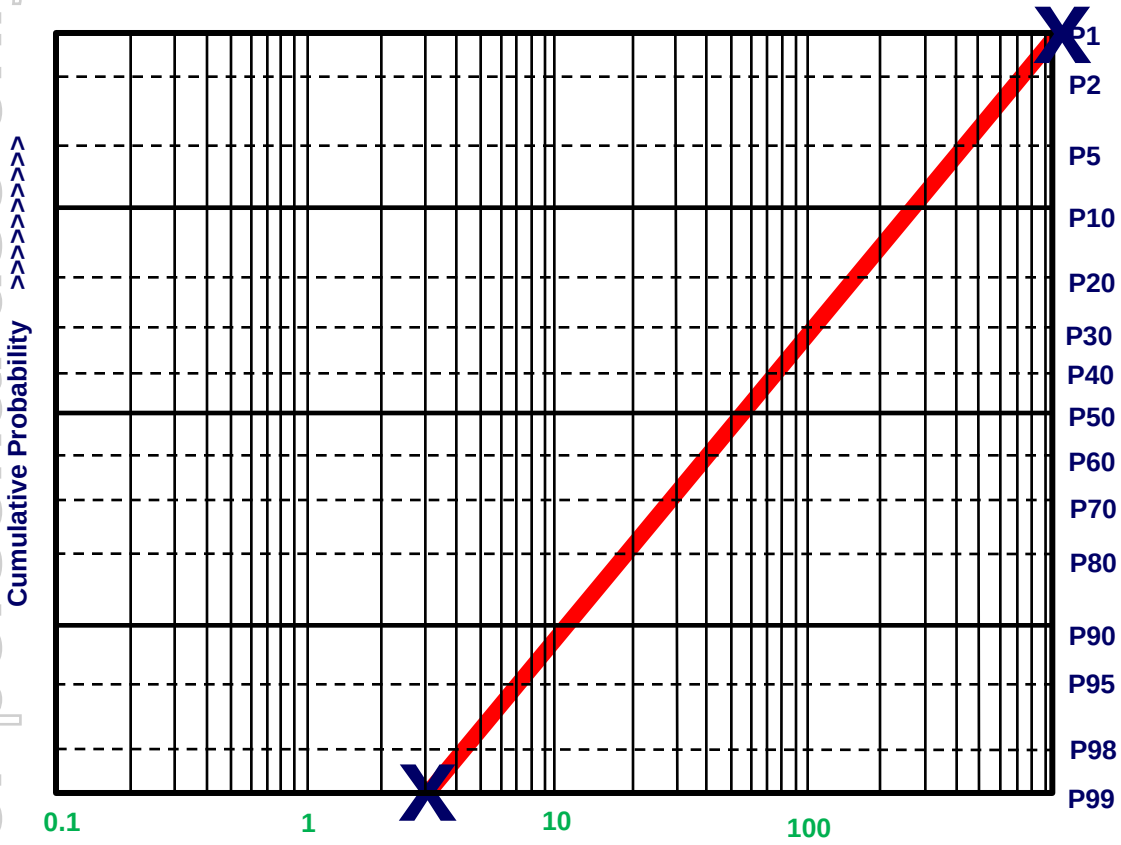
Block 14: Conceptual Resource Size Estimates



- The maximum (P1) size is derived from the deterministic parameters in Table 3.3 which are based on parameters in the Murzuq Basin. The giant Elephant Field equates approximately to the P2 case.
- The P99 case is consistent with the smallest (uncommercial) fields in the Murzuq Basin
- These values have then been plotted on a lognormal cumulative probability graph in order to derive the P50 value of approximately 50-60 MMbo.

This play level resource range means that we could expect a representative prospect portfolio sample to comprise at least one prospect with best estimate resource over 200-250 MMbo, several in the range 20 to 200 MMbo, and a number of prospects with best estimate resource size closer to the P90 value of 10-15 MMbo. There is approximately a 5% probability that a field could exceed 500 MMbo.

Figure A.1

10. Investigating Accountant's Report

Stantons International Securities

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AFS Licence No: 418019
www.stantons.com.au

29 November 2012

The Directors
Agri Energy Limited
(to be renamed Sirocco Energy Limited)
Level 1, 33 Ord Street
WEST PERTH WA 6005

Dear Sirs

RE: INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

This report has been prepared at the request of the Directors of Agri Energy Limited ("Agri" or "the Company") (to be renamed Sirocco Energy Limited) for inclusion in a Prospectus to be dated on or around 30 November 2012 ("the Prospectus") relating to the proposed issue by Agri of 20,000,000 post consolidated shares to be issued at a price of 20 cents per post consolidated share to raise a gross $4,000,000. The Company reserves the right to accept oversubscriptions for a further 15,000,000 post consolidated shares to raise an additional $3,000,000 (maximum capital raising would be $7,000,000 – 35,000,000 post consolidated shares).

2. Basis of Preparation

This report has been prepared to provide investors with information on the audited historical results, the audited condensed statement of financial position (balance sheet) of Agri and the unaudited pro-forma statement of financial position of Agri as noted in Appendix 2. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporation Act 2001. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Stantons International Securities has not been requested to consider the prospects for Agri, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so. Stantons International Securities accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Sections 5.2 and 12 of the Prospectus.

3. Background

Agri was admitted to the Official List of the Australian Securities Exchange ("ASX") on 9 February 1994 (under the name of Crest Resources Limited). The Company has had several name changes and for many years (since 2002) was involved in the ethanol development business but this business has been commercially unsuccessful. In February 2008, the Company was suspended from trading on the ASX. In September 2008, the Company filed for Chapter 7 Bankruptcy in the USA in relation to the Beatrice Biodiesel plant that it was attempting to commercialise and in the same month the Company went into Administration in Australia. The Company in December 2008 entered into a Deed of Company Arrangement and following shareholders approval in October 2009, completed a recapitalisation. The Company was relisted in February 2010. The Company still has an interest in several non commercialised ethanol projects in Australia but these are all on hold. As at 25 November 2012 the Company has on issue 750,842,973 fully paid ordinary shares.

Its focus to since late 2010 has been on oil and gas exploration in Australia and overseas. In December 2010, the Company entered into an option to acquire 100% of Triton Petroleum Pte Limited ("Triton") via a Put and Call Options and a Merger Implementation Agreement. The principal asset of Triton was a 20% interest in Block 9 Syria. On 4 July 2011, the Company announced the termination of the Merger Implementation

Agreement. The Company acquired a 5% shareholding interest in Triton on conversion of a $500,000 loan it had made to Triton but this was subsequently diluted to around 1.7% due to further capital raisings by Triton, in which the Company did not contribute. Triton drilled the Itheria -1 exploration well in 2011 but this was suspended and abandoned in October 2011. Since mid -2011, the Company has been seeking new oil and gas projects.

In December 2011, the Company issued 40 million pre consolidated shares at 0.5 cents each to raise a gross $200,000 and 20 million pre consolidated share options (10 million pre consolidated Class A Plan Options exercisable at 2 cents each, on or before 23 December 2014 and 10 million pre consolidated Class B Plan Options exercisable at 3 cents each, on or before 23 December 2015). In addition, 20 million pre consolidated shares ("Plan Shares") were issued to each of Greg Channon and Dougal Ferguson ("Director Participants") via a share plan trust at 0.5 cents each (pre-consolidation) but the Company via its "AAE Employee Share Acquisition Plan" approved by shareholders in December 2011 lent the Director Participants $100,000 each to subscribe for the Plan Shares. The loans are interest free whilst the Director Participants remain employed by the Company. If the Director Participants leave the employment of the Company, interest will be charged equal to the market rate that would have accrued on the Loans from the dates of advances of the funds to the repayment date. The Plan Shares have restriction periods being 10 million pre consolidated shares cannot be sold before 23 December 2012, 15 million pre consolidated shares cannot be sold before 23 December 2013 and 15 million pre consolidated shares cannot be sold before 23 December 2014. Further details on the Employee Share Acquisition Plan are outlined elsewhere in the Prospectus. The existing Class A Options would be exercisable at 46.0 cents each and the Plan C Options would be exercisable at 69.0 cents if the 1 for 23 consolidation of capital as noted below is consummated.

In November 2011, the Company entered into an employment agreement with Gregory Channon to act as an executive and Managing Director of the Company effective 1 December 2011 at an initial annual salary of $200,000 inclusive of superannuation (to be reassessed annually). Performance based bonuses may be paid. In general terms, one months notice is to be provided by the Company to terminate the employment agreement. 20,000,000 Plan Shares and 10,000,000 Plan Options were issued to Gregory Channon as noted above.

In November 2011, the Company entered into an employment agreement with Dougal Ferguson to act as an executive and Finance Director of the Company effective 1 December 2011 at an initial annual salary of $200,000 inclusive of superannuation (to be reassessed annually). Performance based bonuses may be paid. In general terms, one months notice is to be provided by the Company to terminate the employment agreement. 20,000,000 pre-consolidated Plan Shares and 10,000,000 pre-consolidated Plan Options were issued to Dougal Ferguson as noted above.

On 10 September 2012, the Company announced that it had signed a Letter Agreement with the Canadian listed company, Statesman Resources Limited ("SRR") to pursue oil and gas opportunities in Africa. Pursuant to the Letter Agreement, Agri will acquire for a nominal consideration a 49.9% shareholding interest in Statesman Africa Limited ("SAL") a wholly owned subsidiary of SRR. A wholly owned subsidiary of SAL, Statesman Resources Limited BVI ("SRLBVI") has recently being awarded a 75% Working Interest in the 100,000 km2 Block 14 in northwest Sudan. SRLBVI is owned 50.1% by Statesman Sudan Limited ("SUL") and 49.9% owned by Sudan Energy Holdings Limited ("SEHL") both wholly owned subsidiaries of SAL. Under the terms of the Letter Agreement, Agri will fund its 49.9% share of the costs of the activities of SAL, including but not limited to the work program for Block 14. Block 14 will be managed through a Joint Operating Company ("JOC") based in Sudan owned 75% by SRLBVI. The JOC will consist of SRLBVI (75%), Express Petroleum, a private Nigerian company (15%) and Sudapet, the Sudanese national oil company (free carried 10%). The minimum expenditure over the three year term of the Exploration Production Sharing Agreement is US$12 million. Agri has advanced US$800,000 to SRR which will provide interim funding and form part of Agri's overall funding obligations upon completion of the transactions with SRR. The US$800,000 related to approximately 50% of SAL's share (US$1,666,667 being 83.33% of a US$2,000,000 signing fee paid by the participants to the Government of Sudan). The Company is also obliged to contribute to SAL its share of the US$6,000,000 (approximately $2.5 million) Bond required to be lodged with the Sudanese authorities on behalf of the JOC. The Company has incurred approximately $300,000 in respect of pursuing exploration activities in Africa (including the Sudan JV) prior to the signing of the Letter Agreement. SRR will reimburse 50% of these costs to Agri on completion of the Acquisition.

In September 2012, the Company issued 60,000,000 pre-consolidated shares at an issue price of 0.5 cents each to sophisticated investors to raise a gross $300,000. In addition, it issued 2,000,000 pre consolidated share options at an exercise price of 2 cents (pre-consolidated) expiring on 30 June 2014. The deemed value has been assessed at approximately $3,600.

The Company's shareholders at the upcoming shareholders meeting planned for 30 November 2012 are, inter-alia, being asked to approve, inter-alia the following transactions:

1. The change of name of the Company to Sirocco Energy Limited;
2. Change the scale and nature of activities of the Company;
3. Undertake a consolidation of capital on a 1 for 23 basis (so that the existing 750,842,973 shares on issue become approximately 32,645,347, the 2,000,000 share options exercisable at 2 cents each become approximately 86,957 share options exercisable at 46 cents each, on or before 30 June 2014, the 10,000,000 share options exercisable at 2 cents each become approximately 434,782 share options exercisable at 46 cents each, on or before 23 December 2014 and the 10,000,000 share options exercisable at 3 cents each become approximately 434,782 share options exercisable at 69 cents each, on or before 23 December 2014). The consolidation of capital is based on a formula that in effect based on a 5 day volume weighted average share price ("VWAP") of a Agri share trading on ASX for the 5 trading days prior to 23 November 2012 with a minimum post consolidated share price of 20 cents. The final consolidation ratio was set on a 1 for 23 basis (notwithstanding that the Notice gave an example of a 1 for 20 consolidation);
4. Approve the placement of up to 35,000,000 post consolidated shares at 20 cents each to raise up to a gross $7,000,000 (the minimum issue will be 20,000,000 shares at 20 cents each to raise a gross $4,000,000) (initially the Notice said the minimum was $5,000,000);
5. Acquire 49.9% of the issued capital of SAL as noted above;
6. To issue 2,000,000 post consolidated share options to Gregory Channon under the AAE Employee Option Acquisition Plan of which 1,000,000 are Class C Plan Options exercisable at 30 cents each (post consolidated basis) on or before 31 December 2016 but cannot vest until 2 years after grant date and 1,000,000 are Class D Options exercisable at 30 cents each, on or before 31 December 2016 but cannot vest until 3 years after grant date;
7. To issue 2,000,000 post consolidated share options to Dougal Ferguson under the AAE Employee Option Acquisition Plan of which 1,000,000 are Class C Plan Options exercisable at 30 cents each (post consolidated basis) on or before 31 December 2016 but cannot vest until 2 years after grant date and 1,000,000 are Class D Options exercisable at 30 cents each, on or before 31 December 2016 but cannot vest until 3 years after grant date;
8. To issue 1,000,000 post consolidated share options to Patrick Burke ("Burke") under the AAE Employee Option Acquisition Plan of which 500,000 are Class C Plan Options exercisable at 30 cents each (post consolidated basis) on or before 31 December 2016 but cannot vest until 2 years after grant date and 500,000 are Class D Options exercisable at 30 cents each, on or before 31 December 2016 but cannot vest until 3 years after grant date ;
9. Ratify the issue of 2,000,000 pre-consolidated Adviser Options to Taycol Nominees Pty Ltd, exercisable at 2 cents on a pre-consolidated basis (86,956, options exercisable at 46 cents on a 1 for 23 post consolidated basis) on or before 30 June 2014; and
10. To issue 15,000,000 pre-consolidated shares (approximately 652,174 on a 1 for 23 post consolidated basis) to Belliver Limited, subject to Completion of the acquisition of SAL as consideration for services provided to the Company in relation to the introduction of Block 14 opportunity to the Company. The deemed cost for accounting purposes on a post consolidated basis would equate to $130,435

Potential investors should read the Prospectus in full that includes a Competent Persons Report (Independent Technical Assessment Report) and an Independent Title Report on Block 14. We make no comments as to ownership or values of the existing or proposed oil and gas interests and ethanol project interests of Agri. Further details on all significant contracts entered into by the Company are referred to in the Material Contracts Section 13 and Section 7.5 included in the Prospectus.

4. Scope of Examination

You have requested Stantons International Securities to prepare an Investigating Accountant's Report on:

a) The consolidated results (statement of comprehensive income) of Agri for the year ended 30 June 2012 and the four months ended 31 October 2012;

b) The statement of financial position of Agri as at 31 October 2012; and
c) The pro-forma statement of financial position of Agri at 31 October 2012 adjusted to include funds to be raised by the Prospectus and the completion of transactions referred to in note 2 of Appendix 3.

All of the financial information referred to above has not been audited (except the statement of financial performance to 30 June 2012 in a condensed form) however has been subject to audit review. The directors of Agri are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions. We have however examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this report. The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion. Our examination included:

a) discussions with directors and other key management of Agri;
b) review of contractual arrangements;
c) a review of publicly available information; and
d) a review of work papers, accounting records and other documents.

5. Opinion

In our opinion, the pro-forma consolidated statement of financial position as set out in Appendix 2 presents fairly, the pro-forma consolidated statement of financial position of Agri as at 31 October 2012 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3. No opinion is expressed on the historical results and statements of financial position, as shown in Appendix 1, except to state that nothing has come to our attention which would require any further modification to the financial information in order for it to present fairly, the statements of financial position as at 31 October 2012 and the results of the period identified.

To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 31 October 2012 that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. Other Matters

At the date of this report, Stantons International Audit and Consulting Pty Ltd (trading as Stantons International Securities") does not have any material interest in Agri either directly or indirectly, or in the outcome of the offer. Stantons International Securities were not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Stantons International Securities consents to the inclusion of this report (including Appendices 1 to 3) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully
STANTONS INTERNATIONAL SECURITIES

J P Van Dieren – FCA
Director

INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 1 – CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Agri Year ended 30 June 2012 $	Agri Unaudited 4 months ended 31 October 2012 $
Interest income	64,755	7,862
Impairment expense- Triton MIA payment	(31,042)	(5,807)
Administration and project costs	(493,468)	(126,721)
Salaries and superannuation	(233,334)	(21,967)
Rent and outgoings	(115,852)	(21,736)
Director benefit expense	(180,571)	(20,000)
Director salary and consulting fees	(338,237)	(171,333)
Superannuation	(19,266)	-
Corporate compliance costs	(32,196)	(16,242)
Legal fees	(8,505)	(664)
Payroll loan agreement interest free element	(47,357)	-
Net (loss) before tax	(1201,919)	(376,608)
Income tax expense attributable to net loss	-	-
Net (loss) after tax	(1,201,919)	(376,608)
Other Comprehensive Income	-	-
Total Comprehensive (Loss) for the period	(1,201,919)	(376,608)

APPENDIX 2 – CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	Unaudited Agri 31 October 2012 $	Pro-forma Unaudited Agri 31 October 2012 $
Current Assets			
Cash assets	3	372,652	1,169,089
Receivables and prepayments		76,608	76,608
Loan to SRR	5	772,947	-
Total Current Assets		1,222,207	1,245,697
Non Current Assets			
Financial assets and employee loans	4	152,643	152,643
Plant and equipment		1,553	1,553
Investment and Loan to SRL Group	6	-	3,272,948
Block 14 Sudan expenditure		76,000	-
Total Non Current Assets		230,196	3,427,144
Total Assets		1,452,403	4,672,841
Current Liabilities			
Trade and other payables	7	301,796	-
Annual leave		24,259	24,259
Total Current Liabilities		326,055	24,259
Total Liabilities		326,055	24,259
Net Assets		1,126,348	4,648,582
Equity			
Issued capital	8	4,039,736	7,707,055
Share based payments reserve	9	181,971	410,654
Accumulated losses	10	(3,095,359)	(3,469,127)
Total Equity		1,126,348	4,648,582

Notes to and forming part of the above condensed statements of financial position are attached.

INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 3

CONDENSED NOTES TO THE CONDENSED STATEMENT OF COMPREHENSIVE INCOME AND CONDENSED STATEMENTS OF FINANCIAL POSITION

1. Statement of Significant Accounting Policies

(a) Basis of Accounting

The condensed Statement of Comprehensive Income and Statement of Financial Position and unaudited condensed pro-forma Statements of Financial Position have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia (including the Australian equivalents of International Financial Reporting Standards) and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated. They have been prepared on a going concern basis that is dependent on future capital raisings.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted as at balance date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxation profit or loss. Deferred income tax assets are recognised to the extent that it is probable that the future tax profits will be available against which deductible temporary differences will be utilised. The amount of the benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation and the anticipation that the economic unit will derive sufficient future assessable income to enable the benefits to be realised and comply with the conditions of deductibility imposed by law.

(c) Exploration, Evaluation and Development Expenditure

Exploration and evaluation expenditure and acquisition costs on areas of interest are normally expensed but will be assessed on a case by case basis and may be capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Where projects have advanced to the stage that directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production or written off where production has not commenced.

(d) Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. The carrying amount of the plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and their subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

Depreciation
The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The asset's residual value and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An assets' carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than the estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

l. Trade and other accounts payable
Trade and other accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.

(f) Recoverable Amount of Non Current Assets
The carrying amounts of non-current assets are reviewed annually by directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have been or will be discounted to present values in determining recoverable amounts.

(g) Operating Revenue
Revenue represents interest received and reimbursements of exploration expenditures.

(h) Issued Capital
Ordinary Shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(i) Employee benefits
Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(j) Share Based Payments
The Group provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using Black-Scholes or Binomial option pricing models.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of

awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(k) Critical accounting estimates and judgements

In preparing Financial Reports, the Company has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

Significant accounting judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration, evaluation and acquisition expenditure is dependent on an number of factors, including whether the Company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

(l) Asset retirement obligations

The Company's exploration and development activities are subject to various Australian laws (and in the future Sudan laws) and regulations regarding the protection of the environment. As a result of these, the Company is expected to incur expenses from time to time to discharge its obligations under these laws and regulations.

Reclamation and closure costs are estimated based on the Company's interpretation of current regulatory and operating licence requirements and measured at fair value. Fair value is determined based on the net present value of future cash expenditures expected upon reclamation and closure and subsequent annual recognition of an accretion amount on the discounted liability. Reclamation and closure costs are capitalised as mine development costs and amortised over the life of the mine on a unit-of-production basis.

(m) Basis of consolidation

The consolidated financial statements comprise the financial statements of Agri Energy Limited and its subsidiaries as at 31 October 2012.

Subsidiaries are all those entities over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

In preparing the consolidated financial statements all intercompany balances and transactions, income, expenses and profit and loss resulting from intergroup transactions have been eliminated in full.

Minority interests not held by the Company are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the statement of financial position, separately from parent shareholders' equity.

(n) Investment in associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The consolidated financial statements include the Company's share of the total recognised gains and losses of associates and joint venture on an equity accounted basis from the date that significant influence commences until the date that significant influences ceases.

When the Company's share of losses exceeds its interest in an associate or a joint venture, the Company's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of an associate or a joint venture.

Under the equity method, investments in associates and joint ventures are carried in the consolidated statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the associates and joint ventures. After application of the equity method the Company determines whether it is necessary to recognise any impairment loss with respect to the Company's net investment in associates and joint ventures.

2 Actual and Proposed Transactions to Arrive at Pro-forma Unaudited Statement of Financial Position

Actual and proposed transactions adjusting the unaudited 31 October 2012 condensed Statement of Financial Position of Agri in the unaudited pro-forma Statement of Financial Position of Agri are as follows:

(a) The issue of 2,000,000 pre-consolidated share options at a deemed value of $3,600 (as a capital raising cost);
(b) Undertaking a 1 for 23 consolidation of capital;
(c) The issue of 20,000,000 shares at 20 cents each to raise a gross $4,000,000 pursuant to the Prospectus;
(d) The acquisition of a 49.9% shareholding interest in SAL for nominal consideration of $1;
(e) The payment of 31 October 2012 accounts payable of $301,796;
(f) The further payment of cash expenses of the Prospectus issue totalling an estimated $341,766 and the expensing of such costs against share equity (see (l) below;
(g) Assuming further administration and corporate costs between 1 November 2012 and 31 December 2012 of say $210,000;
(h) The payment of approximately US$2,500,000 to the SALBVI Group as a share of the US$6,000,000 Bond (to be a cash backed Bond guaranteed to the Government of Sudan);
(i) The issue of 652,174 post consolidated shares for services rendered at a deemed cost of $130,435;
(j) The issue of a total of 2,500,000 Class C Plan Options and the issue of 2,500,000 Class D Plan Options to the existing directors of Agri at a total deemed value of $440,000 of which approximately $183,333 is accounted for in year one;
(k) The receipt from SRR of $772,947 (US$800,000) and then the payment of US$800,000 as part of funds advanced to the JOC re Block 14 expenditures;
(l) The write off of the $76,000 costs of the Competent Persons Report (Technical Independent Report) incurred prior to 31 October 2012 as capital raising costs;
(m) The receipt of approximately $150,000 from SRR;

(n) The issue of 500,000 post consolidated share options to the broker to the issue at a deemed value of $41,750; and
(o) Assuming an AUS/US exchange rate of 1 for 1 for all transactions except (k) above.

	Note 2	Unaudited Agri 31 October 2012 $	Unaudited Agri Pro-forma 31 October 2012 $
3. Cash Assets			
The movements in cash assets are as follows:			
Unaudited 31 October 2012		372,652	372,652
Issue of shares pursuant to the Prospectus	(b)	-	4,000,000
Payment for SAL	(d)	-	(1)
Payment of payables	(e)	-	(301,796)
Further Prospectus costs	(f)	-	(341,766)
Further administration and corporate costs	(g)	-	(210,000)
Loan funds re Bond	(h)	-	(2,500,000)
Receipt of loan funds	(k)	-	772,947
Payment to the JOC	(k)	-	(772,947)
Receipt of funds from SRR	(m)	-	150,000
		372,652	1,169,089
4. Financial Assets and Employee Loans			
Balance as at 30 June 2012		152,643	152,643
		152,643	152,643

20 million pre consolidated Plan Shares were issued to each of the two Director Participants via a share plan trust at 0.5 cents each (on a pre-consolidated basis) but the Company via its Employee Share Acquisition Plan approved by shareholders in December 2011 lent the Director Participants $100,000 each to subscribe for the Plan Shares. The loans are interest free whilst the Director Participants remain employed by the Company. If the Director Participants leave the employment of the Company, interest will be charged equal to the market rate that would have accrued on the Loans from the dates of advances of the funds to the repayment date.

5. Loan to SRR			
Loan to SRR		772,947	772,947
Less: cash received	(k)	-	(772,947)
		772,947	-
6. Investment in SAL and loan to SRR Group			
Investment in SRR	(d)	-	1
Loans to SAL Group	(h)(k)	-	3,272,947
			3,272,948

Recoverability of the investment and loan funds (relating to the Sudanese Block 14) is dependent on the commercial success of the exploitation of Block 14.

7. Trade and other payables			
Balance at 31 October 2012		301,796	301,796
Less: Repayment of creditors	(e)	-	(301,796)
		301,796	-

8. Issued Capital

		Unaudited Agri 31 October 2012 $	Unaudited Agri Pro-forma 31 October 2012 $
750,842,973 ordinary shares as at 31 October 2012		4,039,736	4,039,736
1 for 23 consolidation of capital so that there are 32,645,347 post consolidated shares on issue	(b)		
20,000,000 post consolidated shares issued pursuant to the Prospectus	(c)	-	4,000,000
652,174 post consolidated shares for services rendered	(i)	-	130,435
		4,039,736	8,170,171
Less: estimated share issue costs	(a)(f)(n)(l)	-	(463,116)
Pro-forma (53,297,521 ordinary fully paid shares)		4,039,736	7,707,055

The 40,000,000 pre-consolidated Plan Shares (included in the 750,842,973 pre consolidated shares on issue as at 31 October 2012) have restriction periods being 10,000,000 could not be sold before 23 December 2012, 15,000,000 could not be sold before 23 December 2013 and 15,000,000 could not be sold before 23 December 2014. On a post consolidated basis, there are now 1,739,130 Plan Shares on issue and the sale restriction dates are still operative.

In the event that the Company raised the maximum subscription of $7,000,000 a further 15,000,000 post consolidated shares would be issued so that the number of ordinary shares in issue increases to 68,297,521 and the cash at bank and issued capital increases by $2,832,000 after allowing for additional cash capital raising costs of approximately $168,000. In addition, a further amount of up to 375,000 share options to the broker may be issued at a deemed additional cost of $31,313.

9. Share Based payment Reserve

	Note 2		
Balance as at 31 October 2012		181,971	181,971
Share options issued	(a)	-	3,600
Option issues (Class C and D Plan Options)	(i)	-	183,333
Broker options issued	(n)	-	41,750
		181,971	410,654

The Company has on issue 10,000,000 pre consolidated Plan A Options, exercisable at 2 cents each on or before 23 December 2014 and 10,000,000 Plan B Options, exercisable at 3 cents each, on or before 23 December 2015. The Company has in place an AEE Employee Share Acquisition Plan approved by shareholders in December 2011, details of which are referred to in section 13 of the Prospectus. Post the 1 for 23 consolidation of capital there will be 434,783 Class A Plan Options exercisable at 46 cents each before 31 December 2014 (vest 23 December 2012) and 434,783 Class B Plan Options exercisable at 69 cents each before 31 December 2015 (vest 23 December 2013).

The Company also will have on issue, 2,500,000 post consolidated Class C Plan Options exercisable at 30 cents each that vest 2 years after grant date (vest 30 November 2014) and expire 31 December 2016. The Company will also have on issue, 2,500,000 post consolidated Class D Plan Options exercisable at 30 cents each that vest 3 years after grant date (vest 30 November 2015) and expire 31 December 2016. A further $183,333 cost will be taken up in year two and $183,334 taken up in year three relating to the Class C and D Plan Options.

In addition, there will be 86,957 Adviser Options on issue, exercisable at 46 cents each, on or before 30 June 2014 (assumes the 1 for 23 post consolidation of capital).

The Company will issue 500,000 post consolidated broker options, exercisable at 25 cents each, on or before three years from issue date as part of the capital raising process, represented by 2.5% of the shares issued pursuant to the Prospectus (at a deemed cost of $41,750). In the event that the maximum number of shares are issued (35,000,000), the Company would issue a total of 875,000 broker options at a deemed cost of $73,063.

10. Accumulated Losses

	Note 2		
Balance as at 31 October 2012		3,095,359	3,095,359
Further administration and corporate costs	(g)	-	210,000
Share issue cost	(i)	-	130,435
Share option costs	(j)	-	183,333
Repayment of costs	(m)	-	(150,000)
		3,095,359	3,469,127

11. Contingent Liabilities and Commitments

The Company, via its proposed indirect acquisition of a 49.9% interest in SRL BVI who in turn has an indirect 75% Working Interest in Block 14 in the Sudan has an obligation to fund 75% of the minimum expenditure over the three year term of the Exploration Production Sharing Agreement of US$12 million a 75% share equates to US$9,000,000).

Based on discussions with the Directors, to our knowledge, the Company has no other material commitment or contingent liabilities not otherwise disclosed in this Investigating Accountant's Report (refer Background section 3) and in the Prospectus. Investors should read the Independent Technical Assessment Report, the Independent Title Report on Block 14 and the Material Contracts section 13 for further possible contingencies and commitments. For details on proposed exploration commitments on Block 14, refer to the Independent Technical Assessment Report in the Prospectus, the Investment Overview (Use of Funds) section of the Prospectus and Section 8.3 of the Prospectus.

12. Employment and Consultancy Contacts

Refer Background Section 3 of this report for the details on fees payable for management and financial services with Gregory Channon and Dougal Ferguson. In addition, SRL has entered into a short term employment contract with Dr Michael Earle to act as chief executive officer of SAL whilst he works to establish the Block 14 Joint Operating Company. This contract is for 2 months from 18 October 2012 and the consultancy fee payable is at the rate of US$25,000 per month (and a $10,000 cash advance for out of pocket expenses). The Company has formally proposed that Dr Earle assumes the role as President of the JOC once it is completed.

13. Summary of the SAL Group Statement of Financial Position

	Note	Unaudited SAL Group 31 October 2012	Unaudited SAL Group Pro-forma 31 October 2012
		US$	US$
Cash in Bank		46,632	46,632
Capital Exploration Costs (Block 14)		1,666,667	1,666,667
Cash backed bonds (i)		-	5,000,000
Total assets		1,713,299	6,713,299
Owing to SRR	(h)(k)	(920,000)	(3,420,000)
Owing to Agri	(h)(k)	(800,000)	(3,300,000)
Total liabilities		1,720,000	(6,720,000)
Net Liabilities		(6,701)	(6,701)

(i) This amount will be transferred to the JOC

The above includes the advance made by Agri (US$800,000) but excludes any advances required to be made post 31 October 2012 other than for the Bonds to the extent of US$5,000,000. A third party will pay US$1,000,000 towards the US$6,000,000 Bond requirement.

11. Independent Title Report

Tag Elsir A. Elhibir
Advocate & commissioner
For Oaths

تاج السر علي الحبر
المحامي وموثق العقود

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KHARTOUM,SUDAN

LEGAL OPINION ON THE MATTER OF STATESMAN RESOURCES LTD (BVI) TITLE TO PROPERTY IN BLOCK (14), THE REPUBLIC OF SUDAN

28November 2012

TAG ELSIR ALI ELHIBIR
Advocate & Comm. For Oaths
Law Office
Date: 28.11.2012

Legal opinion

الخرطوم – شارع الشريف الهندي – عمارة الهيئة – الطابق (٢) شقة رقم(٢)
ص.ب:١١٤٩٠ – تلفون:٨٣٧٧٧٣٥١ – فاكس:٨٣٧٩٩٩٥٠(٢٤٩+)
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Advocate & commissioner
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تاج السر علي الحبر
المحامي وموثق العقود

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Tag Elsir A. Elhibir
Advocate & commissioner
For Oaths

تاج السر علي الحبر
المحامي وموثق العقود

To Agri Energy Limited,
Level 8, 225 St Georges Terrace,
Perth, Western Australia 6000,
Australia.

We confirm that we are acting as Sudanese counsel for Agri Energy Limited (**Agri**). We have been requested by Agrito opine on the validity and extent ofthe interest of Statesman Resources Ltd. (BVI) (**Statesman BVI**) inthe area referred to as Block 14 (**Block 14**), in the Republic of the Sudan (**Sudan**).

Agri has entered into an agreement with TSX listed Statesman Resources Limited to jointly pursue oil and gas opportunities in Africa. Pursuant to the agreement, Agri will acquire a 49.9% shareholding in Statesman Africa Limited. Statesman BVI is a wholly owned subsidiary of Statesman Africa Limited.Under the terms of the agreement, Agri will fund its 49.9% share of the costs of the activities of Statesman Africa Limited, including but not limited to the minimum work program for Statesman BVI in respect of Block 14.

This legal opinion has been prepared for due diligence purposes in relation to a prospectus (**Prospectus**) to be issued by Agri for the offer of up to 35,000,000 shares each at an issue price of $0.20 to raise up to $7,000,000 (before costs) and we consent to the inclusion of this legal opinion in the Prospectus.

1. Confirmations

(a) We confirm that we are a firm of lawyers, competent to opine on matters relating to the laws in force in Sudan jurisdiction.

(b) We are acting as independent legal advisers.

(c) This legal opinion is based on the laws in force in the republic of Sudan at the time of issuing this legal opinion.

(d) This legal opinion is subject to the assumptions and reservations stated in sections (2) & (5) hereof.

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2. Documents reviewed

In giving this legal opinion we have examined the following documents:

(a) A copy of the agreement titled "EXPLORATION AND PRODUCTION SHARING AGREEMENT" between the Government of the Republic of Sudan, Statesman Resources Ltd (BVI), Express Petroleum and Gas Co Ltd and Sudapet Co. Ltd dated 3 July 2012 relating to the area referred to as Block 14(**EPSA**).

(b) Letters exchanged from the Ministry of Petroleum, Republic of Sudan(**MOP**)to Statesman BVIin connection with the time extension to submit the bank guaranteeand pay the signature bonus dated 16 August 2012 and 29 August 2012.

(c) Letters from Statesman BVI to the MOP in connection with the time extension to submit the bank guarantee dated 20 October 2012 and I November 2012.

(d) A copy of the Memorandum &Articles of Association of Statesman BVI.

3. Assumptions

This opinion is based on the following assumptions:

(a) The copy of the EPSA provided is substantially the same as the original document signed executed and exchanged between the parties.

(b) The parties to the EPSA (except the Government of the Republic of Sudan **(Sudanese Government)** are legal entities empowered by the relevant jurisdictions of incorporationto enter into the EPSAand the legal structure contemplated by the EPSA.

(c) The persons signing on behalf of the parties (except the Sudanese Government) have been duly authorized to executeand deliver the EPSA by the relevant party.

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(d) We take judicial notice of the fact that Dr.AwadAhmed Aljaz(the **Minister**) is the Minister of Petroleum,Government of the Republic of Sudan and MrAzhari A. Abdalla is the Director General of Oil Exploration and Production Administration.

(e) The copies of the two letters dated 16thof August2012 and 29th of August2012 issued by the Ministerare substantially the same as the original letters issued by the Minister.

(f) The signature bonus in respect of the EPSA has been paid as advised by Statesman BVI.

4. Exploration and Production Sharing Agreement

The key terms of the EPSA have been summarised in the Annexure.

5. Opinion

The governing law for the petroleum industry under Sudanese jurisdiction is the Petroleum Resources Act 1998, amended in 2005 (**Act**). The regulatory authority in charge of administration of the Act is the MOP. We set out below the relevant sections of the Act that relate to this opinion. Words and phrases in this legal opinion shall have the same meaning as used in the **EPSA**, and the Act. Captioned quotations shall have the respective meaning of the phrases stated in context.

(a) Article (4/1) of the Act, provides that *"All petroleum in its natural state in strata lying within the boundaries of the Sudan or within the territorial waters of the continental shelf of the Sudan is the property of the State and shall be managed by the national government through the Petroleum Corporation".*

(b) Article (3) of the Act defines petroleum as:
"a.all natural hydrocarbons whether liquid, gaseous or solid including liquid crude oil of various densities, gas, casing head gas;

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b.asphalt and all other hydrocarbon substances that may be found in, produced or capable of production or otherwise obtained and saved; and
c.all substances that may be extracted therefrom."

(c) UnderArticle (4.3) of the Act *"No personsshall engage inpetroleum exploration,petroleum operations,and petroleum production, unless licensed so to do under the Act".*Anexploration and production sharing agreement is an all-inclusive document that includes all licenses contemplated by the Act. It is in effect the license contemplated and required by the Act in oil exploration and production sharing schemes.

(d) Under article (6) of the Act persons intending to engage in exploration, petroleum operations and petroleum production are required to sign anexploration and production sharing agreement with the Sudanese Government.

(e) Pursuant to article (19/2/g) of the Act, the Minister is empowered to sign the exploration and production sharing agreementwith the relevant entities intending to engage in exploration, production of petroleum or other petroleum activities.

(f) Under article (6) *"companies signing petroleum agreements, or granted exploration licenses are required to have the technical and financial capabilities, register branch office in Sudan,comply with the laws in force in Sudan and comply with all directives of the Council".*

(g) Under article (9) of the Act *"the term for an exploration and production sharing agreement is 25 years for appraisal and production, including exploration period that may not exceed (6) years".*

(h) The exploration and production sharing agreement defines the block in respect of which the rights and obligations are granted to the persons constituting the Contractor, and defines,as well,

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the participating interests of the partners'rights, and their respective rights and obligations.

In conclusionan exploration and production sharing agreement is provided for by statute,and is valid and enforceable on the strength ofitsterms.

In respect to point (f) above:

(a) Registration of Statesman BVI's branch office in Sudan as required by the Act will normally follow after signature of the EPSA and we are assisting Statesman BVI with the registration process. There is no timeframe set by the Act for registration of a branch office in Sudan and failure to register a branch office in Sudan will not affect Statesman BVI's title in Block 14. However registration of a branch office in Sudan is important to facilitate the business operation of foreign companies in Sudan, in particular complying with regulatory purposes, and Statesman BVI may face difficulties in doing business in Sudan without a branch office.

(b) No further approvals are required to be issued by the Council for Statesman BVI to have title to Block 14.

Based on the above and following our review of the EPSA, letters from and to the MOP, and our with representatives of the relevant departments of MOP on 28November2012the following conclusions may validly be drawn:

(c) The EPSA signedon 3rd. of July 2012,between the Sudanese Government on the one part, and Statesman BVI, Express Petroleum and Gas Co. Ltd., and SudapetCo. on the other part is valid, effective,enforceable and issued pursuant to the provisions of the Act. Title to Block 14 is not subject to satisfaction of the conditions precedent in the EPSA. However, it is noted that the EPSA requires payment of the signature

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bonus (which has been paid) and provision of the bank guarantee.

(d) The signature, execution, and delivery of the EPSA are not in violation of any law, or statutory enactment in force in Sudan.

(e) The relevant departments of MOP has informally confirmed that the EPSA is in full force and effect and in good standing ,and that no notice of termination or threatened termination has been served on Statesman Resources (BVI).

(f) Pursuant to Article (3) of theEPSA the Sudanese Government hasgranted to Statesman BVIResourcesLtd., Express Petroleum and Gas Co. Ltd., and SudapetCo. Ltd (collectively the **Partners**) exclusive rights of exploration, conducting petroleum operations, producing and exporting petroleum produced in Block 14 for a term of 20 years(including 6 years for exploration) which may be renewed for an additional period of 5 years subject to the approval of the Minister. The approval of the Minister may not be unreasonably withheld.

(g) Block 14 has been defined in Annex(A) & (B) of the EPSA with the coordinates clearly defined and comprises an area of 98,069.508 KM^2(square Kilometers) bordering on the west the international borders of the Republic of Libya,and on the north the international borders of the Republic of Egypt.

(h) Statesman BVI is a party to the EPSA, and holdsa majority 75% participating interestin Block 14, which includes an undivided participating interest of 75% in all rights, privileges, duties and obligations in Block 14 provided for in the EPSA .

(i) Statesman BVI validly holds 75% of the exploration rights, right to conduct petroleum operations,right to produce petroleum, and right to transport and export petroleumin Block14and all other rights,privileges and benefits defined in the EPSA.

(j) Express Petroleum and Gas Co. Ltd., and Sudapet Co. Ltd hold respectively 15% and 10% participating interests in Block 14.

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(k) Subject to the Minister agreeing to an extension of the date for submission of the bank guarantee, Statesman BVIwill have until the date agreed with the Minister to submit the bank guarantee.

6. Reservations

(a) This opinion does not cover issues of facts, nor does it express any opinion on matters of a technical nature.

(b) This opinion is confined to the scope of legalissues herein stated. Itdoes not cover facts or circumstances not disclosed to us.

(c) This opinion is issued as requested by Agri Energy Limited and does not express opinion of any legal jurisdiction other than Sudan jurisdiction.

Yours Sincerely,

Tag elsir A. Elhibir

Elhibir law office

TAG ELSIR ALI ELHIBIR
Advocate & Comm. For Oaths
Law Office
Date: 28.11.2012

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Annexure – Key Terms of the EPSA

الخرطوم – شارع الشريف الهندي – عمارة الهيئة – الطابق (٢) شقة رقم (٢)
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A summary of the key terms of the EPSA is as follows:

1. The EPSA has been signed by the Sudanese Government, Statesman BVI, Express Petroleum and Gas Co Ltd (**Express Petroleum**) and Sudapet Co. Ltd (**Sudapet**). Under the EPSA Parties other than the Sudan Government are collectively referred to as Contractor .

2. The EPSA grants the Contractor, via Joint Operating Company (**JOC**), the exclusive right to conduct petroleum operations (and all supporting operations) in Block 14. The JOC is a company to be formed by Statesman BVI, Express Petroleum and Sudapet (together the **Contractor**). The JOC will be responsible for conducting the petroleum operations on behalf of the Contractor.

3. Petroleum operations are defined in the EPSA and include exploration, appraisal, development, and production operations in relation to petroleum and other activities related to such operations as contemplated in the EPSA.

4. Petroleum is defined in the EPSA as all natural hydrocarbons whether liquid, gaseous or solid including liquid crude oil of various densities, gas, casing head gas, asphalt and all other hydrocarbon substances that may be found in, can be produced or otherwise obtained and saved from Block 14 under the EPSA and all substances that may be extracted therefrom.

5. The EPSA is dated 3 July 2012 and is for a term of 20 years (until 3 July 2032). This period may be renewed for an additional 5 years by six months written notice to the Minster of Petroleum. Approval is at the discretion of the Minister of Petroleum and is based on whether the Contactor has fulfilled its obligations under the EPSA.

6. The obligations of the Contractor under the EPSA are as follows:

   (a) carry out petroleum operations to explore for, appraise, develop and produce petroleum from commercial discoveries in Block 14;

(b) transport petroleum, by building necessary infrastructures, from field to delivery point;

(c) provide all capital, machinery, equipment, technology, personnel and services necessary for carrying out petroleum operations;

(d) incur all petroleum costs required for carrying out petroleum operations (the EPSA includes a procedure for such costs); and

(e) fulfil all financial and other obligations of the Contractor and enjoy all rights and benefits of the Contractor as provided in the EPSA.

7. The parties comprising the Contractor will have the following participating interests under the EPSA:

(a) Statesman BVI – 75%

(b) Express Petroleum – 15%

(c) Sudapet – 10%

These interests are the undivided percentage interest of each of the parties in the rights and obligations under the EPSA.

8. Sudapet's participating interest will be free carried by Statesman BVI and Express Petroleum (together the **Funding Parties**) until the first commercial production from any oil field or gas field under the EPSA. This funding will be without interest and will be recovered:

(a) firstly from all recoverable costs from the value of the relevant Cost Oil/Cost Gas determined in accordance with the EPSA (as outlined in paragraph 11~~11~~);

(b) secondly from costs which do not qualify as recoverable costs from the value of 25% of Sudapet's share of profit oil/gas (as defined in the EPSA) in the relevant financial year. To the extent that in a financial year these costs exceed 25% of Sudapet's share of profit oil/gasthe excess

will be carried forward for recovery in the next financial year until fully recovered.

9. The Contractor will develop all oil and gas fields within Block 14 including but not limited to constructing the infrastructure necessary for transportation and delivery to the intake point of the transportation system.

10. The Sudanese Government is entitled to a royalty in kind of 10%of gross production of all petroleum produced and saved from Block 14 (**Royalty**). The remaining 90% of production will be divided between the Government and the Contractor in accordance with the EPSA.

11. The Contractor will recover costs and expenses in respect of the petroleum operations in accordance with the following:

(a) Costs and expenses will be recovered out of an amount of petroleum equal in value to a maximum of:

(i) 45% per financial year of all crude oil produced and saved from Block 14 and not used in petroleum operations and after deduction of the Royalty (**Cost Oil**).

(ii) 50% per financial year of all gas produced and saved from Block 14 and not used in petroleum operations and after deduction of the Royalty (**Cost Gas**).

(b) Costs and expenses of petroleum operations incurred following 3 July 2012 will be recovered from Cost Oil and Cost Gas as follows:

(i) All operating expenses after commercial production (being all costs and expenses which are not normally depreciable) will be recoverable in the financial year in which such costs and expenses are incurred.

(ii) Exploration expenditure (including expenditure accumulated prior to commercial production)will be recoverable at a rate of 25% per financial year and

development expenditure (including expenditure accumulated prior to commercial production) will also be recoverable at a rate of 25% per financial year.

(iii) If in any financial year expenses and expenditure recoverable as set out in paragraphs 11(b)(i)~~11(b)(i)~~ and 11(b)(ii)~~11(b)(ii)~~:

(A) Exceeds the value of the Cost Oil/Cost Gas produced in that financial year, the excess can be carried over to the next succeeding financial year or years until fully recovered.

(B) Is less than the value of the Cost Oil/Cost Gas produced in that financial year, the remaining balance of all such Cost Gas/Cost Oil will be allocated 80% to the Sudanese Government and 20% to the Contractor.

(iv) The EPSA provides for provisional entitlements to crude oil and gas.

(v) After taking the Royalty and the Cost oil/Cost Gas, the remainder of the daily production of crude oil will be taken and disposed of separately by the Sudanese Government and the Contractor in the following proportions:

(A) If daily production is equal to or less than 10,000 barrels per day – 60% Sudanese Government, 40% Contractor.

(B) If daily production is more than 10,000 barrels per day, that portion that is in excess of 10,000 barrels per day, but less than or equal to 20,000 barrels per day – 70% Sudanese Government, 30% Contractor.

(C) If daily production is more than 20,000 barrels per day, that portion that is in excess of 20,000

barrels per day, but less than or equal to 50,000 barrels per day – 75% Sudanese Government, 25% Contractor.

(D) If daily production is more than 50,000 barrels per day, that portion that is in excess of 50,000 barrels per day, but less than or equal to 75,000 barrels per day – 85% Sudanese Government, 15% Contractor.

(E) If daily production is more than 75,000 barrels per day, that portion that is in excess of 75,000 barrels per day– 87% Sudanese Government, 13% Contractor.

(vi) After taking the Royalty and the Cost oil/Cost Gas, the remainder of the daily production of gas will be taken and disposed of separately by the Sudanese Government and the Contractor in the following proportions:

(A) If daily production is equal to or less than 250 million standard cubic feet (**MMSCF**)– 60% Sudanese Government, 40% Contractor.

(B) If daily production is more than 250 MMSCF per day, that portion that is in excess of 250 MMSCF per day, but less than or equal to 500 MMSCF per day – 65% Sudanese Government, 35% Contractor.

(C) If daily production is more than 500 MMSCF per day, that portion that is in excess of 500 MMSCF per day, but less than or equal to 750 MMSCF per day – 70% Sudanese Government, 30% Contractor.

(D) If daily production is more than 750 MMSCF per day, that portion that is in excess of 750

MMSCF per day– 80% Sudanese Government, 20% Contractor]

12. The exploration period is for six years from the date of the EPSA and is divided into three commitment periods during which minimum work obligations must be met. The first commitment period is for a term of three years and the optional second and third commitments periods are each for terms of one and a half years. The second and third commitment periods are at the election of the Contractor by six months written notice to the Minster of Petroleum and are subject to the Contractor having fulfilled its minimum work obligations for the preceding period and submitting a program of minimum work obligations for the elected commitment period. The Contractor will lose the right to conduct exploration operations under the EPSA if no discovery well is established by the end of the last year of the exploration period.

13. The EPSA details requirements for the minimum work programme (including minimum expenditure) at each commitment period. The minimum expenditure obligation for each of the commitments periods is as follows:

(a) First commitment period - US$12,000,000.

(b) Second commitment period - US$12,000,000.

(c) Third commitment period – US$14,000,000.

14. The Contractor must relinquish 25% of Block 14 at the end of each of the first and second commitment periods. At the end of the third commitment period, the Contractor must relinquish the remainder of Block 14 not covered by oil fields and/or gas fields. The Contractor may also voluntarily relinquish all or any part of Block 14 during any commitment period provided that its minimum work obligations have been met.

15. The EPSA sets out requirements for the Contractor in respect of undertaking appraisals of any oil and/or gas fields, determining the commerciality of any discoveries and preparing a development work programme for any discoveries. The EPSA stipulate

timeframes by which the Contractor must make a declaration of the commerciality of a discovery. The Contractor may conduct additional exploration operations after expiry of the exploration period in specific circumstances.

16. Within four years of the Contractor declaring a discovery to be commercial (or such longer period as agreed between the Contractor and the Minister of Petroleum), it must establish commercial production otherwise the discovery will be relinquished

17. The Contractor must conduct its operations in accordance with approved work programmes and budgets. TheFunding Parties of the Contractor must provide to the Sudanese Government a bank guarantee of US$6,000,000 for the work commitment and minimum financial obligations and liabilities in the EPSA. This amount is equal to 50% of the cash value of the minimum work to be undertaken by the Contractor during the first commitment period.

18. In the event that a discovery extends beyond the boundary of Block 14, the Contractor and the Minister of Petroleum will use reasonable efforts to enter into an agreement for a unitised development programme with a single operator either between themselves or with the party or parties that have rights to the additional area.

19. The EPSA provides exchange rights and obligations including an obligation on the Contractor to register all funds transferred and expenditure in relation to the EPSA with the Sudan Exchange Control.

20. The following bonuses are payable by the Contractor under the EPSA:

    (a) A signature bonus of US$2,000,000 payable on the signature date of the EPSA.

(b) A production bonus of US$2,000,000 within 15 days of the start of the first commercial production of an oil field or gas field on Block 14.

(c) Additional production bonuses ranging between US$500,000 and US$1,000,000 upon milestones relating to oil and/or gas production from Block 14.

(d) An assignment bonus of US$3,000,000 if any party assigns its rights and obligations under the EPSA.

(e) A training bonus at the beginning of each financial year of US$250,000 during the exploration period and US$500,000 during the development period.

(f) A social development bonus at the beginning of each financial year of US$500,000 during the exploration period and US$750,000 during the development period. The initial payment will be made within 30 days of the signature date and will be pro-rated for the partial financial year.

21. Annual surface rentals vary from US$2 –US$6 per square kilometre during the exploration periods to US$50 per square kilometre during the development period.

22. The Sudanese Government will become the owner of all assets acquired and owned by the Contractor in connection with the petroleum operations carried out by the Contractor including buildings and structures and other fixed and movable assets.

23. Each of the companies constituting the Contractor, and the JOC must maintain an office in Sudan. Specified documents, data and other items must be kept at the office.

24. The petroleum operations must be conducted with due diligence and in a workmanlike manner and in accordance with good and sound methods and standards of the petroleum industry and relevant laws and regulations. The EPSA details additional obligations for the conduct of the petroleum operations including preparing and submitting records and reports. Data and

documents for any work related to the petroleum operations are the property of the Sudanese Government.

25. The Sudanese Government reserves the rights to any products other than petroleum within Block 14 and the Contractor is obliged to notify the Minister of Petroleum of any discovery of any natural resources other than petroleum during the course of its operations.

26. The Contractor is required to maintain specified insurance and must indemnify the Sudanese Government against damages from the Contractor's operations. Similarly, the Sudanese Government must indemnify the Contractor for damages due to the Government's actions.

27. The Contractor must determine its employees in consultation with the Sudanese Government and has obligations to employ and train Sudanese nationals. The Contractor must also give priority to Sudanese local contractors and companies provided their terms are competitive.

28. In the event of a national emergency, the Sudanese Government may requisition all or part of the production obtained, require the Contractor to increase production to the maximum and/or requisition the oil fields, gas fields and related facilities. In the event of requisition the Sudanese Government will pay the Contractor, for the period during which requisition is maintained, the Contractor's share as provided by the EPSA.

29. The EPSA includes requirements for the Contractor to give first priority to petroleum to local demand in accordance with any request from the Sudanese Government but will not be required to sell oil and gas at prices lower than the competitive international price.

30. The Contractor must practice modern health and safety procedures and provide free medical treatment to all employees and contractors working on Block 14 and their immediate families. This may oblige the Contractor to establish and staff clinics, dispensaries and hospitals if required (the Contractor must

establish a dispensary or hospital if it employs more than 100 people). If the Contractor employs more than 150 workers it must maintain a school at the site.

31. No party can assign its interest in the EPSA without prior written consent of the Minister. Prior written consent of the Minister must also be obtained before any shareholder of any of the parties constituting the Contractor assigns, transfers or encumbers the shares

32. If either of the Funding Parties withdraws from the EPSA, the other Funding Party assumes full responsibility for the continuation and completion of the work programme. The liabilities of the Contractor parties is joint and several and the failure of one such party to perform its obligations will not relieve the other parties of their obligations to fully perform all of the Contractor's obligations.

33. Force majeure provisions apply including if the operations re suspended for at least three continuous months due to force majeure, the duration of the EPSA will be extended for a corresponding period provided that if the suspension exceeds the prescribed duration for the relevant period of the EPSA then either party may terminate the EPSA. Payments of rents, training, bonds and bonuses will not be affected by events of force majeure.

34. Disputes will be settled by arbitration.

35. The Minister has the right to terminate the EPSA if the Contractor does not provide the bank guarantee of US$6,000,000.

36. The Minister may terminate the EPSA and claim damages for events of default including:

    (a) The Contractor fails to meet any obligation considered material by the Sudanese Government (for example a work programme) and such default is not remedied within 60 days (or such longer period as specified by the Sudanese Government).

    (b) The Contractor fails to make any of the payments under the EPSA on the due date or fails to comply with work

commitmentsor other conditions and such default is not remedied within 30 days (or such longer period as specified by the Sudanese Government).

(c) If an event of insolvency occurs in respect of either of the Funding Parties and the other Funding Party fails to take over the insolvent Funding Party's interest within 30 days notice.

(d) If the Contactor makes a false or misleading statement to the Minster which has material adverse consequences.

(e) If the Contractor assigns an interest or transfers shares contrary to the EPSA and such default is not remedied within 30 days (or such longer period as specified by the Sudanese Government).

(f) The Contractor extracts any minerals other than Petroleum from Block 14 without prior written consent (unless unavoidable).

(g) The Contractor causes material pollution or deterioration of the environment and such default is not remedied within 30 days (or such longer period as specified by the Sudanese Government).

37. The EPSA is governed by the laws of Sudan. To the extent that any laws or regulations of Sudan change during the period of the EPSA and such change materially affects the Contractors right's or increases its financial obligations under the EPSA, the Contractor may negotiate with the Sudanese Government to modify the EPSA to restore the Contractors rights and obligations to the equivalent prior to the change.

38. The EPSA outlines specific requirements in relation to discoveries of Natural Gas. These requirements include that upon determining that a gas discovery is commercial, the Contractor must make a written application to hold the gas field/s for a period not exceeding eight years during which the Contractor in conjunction with the Sudanese Government must negotiate a gas purchase

agreement with a buyer. All costs incurred in this process are recoverable as Cost Gas. This period covers all subsequent gas fields that the Contractor discovers and will be added to the duration of the EPSA in respect of gas only. The Contractor must develop the gas field within five years from the date of declaring the discovery commercial otherwise the field will be relinquished.

39. The Sudanese Government and the Contractor will each have a right to appoint three representatives to a joint coordination committee to be established for the purposes of communication, coordination and proper carrying out of the petroleum operations subject to the EPSA. Powers of the joint coordination committee include:

(a) Reviewing and recommending the work programme and budget, insurance programmes and procedures on safety and environmental protection.

(b) Reviewing and approving the award of tasks to sub-contractors, procurement and other sub-contracts and service contracts within the budget.

Decisions are to be made unanimously. If the parties do not agree the matter can be resolved by the Minister. If the parties cannot agree an item in a work programme, the Contractor may proceed with proceed with the conduct of the petroleum operations at its sole risk and if the Contractor can prove that the petroleum operations resulted in material and tangible benefits to the parties then the disputed item will be deemed to have been approved.

40. The first work programme and budget must be submitted to the Minister for approval within 60 days from 3 July 2012 and then submitted prior to 1 October in subsequent years. Ministerial approval is required before any petroleum operations are carried out in accordance with the proposed work programme. If the Minister suggests a revision to the proposed work programme, the parties will seek to resolve any issues, but in the event that they cannot, then the Minister may require the Contractor to incorporate such revisions provided that the revision does not

increase or decrease the proposed budget by more than 5% or substantially alter the general objectives of the work programme.

41. The Contractor is obliged to construct and operate a pipeline and delivery system when sufficient reserves are established in the following two alternatives, the adoption of which depends on the approval of the Minister:

(a) The construction of a pipeline delivery system to connect to any existing export pipeline.

(b) The construction of a pipeline and delivery system, offshore/onshore storage and off-loading facilities to deliver crude oil and gas.

42. The EPSA contains standard provisions for the measurement, delivery and lifting of crude oil and gas.

12. Risk Factors

The Shares offered under this Prospectus should be considered speculative because of the nature of the Company's business.

There are numerous risk factors involved with the Company's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

Risks specific to the Company

(a) Conditional Acquisition

The Offer is conditional upon:

(i) Completion of the Acquisition;

(ii) The Company re-complying with Chapters 1 and 2 of the Listing Rules and receiving conditional approval for re-quotation on ASX; and

(iii) The date for payment of the Security Bond is extended to a date which is on or after the date by which the Company can post or make payment of its portion of the Security Bond,

(together the **Conditions of the Offer**)

The Company was suspended from Official Quotation from the time of the November General Meeting and will not be re-instated until the Conditions of the Offer are achieved. There is a risk that the Conditions of the Offer will not be achieved.

In the event the Conditions of the Offer are not achieved then the Company will not proceed with the Acquisition or the Offer and will repay all Application Monies received.

(b) Country Risk

The Company's primary operation will be in Sudan. In Sudan uncertainties may arise from potential political instability, potential for corruption, potential for civil strife, lack of infrastructure, unexpected changes in local laws and unexpected changes to fiscal regimes.

Sudan is a north east African country with a population of 35 million people. There has been a military government under the rule of President Omar al-Bashir since 1989. The legal system is a combination of English common law and Islamic sharia law. In 2011, the government of Sudan held a referendum to determine the future of the regions of north and south Sudan. The result was the Republic of South Sudan succeeding from Sudan. There are still many unresolved issues between the north and the south, including oil wealth, border issues and citizenship. In 1997, the United States of America put in place a trade embargo on Sudan, which is still in place today. Sudan has a high sovereign risk.

12. Risk Factors (continued)

There are clearly risks associated with conducting business in Sudan which are not necessarily present in a developed country like Australia. These include the potential for economic, social and political instability, hyperinflation, currency instability and changes of law affecting foreign ownership, government participation, foreign exchange controls, export duties as well as government control over oil and gas operations.

Any future material adverse changes in government policies or legislation in Sudan that affect foreign ownership, oil and gas exploration, development or production activities, may affect the viability and profitability of the Sudan JV.

(c) Acquisition Risk

The Acquisition is conditional on Shareholder approval and re-compliance with Chapters 1 and 2 of the Listing Rules. Should the Acquisition not complete, the monies paid, loaned or advanced by the Company to Statesman may not be refunded.

(d) Legal System in Sudan

The legal system operating in Sudan may be less developed than more established countries, which may result in risk such as:

(i) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation, or in an ownership dispute;

(ii) a higher degree of discretion on the part of governmental agencies;

(iii) the lack of political or administrative guidance on implementing 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 court in such matters.

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 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 joint ventures, licences, license application or other legal arrangements will not be adversely effected by the unexpected adverse actions of the government authorities or others and the effectiveness of and enforcement of such arrangements cannot be assured.

(e) Exploration Production Sharing Agreement

Pursuant to the EPSA in relation to Block 14, within four years of the JOC declaring a discovery to be commercial (or such longer period as agreed between the JOC and the Minister of Petroleum), the JOC must establish commercial production otherwise the discovery will be relinquished. There is a risk that if production is not established within the four year timeframe than the discovery will be relinquished which may have a material adverse effect on the Company.

The EPSA also requires SAL and the other funding party to the EPSA to pay the Security Bond equivalent to approximately US$6,000,000 (of which SAL is required to pay approximately US$5,000,000). The Security Bond is currently required to be lodged on or before 3 November 2012 but SAL is negotiating with the Sudanese Government for this date to be extended. If this date is not extended, or this Security Bond is not lodged within any timeframe subsequently agreed then SAL and the other funding party will be in breach of the EPSA which may have a material adverse effect on the Company.

In addition, the work programme required under the EPSA is considered feasible although challenging and the JOC is under a tight timeframe to conduct these operations especially given the remoteness of the territory and any possible problems conducting operations in Sudan. If the JOC is unable to conduct the work programme required under the EPSA then it will be in breach of the EPSA which may have a material adverse effect on the Company.

(f) Joint Venture Partners to SAL and the EPSA

The obligations of the JOC pursuant to the EPSA, including the funding obligations of the funding parties of the JOC, are joint obligations. Therefore if the other funding party of the JOC fails to comply with its funding obligations then SAL will be required to meet those obligations (refer to section 13.3(d) for further information about default in meeting funding obligations pursuant to the JOA). This may have a material adverse effect on the Company.

In particular, SAL's obligations pursuant to the EPSA are to be funded jointly by Statesman and the Company pro rata to their percentage interests in SAL. If Statesman fails to provide funding in accordance with the funding obligations in respect of its percentage interest in SAL then the Company will be required to meet those obligations otherwise SAL will be in breach of the EPSA.

In addition, the other funding party to the EPSA is required to pay approximately US$1,000,000 of the Security Bond and Statesman is required to pay approximately US$2,500,000 of the Security Bond. If either of these parties fails to pay their share of the Security Bond then SAL will be in breach of the EPSA which may have a material adverse effect on the Company.

All matters in respect of SAL require the unanimous approval of all Directors or Shareholders (as applicable). There is a risk that if Statesman does not agree with the Company in respect of a decision relating to SAL then SAL may not be operated in the manner that the Company wishes. This may have a material adverse effect on the Company.

It should be noted that, pursuant to the EPSA, if there is a substantial change in the shareholding structure of a funding party of the JOC (which is defined as a transfer of 50% or more of the issued capital of the funding party), then an assignment bonus of US$3,000,000 will be payable by the assigning party to the Sudanese Government.

Similarly, decisions under the JOA are either to be made by two parties holding at least 85% of the participating interest in the EPSA or in respect of specific decisions, unanimously. Therefore the JOC may not be operated in accordance with the intentions of SAL. However it should be noted that the JOA provides for sole risk operations in particular circumstances.

(g) New projects and acquisitions, joint ventures and dilution

The Company has to date and will continue to actively pursue and assess other new business opportunities particularly those in the oil and gas sector. These new business opportunities may take

the form of direct project acquisitions, joint ventures, farm-ins, acquisition of permits, or direct equity participation.

The acquisition of projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence and prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess, at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from other projects and/or the raising of additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.

Furthermore, any new project or business acquisition may change the risk profile of the Company, particularly if the new project is located in another jurisdiction, involves a new commodity and/or changes the Company's capital/funding requirements.

Should the Company propose or complete the acquisition of a new project or business activity, investors should re-assess their investment in the Company in light of the new project/business activity.

The consideration payable in respect of any such acquisition may consist wholly or partly of new Shares, in which case the shareholding of existing Shareholders will be diluted. Further, the Company may seek to raise additional capital to fund acquisitions or for other purposes, by issue of new Shares. This may also have the effect of diluting the shareholdings of existing Shareholders. The Company may elect to fund acquisitions using existing or new bank facilities. The Directors will adopt prudent financial practices in assessing the appropriate funding mix.

Subject to relevant joint venture agreements, the Company cannot control the actions of joint venturers, and therefore, cannot guarantee that joint ventures will be operated or managed in accordance with the Company's preferred direction or strategy.

Oil and Gas Industry Risks

(h) Exploration and Development Risks

Block 14 is in the early stages of exploration and is classed as frontier territory with unproven hydrocarbon potential. Potential investors should understand that oil and gas exploration, development and production are high-risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic reserve, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery.

There is no assurance that exploration of Block 14, or any other projects that the Company may acquire an interest in in the future, will result in the discovery of economically viable quantities of oil and gas reserves in the area. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited.

12. Risk Factors (continued)

(i) Operational Risks

The operations of the Company following completion of the Acquisition may be affected by various factors including failure to locate or identify oil reserves, risk of fire, explosions, blow-outs, pipe failure, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharges of toxic gasses, the occurrence of any of which could result in substantial losses to the Company due to injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation and penalties, suspension of operations and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(j) Payment Obligations

Under SAL's interest in the Sudan JV the Company will become subject to payment and other obligations. In particular, the JOC parties are required to expend the funds necessary to meet the minimum funding commitments in respect of the Sudan JV. The minimum expenditure over the first commitment period of the EPSA is US$12 million, with the Company's contribution being approximately US$5 million. However, it is expected that the costs of activities required in the work programme will significantly exceed this sum. Failure to meet these commitments will render the project to be forfeited. Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of SAL's interest in the Sudan JV.

(k) Commodity Price Volatility

The demand for, and price of, oil is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

International oil and gas prices fluctuate widely and are affected by numerous factors beyond the control of the Company, such as industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of commodities by producers and speculators as well as other global or regional political, social or economic events. Fluctuations in oil and gas prices and, in particular, a material decline in the price of oil or gas, may have a material adverse effect on the value of the Sudan JV.

Future production, if any, from the Sudan JV will be dependent upon the price of the resources being adequate to make the project economic. Future price declines in the market value of the commodity could cause continued development of, and eventually commercial production from, the project to be rendered uneconomic. Depending on the price of the commodity, the Company could be forced to discontinue production or development and may lose, or be forced to sell, its interest in the

12. Risk Factors (continued)

project. There is no assurance that, even if commercial quantities of the resource are produced, a profitable market will exist for them.

In addition to adversely affecting future reserve estimates, if any, of the Sudan JV, declining commodity prices can impact operations by requiring a reassessment of the feasibility of the project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to the project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

(l) Environmental and other Regulatory Requirements

The Company's operations in respect of the Sudan JV will be subject to environmental laws, including but not limited to, those governing the management of waste, the protection of water and air quality, the discharge of materials into the environment, and the preservation of natural resources, which may impact and influence the Company's operations. If the Company fails to comply with environmental laws regarding the discharge of oil, gas, or other materials into the air, soil or water it may be subject to liabilities to the government and third parties, including civil and criminal penalties.

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before exploration and production activity can commence on the Sudan JV, the JOC parties will need to obtain regulatory approvals and there is no assurance that such approvals will be obtained.

(m) Licence Risk

The Company's exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, claims, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of licences and contracts, obtaining renewals, or getting licences and contracts granted, often depends on the Company being successful in obtaining required statutory approvals for its proposed activities and that the licences, concessions, leases, claims, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be granted or that such renewals, rights and title interests will not be revoked or significantly altered to the detriment of the Company.

(n) Dependence on key personnel

The Company is reliant on a number of key personnel employed by the Company, details of whom are set out in Sections 7.1 and 7.4. Loss of such personnel may have a materially adverse impact on the performance of the Company. While there can be no assurance given as to the continued availability of such key personnel, the Company has put in place employment contracts and equity participation programs with senior executives to incentivise them.

General Risks

(o) Economic Risk

Changes in the general economic climate in which the Company will operate following completion of the Acquisition may adversely affect the financial performance of the Company. Factors that may

contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption and the rate of growth of gross domestic product in Australia and Sudan and other jurisdictions in which the Company may acquire assets.

(p) Future Capital Needs and Additional Funding

The future capital requirements of the Company will depend on many factors including the results of future exploration and business development activities. The Company believes its available cash and resources following the Acquisition should be adequate to fund its initial exploration work program, business development activities and other Company objectives.

As noted above, the minimum expenditure over the first three year term of the EPSA is US$12 million, with the Company's contribution being approximately US$5 million. However, it is expected that the costs of activities required in the work programme will significantly exceed this sum and it is likely that the Company will need additional funding to meet this obligation.

Should the Company require additional funding there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional finance, if required, would have a material adverse effect on the Company's business and its financial condition and performance.

(q) Changes in Government Policies and Legislation

Any material adverse changes in government policies or legislation of Australia, Sudan or any other country that the Company may acquire economic interests in may affect the viability and profitability of the Company.

13. Material Contracts

13.1 Letter Agreement

The material terms of the Letter Agreement are as follows:

(a) The Company has a right to a 49.9% shareholding in SAL which holds a 75% working interest[10] in Block 14 in north-west Sudan through a wholly owned subsidiary for nominal consideration.

(b) Completion of the Acquisition is subject to and conditional on the Company:

(i) obtaining all shareholder approvals required pursuant to the Corporations Act 2001 (Cth) or the Listing Rules of the ASX in relation to the Acquisition (which approvals were obtained at the November General Meeting); and

(ii) re-complying with Chapters 1 and 2 of the Listing Rules on terms which the Company reasonably believes are capable of satisfaction.

(c) All funding requirements of SAL necessary to fund the interest of Statesman BVI in the Sudan JV (**Funding**) will be contributed pro rata by the parties in accordance with their percentage shareholding in SAL. Standard dilution provisions will apply if either party fails to provide its portion of Funding.

(d) The Company has incurred approximately $300,000 in respect to pursuing exploration opportunities in Africa (including the Sudan JV) prior to the date of the Letter Agreement. Statesman will refund 50% of these costs on completion of the Acquisition.

(e) Standard dilution provisions will apply if either party fails to provide its portion of funding.

(f) On Completion, the Company will be entitled to appoint such number of directors to the Board of SAL such that the parties will have equal representation on the Board of SAL.

(g) All matters in respect of SAL require the unanimous approval of all Directors or Shareholders (as applicable).

(h) Each party will have a right of pre-emption in respect of SAL issuing new securities or the other party selling its interest in SAL.

(i) The Company has provided a loan of US$800,000 to SAL (**Loan**) being approximately 50% of the signing payment made by Statesman BVI to the Government of Sudan. The Loan is interest free and will become repayable in full immediately if the conditions referred to in Section 13.1(a) are not satisfied or completion occurs.

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[10] Refer to paragraph 11 of the Annexure to the Independent Title Report in Section 11 for a summary of production sharing arrangements pursuant to the EPSA.

(j) The Company and Statesman will jointly consider other opportunities to acquire oil and gas projects in Africa for a period of 12 months from the date of the Letter Agreement.

(k) The parties have agreed to negotiate in good faith formal agreements with respect to the Sudan JV and any other African exploration opportunities that may arise that encompass the principals outlined in the Letter Agreement.

A formal agreement encompassing the principals in the Letter Agreement is currently being negotiated by the parties.

13.2 Exploration Production Sharing Agreement

Refer to the Annexure to the Independent Title Report in Section 11 for a summary of the key terms of the Exploration Production Sharing Agreement (**EPSA**).

13.3 Joint Operating Agreement

The ESPA requires that joint operations are assigned to a Joint Operating Company (**JOC**) formed by the Contractor parties, who are Statesman BVI, Express Petroleum and Sudapet. The Joint Operating Agreement (**JOA**) will therefore determine the respective rights and obligations of the three Contractor parties in Block 14 in respect of the joint operations to explore and exploit petroleum in Block 14 (**Joint Operation**). The parties are in the process of negotiating the JOA, but the broad terms are expected to be as follows:

(a) The scope of the JOA includes provisions for sole risk operations, default, force majeure, transfer of participating interest, insurance, arbitration, oil and gas offtake rights, and an accounting procedure that establishes equitable methods for determining charges and credits applicable to Joint Operations under the ESPA.

(b) Governance is strictly controlled by a formal organisational structure that has to be approved by the Ministry. JOC work programs and budgets are prepared by the President of the JOC (who is intended to be appointed by SAL) and approved by the JOC Board for presentation to an Operating Committee comprised of representatives of the three shareholding parties (refer to section 13.4 for further information on the JOC Board and management). Work programs and budgets are subject to Ministry approval via a Joint Coordination Committee that consists of three government representatives and three representatives from the Contract Parties.

(c) Each representative of the Operating Committee will have votes equal to the participating interest of the party that they represent. General decisions of the Operating Committee will be made by Statesman and at least one other party. However, the JOA also specifies decisions that must be made by unanimous vote for example a declaration of commerciality.

(d) Default under the JOA will be addressed as follows:

  (i) If a party defaults in paying its participating interest share of expenses then the non-defaulting parties must pay the amount in proportion to their participating interest within five days of notice of the default. If a non-defaulting party fails to do so then it will also be in default.

  (ii) The non-defaulting parties will be entitled to principal and interest from the defaulting party and the amount owing will be a debt.

(iii) If the default is not remedied within 30 days of notice of the default, a non-defaulting party may require the defaulting party to transfer its interest to the non-defaulting party.

(iv) If the non-defaulting parties elect not to require transfer of the defaulting party's interest and continue to meet the funding obligations of the defaulting party this will accrue as a debt and will come out of any subsequent proceeds payable by the Operator to the defaulting party (including from selling the defaulting party's share of production).

(v) If within 30 days of notice of default, no defaulting party has elected to acquire the defaulting party's interest or bear the defaulting party's share of expenses then the Joint Operations will be abandoned.

(e) If a party does not rectify within the requisite timeframe a notice of termination given by the Government pursuant to the EPSA then it will automatically relinquish its participating interest proportionately to the other parties.

(f) A party may transfer its interest under the JOA to an affiliate subject to the terms of the EPSA. Pre-emptive rights apply to transfers to third parties.

(g) If a party elects to withdraw then the other parties will have 60 days to determine whether to acquire the withdrawing party's interest. If no party elects to acquire the withdrawing party's interest then the parties will proceed to terminate the EPSA as soon as possible and the JOA will terminate upon termination of the EPSA. Withdrawal is subject to a number of conditions.

(h) The JOA also specifies the scope of duties and responsibilities of the JOC in its conduct of Joint Operations, as well as the reporting requirements to shareholders under the ESPA, including a schedule for preparing the annual Work Program and Budget for review and approval by the Operating Committee and presentation to the Ministry.

13.4 Joint Operating Company Shareholders Agreement

The Contractor parties, who are Statesman BVI, Express Petroleum and Sudapet, intend to enter into a shareholders agreement to govern the ownership, control and management of the JOC (**Shareholders Agreement**). The parties are in the process of negotiating the Shareholders Agreement, but the broad terms are expected to be as follows:

(a) The Shareholders Agreement outlines the duties and obligations of the JOC and the JOC's management. The Shareholders Agreement provides for the allocation of the Senior Management Positions of the JOC. SAL will have the right to appoint the President and Exploration Manager of the JOC. The Operations Manager is yet to be decided.

(b) The shareholders of the JOC will hold the number of shares in the JOC equal to their participating interest in the EPSA. All decisions must be approved by SAL and at least one other shareholder. However, the Shareholders Agreement also specifies decisions that must be made by unanimous vote for example approval or amendment of an annual work programme and budget.

(c) SAL will appoint two of the four directors to the Board of the JOC. The Chairman of the Board will rotate between the parties every 12 months. Board decisions will be made by the vote of

the SAL directors and one other director. If the Board cannot resolve a matter then the matter will be put to shareholders. If a decision cannot be reached by the shareholders, then a shareholder may refer the matter to arbitration.

(d) The Shareholders Agreement specifies events of default in respect of the shareholders including insolvency. If an event of default occurs, the non-defaulting shareholders will have remedies against the defaulting shareholder during the period of default including that the defaulting shareholder will be restricted from voting and its nominees in JOC management positions will be replaced.

13.5 Belliver Consultancy Agreement

The material terms of the consultancy agreement between the Company and Belliver Ltd, a company controlled by Stephen Fetherston, are as follows:

(a) Belliver Ltd has been retained to provide consultancy services to the Company in respect of identifying, facilitating and acquiring oil and gas prospects in Africa (**Services**).

(b) The provision of these Services materially contributed to the Company entering into the Acquisition.

(c) In consideration for provision of the Services, the Company shall, upon completion of the Acquisition, issue 652,174 Agri Shares (post-consolidation) to Belliver Ltd.

(d) In addition, subject to Completion of the Acquisition, the Company shall retain Belliver Ltd to continue to provide services in respect of the Company's activities in Africa for a period of 5 months for a fee of US$25,000 per month.

13.6 Executive Service Agreement – Mr Gregory Channon

Outlined below is a summary of the material provisions of the Executive Service Agreement between the Company and Mr Gregory Channon.

(a) **Appointment:** The Company has engaged Mr Channon as its Managing Director.

(b) **Term:** The appointment is ongoing subject to the termination provisions.

(c) **Remuneration:**

(i) Salary: Mr Channon receives an annual salary of AUD$200,000 for services rendered, which will be reviewed annually. In addition to the Review, the Company may at any time during the Term pay to Mr Channon a performance-based bonus over and above the Salary (**Performance Based Bonus**). In determining the extent of any Performance Based Bonus, the Company shall take into consideration the key performance indicators of the Executive and the Company, as the Company may set from time to time, and any other matter that it deems appropriate.

(ii) Shares and Options: Mr Channon has, to date, received 869,565 Shares (post Consolidation) under the AAE Employee Share Plan and 217,391 Plan A Options and 217,391 Plan B Options (post Consolidation) under the AAE Employee Option Plan. At the November General Meeting, Shareholders approved the grant to Mr Channon of

1,000,000 Plan C Options and 1,000,000 Plan D Options (post Consolidation) under the Company's Employee Option Plan.

(d) **Termination:**

(i) Either party may terminate the Executive Service Agreement by giving one month's written notice.

(ii) The Company may terminate the Executive Service Agreement without notice for cause.

13.7 Executive Service Agreement – Mr Dougal Ferguson

Outlined below is a summary of the material provisions of the Executive Service Agreement between the Company and Mr Dougal Ferguson.

(a) **Appointment:** The Company has engaged Mr Ferguson as its Finance Director.

(b) **Term:** The appointment is ongoing subject to the termination provisions.

(c) **Remuneration:**

(i) Salary: Mr Ferguson receives an annual salary of AUD$200,000 for services rendered, which will be reviewed annually. In addition to the Review, the Company may at any time during the Term pay to Mr Ferguson a performance-based bonus over and above the Salary (**Performance Based Bonus**). In determining the extent of any Performance Based Bonus, the Company shall take into consideration the key performance indicators of the Executive and the Company, as the Company may set from time to time, and any other matter that it deems appropriate.

(ii) Shares and Options: Mr Ferguson has, to date, received 869,565 Shares (post Consolidation) under the AAE Employee Share Plan and 217,391 Plan A Options and 217,391 Plan B Options (post Consolidation) under the AAE Employee Option Plan. At the November General Meeting, Shareholders approved the grant to Mr Ferguson of 1,000,000 Plan C Options and 1,000,000 Plan D Options (post Consolidation) under the Company's Employee Option Plan.

(d) **Termination:**

(i) Either party may terminate the Executive Service Agreement by giving one month's written notice.

(ii) The Company may terminate the Executive Service Agreement without notice for cause.

13.8 Corporate Adviser Agreement

The Company has entered into an agreement with Taylor Collison (**Corporate Adviser Mandate**) pursuant to which the Company has engaged Taylor Collison to act as corporate adviser to the Company. As corporate adviser, Taylor Collison will provide all necessary assistance in capital raisings, investor relations, research, introduction of projects and corporate and financial advice.

13. Material Contracts (continued)

As remuneration for acting as corporate adviser, Taylor Collison will receive a fee of $6,250 per month together with reasonable out of pocket expenses. Additional fees, to be negotiated under separate mandates, shall apply in the event that Taylor Collison is appointed lead manager to any capital raising or introduces any new projects to the Company.

The term of the Corporate Adviser Mandate is for 12 months from 1 October 2012 but can be terminated by either party on 30 days written notice. Upon termination, the Company will pay any accrued expenses up to the date of termination. There is provision for a 12 month extension upon agreement of the parties.

The Company has agreed to indemnify Taylor Collison and its related companies, directors, agents and staff, (**Indemnified Parties**) from and against any and all demands, damages, losses, liabilities, costs or expenses, including legal costs on a full indemnity basis, which any Indemnified Party incurs or suffers arising out of, or in respect of, the Corporate Adviser Mandate.

13.9 Lead Manager Agreement

The Company has entered into an agreement with Taylor Collison (**Lead Manager Mandate**) pursuant to which the Company has engaged Taylor Collison to act as lead manager to the Offer. As lead manager, Taylor Collison will provide all necessary assistance in managing and arranging the Offer as is customary for this type of offer, including providing strategic market advice and marketing services and managing the application and allocation processes.

As remuneration for acting as Lead Manager, Taylor Collison will receive:

(a) a management fee of 1.5% of the gross amount raised under the Offer; and

(b) a capital raising fee of 4% of the gross amount raised by Taylor Collison under the Offer.

(c) such number of Lead Manager Options as is equal to 2.5% of the number of Shares issued under the Offer.

In addition, Taylor Collison will be reimbursed for reasonable out-of-pocket expenses directly related to the Offer.

The Company has agreed to indemnify Taylor Collison and its related companies, directors, employees and agents (**Indemnified Parties**) from and against any and all demands, damages, losses, liabilities, costs or expenses, including legal costs on a full indemnity basis, which any Indemnified Party incurs or suffers arising out of, or in respect of, the Offer or the Lead Manager Mandate.

The Lead Manager Mandate contains covenants, warranties, representations and other terms that are standard for an agreement of this nature.

14. Additional Information

14.1 Rights Attaching to Shares

Full details of the rights attaching to Shares are set out in the Company's Constitution a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

(i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of persons (if any) entitled to shares with special rights to dividends, the Directors may declare a dividend in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may from time to time pay to shareholders any interim dividend that they may determine. Subject to the rights of any preference shareholders and to the rights of the holders of any shares credited or raised under any special arrangement as to the dividend, the dividend as declared shall be payable on all shares according to the amount paid up, or credited as paid up, on the shares, and otherwise in

accordance with Part 2H.5 of the Corporations Act. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) **Variation of rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

14.2 Rights Attaching to Options

(a) Rights attaching to Adviser Options

The general rights and liabilities attaching to Adviser Options can be summarised as follows:

(i) Each Adviser Option entitles the holder to subscribe for one Share upon exercise of the Adviser Option.

(ii) Each Adviser Option has an exercise price of $0.46 (Post Consolidation) (**Exercise Price**) and an expiry date of 30 June 2014 (**Expiry Date**).

(iii) The Adviser Options are exercisable at any time after grant and on or prior to the Expiry Date.

(iv) The Adviser Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Adviser Option being exercised. Any Notice of Exercise of an Adviser Option received by the Company will be deemed to be a notice of the exercise of that Adviser Option as at the date of receipt.

14. Additional Information (continued)

(v) Shares issued on exercise of the Adviser Options rank equally with the then Shares of the Company.

(vi) Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Adviser Options.

(vii) There are no participation rights or entitlements inherent in the Adviser Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Adviser Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Adviser Options the opportunity to exercise their Adviser Options prior to the date for determining entitlements to participate in any such issue.

(viii) If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

(A) the number of Shares which must be issued on the exercise of an Adviser Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Adviser Option before the record date for the bonus issue; and

(B) no change will be made to the Exercise Price.

(ix) If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of an Adviser Option. If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(x) No application for quotation of the Adviser Options will be made by the Company.

(xi) The Adviser Options are transferable provided that the transfer of the Adviser Options complies with section 707(3) of the Corporations Act.

(xii) Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Adviser Options with the appropriate remittance should be lodged at the Company's share registry.

(b) Rights attaching to Lead Manager Options

The general rights and liabilities attaching to the Lead Manager Options can be summarised as follows:

(i) Each Lead Manager Option entitles the holder to subscribe for one Share upon exercise of the Lead Manager Option.

(ii) Each Lead Manager Option has an exercise price of $0.25 (Post Consolidation) (**Exercise Price**) and an expiry date of three years from the date of grant (**Expiry Date**).

(iii) The Lead Manager Options are exercisable at any time after grant and on or prior to the Expiry Date.

(iv) The Lead Manager Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Lead Manager Option being exercised. Any Notice of Exercise of a Lead Manager Option received by the Company will be deemed to be a notice of the exercise of that Lead Manager Option as at the date of receipt.

(v) Shares issued on exercise of the Lead Manager Options rank equally with the then Shares of the Company.

(vi) Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Lead Manager Options.

(vii) There are no participation rights or entitlements inherent in the Lead Manager Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Lead Manager Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Lead Manager Options the opportunity to exercise their Lead Manager Options prior to the date for determining entitlements to participate in any such issue.

(viii) If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

(A) the number of Shares which must be issued on the exercise of a Lead Manager Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Lead Manager Option before the record date for the bonus issue; and

(B) no change will be made to the Exercise Price.

(ix) If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of a Lead Manager Option. If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(x) No application for quotation of the Lead Manager Options will be made by the Company.

(xi) The Lead Manager Options are transferable provided that the transfer of the Lead Manager Options complies with Section 707(3) of the Corporations Act.

(xii) Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Lead Manager Options with the appropriate remittance should be lodged at the Company's share registry.

(c) Rights attaching to the Plan A Options, Plan B Options, Plan C Options and Plan D Options

14. Additional Information (continued)

(i) Entitlement

Each Plan Option entitles the holder to subscribe for one Share upon exercise of each Plan Option.

(ii) Exercise Price and Expiry Date

The Exercise Price, Vesting Date and Specified Expiry Date of each Plan Option is referred to in the below table.

Plan Option Class	Exercise Price (post Consolidation)	Vesting Date	Specified Expiry Date
Class A	$0.46	23 December 2012	31 December 2014
Class B	$0.69	23 December 2013	31 December 2015
Class C	$0.30	30 November 2014	31 December 2016
Class D	$0.30	30 November 2015	31 December 2016

The Plan Options will expire on that date (**Expiry Date**) which is the earlier of:

(A) the Specified Expiry Date referred to in the above table; or

(B) the making by the Board of a determination that the Employee has acted fraudulently, dishonestly or in breach of the Employee's obligations to the Company or any of its subsidiaries;

and thereafter no party has any claim against any other party arising under or in respect of the Plan Options.

If at any time prior to the Expiry Date of any Plan Options, an Employee ceases to be an Employee as a Good Leaver, the Employee, will be entitled to keep any Plan Options for which the relevant Vesting Date has passed (**Vested Options**) and the Board, in its absolute discretion, shall determine the amount of any Plan Options for which the relevant Vesting Date has not passed (**Unvested Options**) to vest.

If at any time prior to the Expiry Date of any Plan Options, an Employee ceases to be an Employee as a Bad Leaver:

(C) in respect of any Vested Options held, such Employee will have until the earlier of:

(i) three months from the date of ceasing to be an Employee; or

(ii) the Expiry Date of the Plan Options,

to exercise the Plan Options, otherwise the Plan Options will automatically lapse; and

(D) any other Plan Options will automatically lapse.

For the purposes of this Section 14.2(b)(ii):

"Employee" means the employee or officer or Director of the Company who was issued the Plan Options by the Company.

"Good Leaver" means an Employee who ceases to be an Employee by reason of retirement, permanent disability, redundancy or death or anyone determined by the Board as a good leaver on a case by case basis and at its absolute discretion.

"Bad Leaver" means an Employee who ceases to be an Employee by any reason other than as a Good Leaver.

(iii) Change of Control

Notwithstanding any other terms contained in these terms and conditions, upon the occurrence of a Change of Control Event the Directors may determine:

(A) that the Plan Options may be exercised at any time from the date of such determination, and in any number until the date determined by the Directors acting bona fide so as to permit the holder to participate in any change of control arising from a Change of Control Event provided that the Directors will forthwith advise in writing each holder of such determination. Thereafter, the Plan Options shall lapse to the extent they have not been exercised; or

(B) to use their reasonable endeavours to procure that an offer is made to holders of Plan Options on like terms (having regard to the nature and value of the Plan Options) to the terms proposed under the Change of Control Event in which case the Directors shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Plan Options shall immediately become exercisable and if not exercised within 10 days, shall lapse.

For the purposes of this Section 14.2(b)(iii) "Change in Control Event" means:

(A) the occurrence of:

(i) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and

(ii) that takeover bid has become unconditional (except any condition in relation to the cancellation or exercise of the Plan Options); or

(B) the announcement by the Company that:

(i) shareholders of the Company have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:

(A) cancelled; or

(B) transferred to a third party; and

(ii) the Court, by order, approves the proposed scheme of arrangement; or

(C) the occurrence of the sale of the Company's main undertaking; or

(D) at the absolute discretion of the Board, the occurrence of a sale of at least 50% of the Company's main undertaking.

(iv) Exercise Period

The Plan Options are exercisable at any time after the Vesting Date and on or prior to the Expiry Date.

(v) Notice of Exercise

The Plan Options may be exercised by notice in writing to the Company (Notice of Exercise) and payment of the Exercise Price for each Plan Option being exercised. Any Notice of Exercise of an Plan Option received by the Company will be deemed to be a notice of the exercise of that Plan Option as at the date of receipt.

(vi) Shares issued on exercise

Shares issued on exercise of the Plan Options rank equally with the then Shares of the Company.

(vii) Quotation of Shares on exercise

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Plan Options.

(viii) Timing of issue of Shares

After a Plan Option is validly exercised, the Company must, as soon as possible following receipt of the Notice of Exercise and receipt of cleared funds equal to the sum payable on the exercise of the Plan Option:

(A) issue and allot the Share; and

(B) do all such acts matters and things to obtain the grant of official quotation of the Share on ASX no later than 5 Business Days after issuing the Share.

(ix) Participation in new issues

There are no participation rights or entitlements inherent in the Plan Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Plan Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least nine business days after the issue is announced. This will give the

holders of Plan Options the opportunity to exercise their Plan Options prior to the date for determining entitlements to participate in any such issue.

(x) Adjustment for bonus issues of Shares

If the Company makes an issue of Shares to the holders of Shares in the Company by way of capitalisation of profits or reserves (Bonus Issue), each holder of Plan Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those Plan Options the number of Shares which would have been issued under the Bonus Issue (Bonus Shares) to a person registered as holding the same number of Shares as that number of Shares to which the holder of Plan Options may subscribe for, pursuant to the exercise of those Plan Options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise). The Bonus Shares will be paid by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue rank equally in all respects with the other Shares issued upon exercise of the Plan Options.

(xi) Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of an Plan Option.

(xii) Adjustments for reorganisation

In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Plan Options, the number of Plan Options to which each holder of Plan Options is entitled or the Exercise Price of his or her Plan Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

(xiii) Quotation of Plan Options

No application for quotation of the Plan Options will be made by the Company.

(xiv) Plan Options transferable

Vested Options are transferable provided that the transfer of the Plan Options complies with Section 707(3) of the Corporations Act.

(xv) Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Plan Options with the appropriate remittance should be lodged at the Company's Registry.

14. Additional Information (continued)

14.3 Summary of the AAE Employee Share Plan

(a) Invitations to participate in the AAE Employee Share Plan will be made to Participants on such terms and conditions as the Board in its absolute discretion determines. Invitations will generally be made to Participants on terms and conditions including the following:

(i) An Invitation may specify that the Plan Shares to be allocated under the Plan will be:

(A) acquired by the Trustee as a result of an issue of new Shares;

(B) acquired by the Trustee on market;

(C) Plan Shares held by the Trustee but which have not been allocated to a Participant; or

(D) acquired by the Trustee off-market generally or from another Participant who is disposing of Shares in accordance with any restrictions.

The Trustee may acquire Plan Shares in advance of making an allocation using short term loans funds extended by the Company to the Trustee. Such loans will be repaid from the payment on allocation of Plan Shares to the Participant.

(ii) If there are more acceptances than Plan Shares available, the Board can scale back allocations under the Invitation at its absolute discretion.

(iii) It is the current intention of the Board that Plan Shares will be allocated at a nominal discount to the volume weighted average of the prices at which the Shares were traded on the ASX during the week leading up to and including the date of allocation of the Plan Shares unless otherwise determined by the Board, or another acceptable taxation valuation method for shares issued under an employee share scheme (as determined by the Board). The Board can determine to allocate Plan Shares at a greater discount.

(iv) Participants must pay for the Plan Shares allocated to them with the proceeds of the loan provided to them by the Company.

(v) A loan may be provided on such terms as determined by the Board. The Company currently proposes to loan funds to Participants on the terms in Section 14.3(b) below.

(vi) Participants have no right to, or an interest in, Plan Shares under the Plan until the Plan Shares have been allocated to them. A Participant has no right against the Company if Plan Shares under the Plan are not allocated to them.

(vii) Allocations of Plan Shares under the Plan may be made progressively at such times as and when such Plan Shares become available.

(viii) If, for whatever reason, there are insufficient Plan Shares to satisfy the allocations, there is no requirement on the Company or the Trustee to allocate the Plan Shares.

(ix) No allocation of Plan Shares will be made to Participants to the extent that it would contravene the Constitution, Listing Rules, the Corporations Act or any other applicable law.

14. Additional Information (continued)

(x) On allocation, Participants will be entitled to exercise all rights of a shareholder attaching to the Plan Shares, subject to specified terms and restrictions.

(xi) The Company may impose such restrictions on Plan Shares under the Plan as it sees fit for such period as it sees fit. The Plan provides for the release of restrictions in the event of a change of control event of the Company.

(xii) Participants may request the Trustee to sell their Plan Shares if there are no restrictions on the Plan Shares and the value of the Plan Shares is greater than the loan. In this event the Trustee must sell the Plan Shares and the net proceeds of sale will be used to repay the loan and the balance, if any, paid to the Participant. In such circumstances the Trustee may sell the Plan Shares on market or off market or acquire the shares itself to be held pending their future allocation under the Plan.

(xiii) The Invitation is personal to a Participant and may only be accepted by the Participant.

(xiv) Subject to the Corporations Act and the Listing Rules, the Board will have the power to amend the Plan as it sees fit.

(b) The material terms of the loan pursuant to the AAE Employee Share Plan are as follows:

(i) If the Company provides a loan to a Participant such Participant must accept the terms of the loan as part of the Invitation. The loan may only be used to pay for the allocation of Plan Shares under the Plan.

(ii) The terms and conditions of the loan will be determined by the Board in its discretion.

(iii) A Participant may, at any time, repay part all or part of the amount of the loan.

(iv) Repayment of the loan does not operate to remove the sale restrictions which will continue to apply during the specified restriction period.

(v) Until repayment of the loan in full, Participants have no right to have the Plan Shares transferred to them.

(vi) In the event that the Participant leaves within the restricted period determined by the Board, the loan must be repaid and interest will be charged equal to the market rate of interest that would have accrued on the loan from the date of advance of the fund to the repayment date as determined by the Board.

(vii) If, after the relevant restricted period, the Participant ceases to be employed by the Company, or requests the Trustee to sell the Plan Shares allocated to the Participant and the value of Plan Shares allocated to the Participant under the Plan is greater than the loan, the Participant must immediately pay the Company the loan in full and the Trustee will transfer the Plan Shares to the Participant.

(viii) If, after the relevant restricted period, the Participant ceases to be employed by the Company, or requests the Trustee to sell the Plan Shares allocated to the Participant and the value of Plan Shares allocated to the Participant under the Plan is less than the loan, the Trustee will transfer the Plan Shares to the Company in full satisfaction of the loan.

(ix) Dividends declared on Plan Shares will be used to repay the loan. A portion of the dividend, determined by the Company, will be paid to the Participant so that the Participant can pay any tax liability in respect of the dividend paid.

(x) If the Participant does not repay the loan as required by the terms of the loan then the Trustee is authorised to sell the Participant's Plan Shares on market or off-market or may acquire them himself as Trustee for the purposes of the Plan. The net proceeds of sale will be used to repay the loan and the balance, if any, paid to the Participant.

(xi) The Company intends to make provisions in the loan in the event of a special circumstance, such as death or permanent incapacity of the Participant, occurring.

(xii) If a takeover is made or change of control event occurs made then restrictions in respect of the Participant's Plan Shares may be waived. In such circumstances the Participant shall be entitled to authorise the Trustee to sell the Participant's Plan Shares and the net proceeds of sale will be used to repay the loan and the balance, if any, paid to the Participant. If the takeover is not successful, or the change of control event does not occur, and the Plan Shares are not sold then the restrictions will continue to apply.

(xiii) Whilst the loan remains outstanding a Participant is not entitled to participate in any dividend reinvestment plan of the Company.

(xiv) Subject to the Corporations Act and the Listing Rules, the Board will have the power to amend the terms and conditions of any loan as it sees fit.

14.4 Fees and Benefits

Other than as set out below or elsewhere in this Prospectus, no:

(a) Director of the Company;

(b) person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus; or

(c) promoter of the Company,

has, or had within two years before lodgement of this Prospectus with the ASIC, any interest in:

(d) the formation or promotion of the Company;

(e) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer under this Prospectus; or

(f) the Offer under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a Director of the Company or for services rendered in connection with the formation or promotion of the Company or the Offer of Shares under this Prospectus.

14. Additional Information (continued)

Senergy (GB) Limited has acted as independent geologist and has prepared the Independent Technical Assessment Report in accordance with the SPE PRMS 2007 Guidelines which has been included in Section 9 of this Prospectus. The Company estimates that it will pay Senergy (GB) Limited a total of $76,000 for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Senergy (GB) Limited has not received any fees from the Company.

Taylor Collison has acted as Lead Manager of the Offer and as corporate adviser to the Company. In respect of this work, Taylor Collison will be paid such amounts as detailed in Sections 13.8 and 13.8. During the 24 months preceding lodgement of this Prospectus at the ASIC, Taylor Collison has received $27,500 in fees from the Company.

GTP Legal has acted as the solicitors to the Company in relation to the Offer and has been involved in due diligence enquiries on legal matters. The Company estimates it will pay GTP Legal approximately $30,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, GTP Legal has received approximately $41,500 in fees from the Company for other services.

TG Elsir A. Elhibir Law Office has acted as the Republic of Sudan solicitors to the Company in relation to the Offer, has been involved in due diligence enquiries on legal matters and has prepared an Independent Title Report which has been included in Section 11 of this Prospectus. The Company estimates it will pay TG Elsir A. Elhibir Law Office approximately $10,500 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, TG Elsir A. Elhibir Law Office has not received any fees from the Company.

Stantons International Audit and Consulting Pty Ltd (trading as Stantons International Securities) has acted as investigating accountant and has prepared the Investigating Accountant's Report which has been included in Section 10 of this Prospectus. The Company estimates it will pay Stantons International Audit and Consulting Pty Ltd (trading as Stantons International Securities) a total of $8,500 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Stantons International Audit and Consulting Pty Ltd (trading as Stantons International Securities) has not received any fees from the Company.

14.5 Consents

Each of the parties referred to in this section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;

(b) has not authorised or caused the issue of this Prospectus or the making of the Offer; and

(c) to the maximum extent permitted by law, expressly disclaim, makes no representations regarding and takes no responsibility for any statements in, or omissions from part of this Prospectus other than a reference to its name and a statement and/or any report (if any) included in this Prospectus with the consent of that party as specified in this section.

Senergy (GB) Limited has given his written consent to being named as the Independent Geologist to the Company in this Prospectus and to the inclusion of the Independent Technical Assessment

14. Additional Information (continued)

Report in Section 9 in the form and context in which the report is included. Senergy (GB) Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Taylor Collison has given its written consent to being named as the Lead Manager to the Offer and corporate adviser to the Company in this Prospectus. Taylor Collison has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Stantons International Audit and Consulting Pty Ltd (trading as Stantons International Securities) has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 10 in the form and context in which the report is included. Stantons International Audit and Consulting Pty Ltd (trading as Stantons International Securities) has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

KPMG has given its written consent to being named as the auditor to the Company in this Prospectus. KPMG has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

GTP Legal has given its written consent to being named as the Australian solicitor to the Company in this Prospectus. GTP Legal has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

TG Elsir A. Elhibir Law Office has given its written consent to being named as the Republic of Sudan solicitor to the Company in this Prospectus and to the inclusion of the Independent Title Report in Section 11 in the form and context in which the report is included. TG Elsir A. Elhibir Law Office has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Computershare Investor Services Pty Limited has given its written consent to being named the Company's Share Registry in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

14.6 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

14.7 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Application Forms. If you have not, please obtain a copy of the Prospectus from the Company's website at www.siroccoenergy.com.au

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

14. Additional Information (continued)

14.8 Taxation

The acquisition and disposal of Shares in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

14.9 Expenses of the Offer

The estimated expenses of the Offer are as follows:

Item of Expenditure	Minimum Subscription	Maximum Subscription
ASIC Fees	$2,171	$2,171
Legal Fees	$40,500	$40,500
Geological Consulting	$76,000	$76,000
Investigating Accountant	$8,500	$8,500
Lead Manager Fee	$220,000	$385,000
ASX Fee	$58,693	$61,775
Share Registry	$10,902	$10,902
Printing and Other Expenses	$1,000	$1,000
Total	**$417,766**	**$585,848**

15. Directors' Authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Gregory Channon
Managing Director
For and on behalf of Agri Energy Limited
30 November 2012

16. Glossary

Where the following terms are used in this Prospectus they have the following meanings:

A$** or **$ means an Australian dollar.

AAE Employee Option Plan means the AAE Employee Option Plan as approved by Shareholders at the general meeting of the Company held on 23 November 2011.

AAE Employee Share Plan means the AAE Employee Share Plan as approved by Shareholders at the general meeting of the Company held on 23 November 2011.

Acquisition means the acquisition by the Company of 49.9% of SAL.

Adviser Option means an Option exercisable at $0.46 (Post Consolidation) on or before 30 June 2014 and otherwise on the terms and conditions in Section 14.2(a).

Applicant means a person who submits an Application Form.

Application means a valid application for shares pursuant to an Application Form.

Application Form means the application form accompanying this Prospectus relating to the Offer.

Application Monies means application monies for Shares received and banked by the Company.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange operated by ASX Limited (as the context requires).

Block 14 has the meaning in Section 8.2.

Board means the board of Directors as constituted from time to time.

Business Day means a week day when trading banks are ordinarily open for business in Perth, Western Australia.

Class A Plan Option means a Plan Option with the exercise price, vesting date and expiry date in the table in Section 14.2(c)(ii) and on the terms and conditions in Section 14.2(c).

Class B Plan Option means a Plan Option with the exercise price, vesting date and expiry date in the table in Section 14.2(c)(ii) and on the terms and conditions in Section 14.2(c).

Class C Plan Option means a Plan Option with the exercise price, vesting date and expiry date in the table in Section 14.2(c)(ii) and on the terms and conditions in Section 14.2(c).

Class D Plan Option means a Plan Option with the exercise price, vesting date and expiry date in the table in Section 14.2(c)(ii) and on the terms and conditions in Section 14.2(c).

Closing Date means the closing date of the Offer as set out in the indicative timetable in Section 3.

16. Glossary (continued)

Completion means the completion of the Acquisition.

Conditions of the Offer means the conditions of the Offer outlined in Section 6.4.

Company means Agri Energy Limited (ACN 061 375 442) to be renamed Sirocco Energy Limited.

Consolidation means the consolidation of the issued capital of the Company on the basis that every 23 Shares are consolidated into 1 Share, as approved by Shareholders at the November General Meeting.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of the Company at the date of this Prospectus and the proposed director of the Company, Keith Coughlan.

Employee means a person who is a full-time or permanent part-time employee or officer or director of the Company or such other person as the Board determines.

EPSA has the meaning in Section 8.1.

Independent Technical Assessment Report means the Independent Technical Assessment Report included in Section 9 of this Prospectus.

Investigating Accountant's Report means the investigating accountants report in Section 10 of this Prospectus.

Independent Title Report means the independent mining concession report in Section 11 of this Prospectus.

JOA has the meaning in Section 13.4.

JOC has the meaning in Section 13.4.

Lead Manager means Taylor Collison.

Lead Manager Option means an Option exercisable at $0.25 (Post Consolidation) on or before the date three years from the date of grant and otherwise on the terms and conditions in Section 14.2(b).

Letter Agreement has the meaning in Section 8.1.

Listing Rules means the official listing rules of ASX.

Loan has the meaning in Section 13.1(h).

November General Meeting means the annual general meeting of Shareholders held on 30 November 2012.

Offer means the offer of Shares pursuant to this Prospectus as outlined in Section 5 and Section 6.2.

16. Glossary (continued)

Official List means the official fist of ASX.

Official Quotation means official quotation of the Company's Shares by ASX in accordance with the Listing Rules.

Option means an option to acquire a Share.

Participant means an Employee who has accepted an Invitation to participate in the AAE Employee Option Plan or the AAE Employee Share Plan (as applicable).

Plan Options means Options granted to a Participant under the AAE Employee Option Plan.

Plan Shares means Shares granted to a Participant under the AAE Employee Share Plan.

Post Consolidation means following the Consolidation of the Company's securities.

Prospectus means this prospectus dated 30 November 2012.

SAL means Statesman Africa Limited, a company incorporated in the British Virgin Islands, registered number 1719480.

Security Bond has the meaning in Section 5.1

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Computershare Investor Services Pty Limited (ACN 005 485 825)

Shareholder means a holder of Shares.

Shareholders Agreement has the meaning in Section 13.4.

Statesman means Statesman Resources Limited, a company incorporated in British Columbia, Canada, registered number BC0277652.

Statesman BVI means Statesman Resources Limited, BVI, a company incorporated in the British Virgin Islands, registered number 1719473.

Sudan means the Republic of the Sudan

Sudan JV has the meaning in Section 8.1.

Taylor Collison means Taylor Collison Limited or in respect of the grant of Options, its nominee company, Taylor Collison Nominees Pty Ltd.

Trust means the trust established by the Company for the purpose of acquiring, holding and selling Plan Shares on behalf of Participants.

Trustee means the trustee of the Trust.

WST means Western Standard Time, Perth, Western Australia.

AGRI ENERGY LIMITED

APPLICATION FORM

Please read all instructions on reserve of this form

Share Registrars use only	
Broker reference – stamp only	
Broker Code	Adviser Code

A Number of Shares applied for

B Total amount payable
Cheque(s) to equal this amount

	at $0.20 each =	A$

you may be allocated all of the Shares above or a lesser number

C Full name details title, given name(s) (no initials) and surname or company name

Name of applicant 1

Name of joint applicant 2 or <account name>

Name of joint applicant 3 or <account name>

D Tax file number(s)
Or exemption category

Applicant 1/company

Joint applicant 2/trust

Joint applicant 3/exemption

E Full postal address

Number/Street

Suburb/town

F Contact details

Contact name

Contact daytime telephone number

( )

Contact email address

G **CHESS HIN** (if applicable)

H Cheque payment details

Please fill out your cheque details and make your cheque payable to "**Agri Energy Limited – Share Offer Account** "

Drawer	Cheque number	BSB number	Account number	Total amount of cheque

I Return of the Application Form with your cheque for the Application Monies will constitute your offer to subscribe for Shares in the Company. I/We declare that:

(a) this Application is completed according to the declaration/appropriate statements on the reverse of this form and agree to be bound by the Constitution of the Company; and

(b) I/we have received personally a copy of the Prospectus accompanying the Application Form, before applying for Shares.

No signature is required.
The Prospectus contains information about investing in the Shares of the Company and it is advisable to read this document before applying for Shares

You should read the Prospectus dated 30 November 2012 carefully before completing this Application Form. The *Corporations Act 2001* (Cth) prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary prospectus (whether in paper or electronic form).

Guide to Agri Energy Limited Application Form

This Application Form relates to the Offer of 20,000,000 Shares in Agri Energy Limited (**Company**) at $0.20 per Share (with oversubscriptions of up to 15,000,000 Shares in the Company at $0.20 per Share) pursuant to the Prospectus dated 30 November 2012 (**Prospectus**). The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Shares of the Company and it is advisable to read this document before applying for Shares. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and an Application Form, on request and without charge.

Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars and the correct forms of registrable titles to use on the Application Form are contained below.

A Insert the number of Shares you wish to apply for.

B Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Shares applied for by the sum of $0.20.

C Write the full name you wish to appear on the statement of holdings. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (**CHESS**) participants should complete their name and address in the same format as that are presently registered in the CHESS system.

D Enter your Tax File Number (**TFN**) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.

E Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.

F Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.

G The Company will apply to ASX to participate in CHESS, operated by ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX Limited.
If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold securities allotted to you under this Application in uncertificated form on the CHESS subregister, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For further information refer to section 6.19 of the Prospectus.

H Please complete cheque details as requested:
Make your cheque payable to "**Agri Energy Limited – Share Offer Account**" in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian Bank. The amount should agree with the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

I Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for Shares in the Company upon and subject to the terms of this Prospectus, agrees to take any number of Shares equal to or less than the number of Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.
Privacy – Please refer to Section 6.21 of the Prospectus for details about the collection, holding and use of your personal information. If you do not provide the information required on this Application Form, the Company may not be able to accept or process your Application.
Correct form of Registrable Title
Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of investor	Correct for of Registrable Title	Incorrect form of Registrable Title
Individual Use names in full, no initials	Mr John Alfred Smith	JA Smith
Minor (a person under the age of 18) Use the name of a responsible adult; do not use the name of a minor	John Alfred Smith <Peter Smith>	Peter Smith
Company Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use executor(s) personal name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of late John Smith

Partnerships Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

Return your completed Application Form to:

By Post To
Agri Energy Limited
Computershare Investor Services Pty Limited
GPO Box D182
Perth WA 6840

Or Delivered To
Agri Energy Limited
Computershare Investor Services Pty Limited45 St. Georges Terrace
Perth WA 6000