

VALUATION OF CHINA CBM ASSETS CASE STUDY

Triple Energy

Heilongjiang Province, Northern China

AWT DISCIPLINES

Geology
Geophysics
Reservoir Engineering
Petrophysics
Resource Assessment
Prospect Risking

PROJECT BACKGROUND

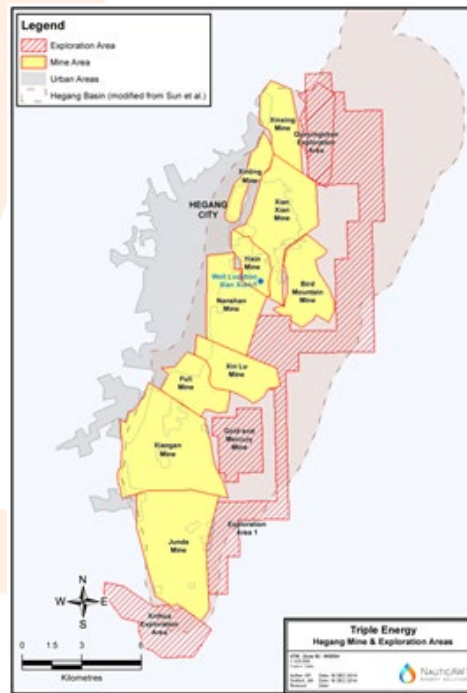
In 2013 Triple Energy Ltd (Triple) acquired an 80% profit interest in Heilongjiang Aolong Energy Co. Ltd ("Aolong"), a co-operative joint venture established under the laws of the People's Republic of China ("PRC").

The other shareholder of Aolong was Heilongjiang LongMei Coal Mining Group Joint-Stock Company Ltd ("LongMei"), which was one of the largest coal mining companies in the PRC.

Triple and BDO Corporate Finance (WA) Pty Ltd (BDO) requested that AWT prepare a Valuation Report for Triple's 80% interest in the acreage held by the Aolong JV which covered approximately 2,700 km².

The acreage within the Aolong JV (Northern China) included gas extraction rights over: Hegang Mine Area, Shuan Ya Shan Mines, Qi Tai He Mines and Ji Xi Mines.

Location:
China



AWT WORKSCOPE

Valuation Report for Triple's 80% interest in the acreage held by Aolong JV included a review of the following aspects of the acreage:

- Geological Setting
- Acreage Interest
- Work Program
- Potential Markets
- Farmin and Sales Deals
- Regional Deal in China
- Valuation

The valuation did not include any other assets or liabilities of the Aolong JV.

AWT VALUE ADDED

AWT provided the valuation based on the principles conveyed in the Valmin Code, Revised Edition April 2005 (Valmin, 2005), and in the Australian Securities and Investment Commission (ASIC) Regulatory Guide 111 and 112.

Reserve and resource concepts followed the definitions as laid down by the Society of Petroleum Engineers (SPE) Inc. Petroleum Resources Management System PRMS (SPE PRMS, 2011).

VALUATION OF CHINA CBM ASSETS CASE STUDY

Triple Energy

Heilongjiang Province, Northern China

AWT DISCIPLINES

Geology
Geophysics
Reservoir Engineering
Petrophysics
Resource Assessment
Prospect Risking

PROJECT BACKGROUND

In 2013 Triple Energy Ltd (Triple) acquired an 80% profit interest in Heilongjiang Aolong Energy Co. Ltd ("Aolong"), a co-operative joint venture established under the laws of the People's Republic of China ("PRC").

The other shareholder of Aolong was Heilongjiang LongMei Coal Mining Group Joint-Stock Company Ltd ("LongMei"), which was one of the largest coal mining companies in the PRC.

Triple and BDO Corporate Finance (WA) Pty Ltd (BDO) requested that AWT prepare a Valuation Report for Triple's 80% interest in the acreage held by the Aolong JV which covered approximately 2,700 km².

The acreage within the Aolong JV (Northern China) included gas extraction rights over: Hegang Mine Area, Shuan Ya Shan Mines, Qi Tai He Mines and Ji Xi Mines.

Location:
China

There were several methods that AWT used to estimate the fair and reasonable technical value of Triple Energy's exploration and production assets. These included and were not limited to the methods described below:

- Production and reserve information leading to cash flow analysis – present value (NPV)
- Production estimates and cash flow analysis (NPV) based on current prospects (undrilled) and incorporating expected chances of success (COS) – expected monetary value (EMV)
- Recent farm-in Actual Costs (value of work to be undertaken) and premiums or promotes (amounts above the Actual Cost of the work) paid in the permit or similar nearby permits
- Exploration and production acreage asset sales, either cash and/or shares and/or acreage swap
- Estimated Actual Cost of committed work programs (deal between permit holder and the governing authority) and operator budgets

As a rule of thumb, an attempt was made to maintain a range between high and low side estimates of no more than 2.5 times for a portfolio although wider ranges could be justified where uncertainty is high.