

## Interoil Exploration & Production ASA

### 2013 Annual Statement of Reserves

#### Summary

Interoil Exploration & Production ASA (“Interoil”) operates in Peru and Colombia. The initial term of the licenses in Peru was until March 2013. However due to force majeure incidents that took place in 1998 and 2001 Interoil is of the opinion that the licenses in Peru do not expire until October 2014 (Block IV) and January 2016 (Block III). Perupetro disagrees with this position and the parties have entered into ICC arbitration and are awaiting the ruling from the tribunal. Until this ruling has been made Interoil is lawfully operating the licenses under an injunction given by the courts in Talara, Peru in June 2012. Due to the dispute with Perupetro Interoil is obligated to disregard the reserves in Block 3 and 4 in this Annual Statement of Reserves. As a consequence the reserves stated herein are solely located in Colombia.

The proven reserves (“1P”) amount to 4.1 million barrels of oil equivalent (“mmboe”), the 2P reserves are 5.7 mmboe and the 3P reserves are 8.2 mmboe. This represents a decrease of 0.3 mmboe of the 1P, an increase of 0.5 mmboe of the 2P reserves and an increase of 2.5 mmboe of the 3P reserves compared to 31 December, 2012.

The equity production in 2013 amounted to 0.7 mmboe as compared to 1.7 mmboe for 2012. This reduction is in large part caused by including in this number the production in Peru only up until the initial term of the licenses, early March 2013 (0.16 mmboe).

Pending the resolution from the tribunal in Peru, Interoil considers the volumes that can be recovered during an extended license period as contingent resources. Assuming an extension until March 2023 and a possible participation of 25% by the state oil company PetroPeru, the 1C resources are 8.3 mmboe and the 2C are 12.4 mmboe.

The reserves and the volumes underlying the contingent resources have been estimated and classified according to the “Petroleum Resources Management System”, developed and approved in March 2007 jointly by the Society of Petroleum Engineers, World Petroleum Council, American Society of Petroleum Geologists and Society of Petroleum Evaluations Engineers, here after referred to as the “PRMS”<sup>1</sup> and have been audited by the independent petroleum engineering firm of Gaffney, Cline & Associates Inc. The corresponding reports are attached.

This annual statement of reserves has been prepared according to the guidelines issued by the Oslo Børs in Circular No. 1/2013 of 15 April 2013.

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<sup>1</sup> For a full description of the PRMS, please refer to the Society of Petroleum Engineers website: [www.spe.org](http://www.spe.org).

## **Quantitative Information**

A summary of the 1P, 2P and 3P reserves per country as per 31 December 2013 is given in Table 1. The reserves have been further subdivided into a Developed Producing, a Developed Non-Producing and a Non-Developed category, in line with the PRMS definitions of these categories.

Table 2 shows a reconciliation of the changes in reserves as these occurred during the year.

Table 3 shows the contingent resources associated with the license extension in Peru.

Reported volumes are net equity. For Peru this equals to 75% of the gross volumes, in view of the possibility that PetroPeru may acquire an interest of up to 25%; royalty has not been subtracted because in Peru this is paid in cash. For Colombia, where royalty is taken in kind, the reserves figures are working interest net of royalty. Both royalty and working interest vary per field.

## **Management's Discussion and Analysis**

### **Methodology**

Interoil's reserves are calculated by preparing production forecasts for all existing wells and for all identified future development activities such as drilling new wells, repairs, recompletions and stimulations. For each well/activity separate pessimistic (1P), best estimate (2P) and optimistic (3P) forecasts were generated.

In case of a large number of wells, adding these results arithmetically will result in an overly pessimistic total 1P estimate and an overly optimistic 3P estimate, since not all wells will at the same time follow the pessimistic forecast, nor will they all follow the optimistic forecast. Therefore for those fields having twenty or more producing wells (Mana in Colombia and Block III and Block IV in Peru) probabilistic addition was applied for the determination of the developed reserves. Since this results in differences less than 2% between the resulting 1P, 2P and 3P values, for practical purposes the 1P, 2P and 3P developed reserves were taken equal to the sum of the best estimates per well.

The production forecasts for wells still to be drilled are not considered completely independent. Therefore arithmetic addition was used in the determination of the undeveloped reserves.

All reserve volumes represent the sum of the future production profiles extrapolated to the earlier of a) the end of each license contract or b) the economic limit evaluated for each field and each reserve category.

The commerciality and economic tests for the reserve volumes assumed an oil price forecast that has been derived from the traded future WTI and Brent prices. The price used for both countries is a constant price of US\$ 100 per bbl. For gas the agreed contract price has been used; which is:

Colombia - Mana & Rio Opia: US\$ 2.71/MMBtu

The reserves and contingent resources estimates were prepared by Interoil's local engineering staff with support and quality control provided by our technical advisors from Proseis, Switzerland. Thereafter these volumes were duly audited by Gaffney, Cline & Associates Inc. These audit examinations included such tests, procedures, and adjustments as were considered necessary by the auditor. All questions which arose during the course of the audit process were resolved. The corresponding reports by GCA are attached.

Uncertainties are inherent to reserves calculations; hence the volumes included in this report are estimates only and should not be construed as exact quantities. All categories may be subject to revision as additional data becomes available.

### Peru

Interoil operates two blocks (no's III and IV) on the northern coast of Peru. Both licenses were granted in March 1993 for a period of twenty years ending in March 2013.

Interoil was awarded a court injunction in June 2012 permitting Interoil Peru to continue operating until October 2014 (Block IV) and January 2016 (Block III), due to force majeure incidents that occurred in 1998 and 2001. Perupetro disagrees with the position that the force majeure incidents entail that the initial term of the licenses is extended. The parties have therefore completed an ICC arbitration case in order to obtain a final resolution on this issue and are awaiting the ruling from the tribunal. Until the tribunal has concluded Interoil Peru will not be able to report reserves and have therefore included the recoverable volumes for Block III and IV as Contingent Resources in this statement.<sup>2</sup>

Perupetro have on several occasions stated that Interoil will be awarded a license extension of 10 years if the ICC tribunal concludes that the force majeure incidents entail that the initial term of the licenses are extended. The 10 year extension will be from the end of the (extended) initial term of the licenses. The terms of the license extension are currently unknown to Interoil; however we have indications that Peru's NOC Petroperu may be given an option to farm in to the licenses with up to 25% working interest.

Notwithstanding the above, a conservative approach with respect to reporting volumes has been taken and Table 3 lists the resources by block, assuming a 10 year license extension from the license expiry dates that are stated in the license terms, i.e. until March 2023. We have further assumed that PetroPeru will exercise its option to farm in for 25% working interest in the licenses despite the fact that

<sup>2</sup> In line with the section 3.3.3 of the PRMS

this is uncertain. The resulting 1C resources are 8.3 mmbbl and the 2C are 12.4 mmbbl (75% working interest). The 100% volumes for this period have been reviewed by our auditor GCA (report attached). No contingent resources for gas have thus far been established.

Colombia

In 2013 Interoil operated 3 oil fields in the Puli-C block located in Central Magdalena valley: Ambrosia, Rio Opia and Mana. State oil company Ecopetrol is a 30 % partner in all of these fields. In addition, the royalty is also lifted in kind by Ecopetrol on behalf of the state. Reported equity reserves volumes are net working interest after royalty. In 2008 Interoil acquired the Altair license in the Llanos basin. This block contains one discovery (Altair-1).

A summary of the license conditions per field is as follows:

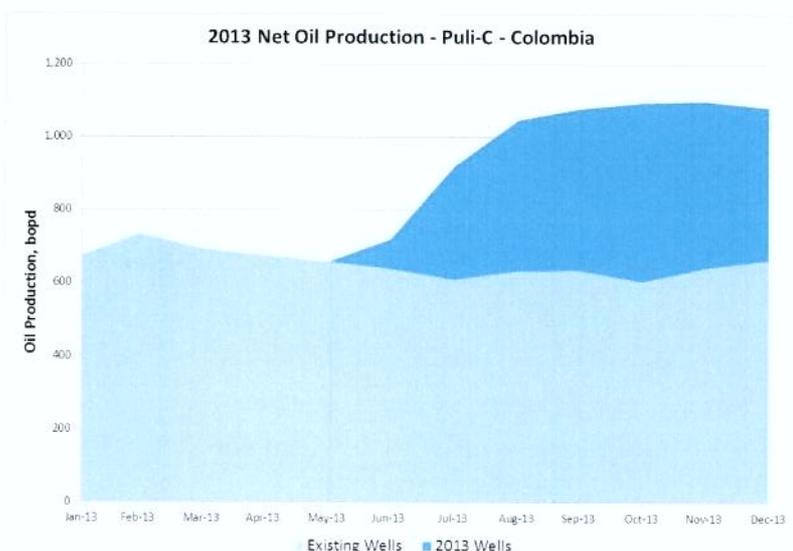
| Field    | Interest | Royalty              | End of license   |
|----------|----------|----------------------|------------------|
| Ambrosia | 60.3% *) | 8%                   | 28 December 2027 |
| Rio Opia | 70%      | 8% (oil), 6.4% (gas) | 9 October 2028   |
| Mana     | 70%      | 8% (oil), 6.4% (gas) | 12 November 2028 |
| Altair   | 90%      | 8 %                  | 2 January 2036   |

\*) Note: Current effective interest. Interest in producing well AMB-1 is 56%, in all other existing and future wells 63%.

The associated gas produced from the Mana and Rio Opia fields, is being sold under an existing gas contract.

During 2013 Interoil embarked on a 3 phase multi-year development programme of the 3 fields in the Puli-C block with a total of 68 wells. The first phase of 12 wells was successfully completed during 2013. The next phase is planned to start during the first half of 2014.

As a result of the 2013 drilling the net oil production from Puli-C increased by 62% from 675 bopd for January 2013 to 1096 bopd for December 2013 as shown in the following figure:



The estimated ultimate recovery (EUR) of these 12 wells is (gross) 0.8 mmbbl oil and 1.7 BCF of gas. This translates into a net increase of 0.7 mmboe in the developed reserves (1P, 2P & 3P). Since the total net oil and gas production during 2013 also came to 0.7 mmboe, the developed producing reserves remained unchanged from last year (3.1 mmboe).

The 31 December, 2012 reserves included some 0.6 mmbbl of non-producing developed 2P reserves from future hydraulic frac stimulation in existing wells. With the change of focus on the 68 well drilling programme, this fracking campaign became less opportune and it was deemed better to concentrate on the drilling campaign and thereafter to re-valuate the potential for hydraulic fracturing. These volumes were therefore removed from the reserves. The remaining 0.3 mmboe of non-producing developed 2P reserves are linked to the future blowdown of a gascap in the Mana field.

The non-developed reserves are linked to the remaining 56 wells planned to be drilled in the Mana, Rio Opia and Ambrosia fields. The estimated reserves for this programme (net to Interoil) are: 1P: 0.7 mmboe, 2P: 2.3 mmboe, 3P: 4.7 mmboe

During 2013 the Altair block in the Llanos basin has been farmed out. Interoil still operates the block until approval has been obtained from the appropriate authorities. Pending such approval the net proceeds of this block are being held in an escrow account since September 9, 2013. Hence no reserves are bookable by Interoil. 2013 production until this date was 0.04 mmbbl net to Interoil.

The total 1P oil reserves in Colombia remained unchanged at 2.4 mmbbl, 2P oil reserves increased by 0.4 mmbbl to 3.5 mmbbl and the 3P by 1.7 mmbbl to 5.1 mmbbl. The equity annual oil production was 0.4 mmbbl, similar to 2012.

For gas, the 1P equity reserves showed a minor decrease of 0.4 BCF; while the 2P reserves increased by 1.6 BCF and 3P by 5.2 BCF. Equity gas sales remained stable at 0.8 BCF.

Oslo, 25 February 2014



Thomas Fjell  
Chief Executive Officer  
Interoil Exploration & Production ASA

List of Abbreviations

|       |  |
|-------|--|
| bbl   | barrel(s)  |
| BCF   | billion (10 <sup>9</sup> ) cubic feet                |
| bopd  | barrels of oil per day                               |
| EUR   | Estimated Ultimate Recovery                          |
| GCA   | Gaffney, Cline & Associates Inc.                     |
| mmbbl | million (10 <sup>6</sup> ) barrels                   |
| mmboe | million (10 <sup>6</sup> ) barrels of oil equivalent |
| MMBtu | million (10 <sup>6</sup> ) British thermal units     |
| PRMS  | Petroleum Resources Management System                |
| 1P    | Proven or 1P reserves as the defined in the PRMS     |
| 2P    | 2P reserves as the defined in the PRMS               |
| 3P    | 3P reserves as the defined in the PRMS               |
| 1C    | Low estimate scenario of contingent resources        |
| 2C    | Best estimate scenario of contingent resources       |
| 3C    | High estimate scenario of contingent resources       |

**Interoil Exploration and Production ASA**

**Table 1 – Oil Reserves by geographical region**

**Developed Producing Reserves as of 31-12-2013**

|              | 1P          |             |            |              |                | 2P          |             |            |              |                | 3P          |             |            |              |                |
|--------------|-------------|-------------|------------|--------------|----------------|-------------|-------------|------------|--------------|----------------|-------------|-------------|------------|--------------|----------------|
|              | Gross       |             |            | Interest (%) | Equity (mmboe) | Gross       |             |            | Interest (%) | Equity (mmboe) | Gross       |             |            | Interest (%) | Equity (mmboe) |
|              | Oil (mmbbl) | Gas (BCF)   | (mmboe)    |              |                | Oil (mmbbl) | Gas (BCF)   | (mmboe)    |              |                | Oil (mmbbl) | Gas (BCF)   | (mmboe)    |              |                |
| Colombia     | 2.8         | 10.1        | 4.7        | 65%          | 3.1            | 2.9         | 10.2        | 4.8        | 65%          | 3.1            | 3.0         | 10.3        | 4.9        | 65%          | 3.2            |
| Peru         |             |             |            |              |                |             |             |            |              |                |             |             |            |              |                |
| <b>Total</b> | <b>2.8</b>  | <b>10.1</b> | <b>4.7</b> |              | <b>3.1</b>     | <b>2.9</b>  | <b>10.2</b> | <b>4.8</b> |              | <b>3.1</b>     | <b>3.0</b>  | <b>10.3</b> | <b>4.9</b> |              | <b>3.2</b>     |

**Developed Non-Producing Reserves as of 31-12-2013**

|              | 1P          |            |            |              |                | 2P          |            |            |              |                | 3P          |            |            |              |                |
|--------------|-------------|------------|------------|--------------|----------------|-------------|------------|------------|--------------|----------------|-------------|------------|------------|--------------|----------------|
|              | Gross       |            |            | Interest (%) | Equity (mmboe) | Gross       |            |            | Interest (%) | Equity (mmboe) | Gross       |            |            | Interest (%) | Equity (mmboe) |
|              | Oil (mmbbl) | Gas (BCF)  | (mmboe)    |              |                | Oil (mmbbl) | Gas (BCF)  | (mmboe)    |              |                | Oil (mmbbl) | Gas (BCF)  | (mmboe)    |              |                |
| Colombia     | 0.1         | 2.1        | 0.5        | 65%          | 0.3            | 0.1         | 2.1        | 0.5        | 65%          | 0.3            | 0.1         | 2.1        | 0.5        | 65%          | 0.3            |
| Peru         |             |            |            |              |                |             |            |            |              |                |             |            |            |              |                |
| <b>Total</b> | <b>0.1</b>  | <b>2.1</b> | <b>0.5</b> |              | <b>0.3</b>     | <b>0.1</b>  | <b>2.1</b> | <b>0.5</b> |              | <b>0.3</b>     | <b>0.1</b>  | <b>2.1</b> | <b>0.5</b> |              | <b>0.3</b>     |

**Non-Developed Reserves as of 31-12-2013**

|              | 1P          |            |            |              |                | 2P          |            |            |              |                | 3P          |             |            |              |                |
|--------------|-------------|------------|------------|--------------|----------------|-------------|------------|------------|--------------|----------------|-------------|-------------|------------|--------------|----------------|
|              | Gross       |            |            | Interest (%) | Equity (mmboe) | Gross       |            |            | Interest (%) | Equity (mmboe) | Gross       |             |            | Interest (%) | Equity (mmboe) |
|              | Oil (mmbbl) | Gas (BCF)  | (mmboe)    |              |                | Oil (mmbbl) | Gas (BCF)  | (mmboe)    |              |                | Oil (mmbbl) | Gas (BCF)   | (mmboe)    |              |                |
| Colombia     | 0.8         | 1.9        | 1.1        | 64%          | 0.7            | 2.5         | 6.1        | 3.6        | 64%          | 2.3            | 5.0         | 12.1        | 7.3        | 64%          | 4.7            |
| Peru         |             |            |            |              |                |             |            |            |              |                |             |             |            |              |                |
| <b>Total</b> | <b>0.8</b>  | <b>1.9</b> | <b>1.1</b> |              | <b>0.7</b>     | <b>2.5</b>  | <b>6.1</b> | <b>3.6</b> |              | <b>2.3</b>     | <b>5.0</b>  | <b>12.1</b> | <b>7.3</b> |              | <b>4.7</b>     |

**Total Reserves as of 31-12-2013**

|              | 1P          |             |            |              |                | 2P          |             |            |              |                | 3P          |             |             |              |                |
|--------------|-------------|-------------|------------|--------------|----------------|-------------|-------------|------------|--------------|----------------|-------------|-------------|-------------|--------------|----------------|
|              | Gross       |             |            | Interest (%) | Equity (mmboe) | Gross       |             |            | Interest (%) | Equity (mmboe) | Gross       |             |             | Interest (%) | Equity (mmboe) |
|              | Oil (mmbbl) | Gas (BCF)   | (mmboe)    |              |                | Oil (mmbbl) | Gas (BCF)   | (mmboe)    |              |                | Oil (mmbbl) | Gas (BCF)   | (mmboe)     |              |                |
| Colombia     | 3.7         | 14.0        | 6.3        | 65%          | 4.1            | 5.4         | 18.4        | 8.9        | 64%          | 5.7            | 8.1         | 24.5        | 12.7        | 64%          | 8.2            |
| Peru         |             |             |            |              |                |             |             |            |              |                |             |             |             |              |                |
| <b>Total</b> | <b>3.7</b>  | <b>14.0</b> | <b>6.3</b> |              | <b>4.1</b>     | <b>5.4</b>  | <b>18.4</b> | <b>8.9</b> |              | <b>5.7</b>     | <b>8.1</b>  | <b>24.5</b> | <b>12.7</b> |              | <b>8.2</b>     |

Notes: mmboe = million stock tank barrels of oil equivalent

Gross Reserves are Operated Reserves

Equity Reserves : Colombia Net after Royalty Royalty is taken in kind  
 Peru Net before Royalty Royalty is paid in cash.

Working Interest varies per concession; reported percentages are averages

Gas converted to oil equivalent based on 5.30 Mscf equals 1 boe

Numbers may not add up due to rounding

**Interoil Exploration and Production ASA****Table 2 - Aggregate Reserves, Production, Developments and Adjustments**

| (mmboe)                               | 1P                  |                         |               |            | 2P                  |                         |               |            | 3P                  |                         |               |            |
|---------------------------------------|---------------------|-------------------------|---------------|------------|---------------------|-------------------------|---------------|------------|---------------------|-------------------------|---------------|------------|
|                                       | Developed Producing | Developed Non-Producing | Non-Developed | Total      | Developed Producing | Developed Non-Producing | Non-Developed | Total      | Developed Producing | Developed Non-Producing | Non-Developed | Total      |
| <b>Reserves at 31-12-2012</b>         | <b>3.1</b>          | <b>0.8</b>              | <b>0.5</b>    | <b>4.4</b> | <b>3.2</b>          | <b>0.9</b>              | <b>1.1</b>    | <b>5.2</b> | <b>3.2</b>          | <b>1.0</b>              | <b>1.4</b>    | <b>5.6</b> |
| Production                            | -0.7                |                         |               | -0.7       | -0.7                |                         |               | -0.7       | -0.7                |                         |               | -0.7       |
| Acquisition / Disposals               |                     |                         |               |            |                     |                         |               |            |                     |                         |               |            |
| Extensions & Discoveries              |                     |                         |               |            |                     |                         |               |            |                     |                         |               |            |
| New Developments                      | 0.7                 |                         | 0.2           | 0.9        | 0.7                 |                         | 1.1           | 1.8        | 0.7                 |                         | 2.9           | 3.6        |
| Transfer to/from Contingent Resources |                     | -0.5                    |               | -0.5       |                     | -0.6                    |               | -0.6       |                     | -0.7                    |               | -0.7       |
| Revisions                             | -0.1                |                         | 0.0           | -0.1       | -0.1                |                         | 0.1           | 0.0        | -0.1                |                         | 0.4           | 0.3        |
| Total Changes                         | 0.0                 | -0.5                    | 0.2           | -0.3       | 0.0                 | -0.6                    | 1.2           | 0.5        | 0.0                 | -0.7                    | 3.3           | 2.5        |
| <b>Reserves at 31-12-2013</b>         | <b>3.1</b>          | <b>0.3</b>              | <b>0.7</b>    | <b>4.1</b> | <b>3.1</b>          | <b>0.3</b>              | <b>2.3</b>    | <b>5.7</b> | <b>3.2</b>          | <b>0.3</b>              | <b>4.7</b>    | <b>8.2</b> |

Notes: mmboe = million stock tank barrels of oil equivalent  
Numbers may not add up due to rounding

## Interoil Exploration and Production ASA

**Table 3 - Contingent Resources**
**Developed Producing as of 31-12-2013**

| Area             | Participation | Estimated Amount (mmboe) |            |            | Primary Risk      | Reviewed by |
|------------------|---------------|--------------------------|------------|------------|-------------------|-------------|
|                  |               | 1C                       | 2C         | 3C         |                   |             |
| Block III - Peru | 75%           | 1.8                      | 1.8        | 1.8        | License Extension | GCA         |
| Block IV - Peru  | 75%           | 1.2                      | 1.2        | 1.2        | License Extension | GCA         |
| <b>Total</b>     | <b>75%</b>    | <b>3.0</b>               | <b>3.0</b> | <b>3.0</b> |                   |             |

**Developed Non-Producing as of 31-12-2013**

| Area             | Participation | Estimated Amount (mmboe) |            |            | Primary Risk      | Reviewed by |
|------------------|---------------|--------------------------|------------|------------|-------------------|-------------|
|                  |               | 1C                       | 2C         | 3C         |                   |             |
| Block III - Peru | 75%           | 0.4                      | 0.4        | 0.4        | License Extension | GCA         |
| Block IV - Peru  | 75%           | 0.5                      | 0.5        | 0.5        | License Extension | GCA         |
| <b>Total</b>     | <b>75%</b>    | <b>0.9</b>               | <b>0.9</b> | <b>0.9</b> |                   |             |

**Non-Developed as of 31-12-2013**

| Area             | Participation | Estimated Amount (mmboe) |            |             | Primary Risk      | Reviewed by |
|------------------|---------------|--------------------------|------------|-------------|-------------------|-------------|
|                  |               | 1C                       | 2C         | 3C          |                   |             |
| Block III - Peru | 75%           | 3.3                      | 6.3        | 9.2         | License Extension | GCA         |
| Block IV - Peru  | 75%           | 1.1                      | 2.3        | 4.0         | License Extension | GCA         |
| <b>Total</b>     | <b>75%</b>    | <b>4.4</b>               | <b>8.5</b> | <b>13.2</b> |                   |             |

**Total Contingent Resources as of 31-12-2013**

| Area             | Participation | Estimated Amount (mmboe) |             |             | Primary Risk      | Reviewed by |
|------------------|---------------|--------------------------|-------------|-------------|-------------------|-------------|
|                  |               | 1C                       | 2C          | 3C          |                   |             |
| Block III - Peru | 75%           | 5.5                      | 8.5         | 11.4        | License Extension | GCA         |
| Block IV - Peru  | 75%           | 2.8                      | 4.0         | 5.6         | License Extension | GCA         |
| <b>Total</b>     | <b>75%</b>    | <b>8.3</b>               | <b>12.4</b> | <b>17.1</b> |                   |             |

Notes: mmboe = million stock tank barrels of oil equivalent  
Amounts assume license extension until March 2023.  
Recoverable volumes have been reviewed by Gaffney, Cline & Associates Inc  
Current Participation 100%, but Petroperu may acquire up to 25% upon license extension  
Therefore only 75% of the total volumes is reported  
Numbers may not add up due to rounding

**Disclaimer**

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies.  
There is no certainty that it will be considered commercially viable to produce any portion of these resources.

**RESERVE STATEMENT FOR THE  
AMBROSIA, RÍO OPIA AND MANÁ AREAS, COLOMBIA  
AS OF DECEMBER 31, 2013**

**PREPARED FOR**

**INTEROIL COLOMBIA E&P**

**JANUARY 2014**

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RW/AB13-2010/LT2301

January 22, 2014

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**Reserves Statement  
Ambrosía, Río Opia and Maná Areas, Colombia  
as of December 31, 2013.**

This reserve statement has been prepared by Gaffney, Cline & Associates (GCA) and issued on January 22, 2014 at the request of Interoil Exploration & Production ASA (IEP) for its subsidiary Interoil Colombia E&P (ICEP), operator of and variable interest participant in the Ambrosía, Río Opia and Maná concessions of the Río Magdalena Basin, Colombia.

This report relates specifically and solely to the subject matter as defined in the scope of work in the Proposal for Services and is conditional upon the assumptions described herein. The report must be considered in its entirety and must only be used for the purpose for which it was intended.

GCA has conducted an independent audit examination as of December 31, 2013, of the crude oil and natural gas volumes expected to be produced in the Ambrosía, Río Opia and Maná concessions. On the basis of pertinent technical and other information made available to us concerning this property unit, we hereby provide the reserve statement given in the table below.

**Statement of Remaining Hydrocarbon Volumes  
Ambrosía, Río Opia and Maná Areas, Colombia  
as of December 31, 2013**

|                     | Gross (100%) Sales Volumes |             | Company Gross (WI) Reserves |            | Company Net (NRI) Reserves |            |
|---------------------|----------------------------|-------------|-----------------------------|------------|----------------------------|------------|
|                     | Liquids (MMBbl)            | Gas (Bcf)   | Liquids (MMBbl)             | Gas (Bcf)  | Liquids (MMBbl)            | Gas (Bcf)  |
| Proved              |                            |             |                             |            |                            |            |
| Developed           | 2.9                        | 12.2        | 2.0                         | 8.5        | 1.9                        | 8.0        |
| Undeveloped         | 0.8                        | 1.8         | 0.6                         | 1.3        | 0.5                        | 1.2        |
| <b>Total Proved</b> | <b>3.7</b>                 | <b>14.0</b> | <b>2.6</b>                  | <b>9.8</b> | <b>2.4</b>                 | <b>9.2</b> |
| Total 2P            | 5.4                        | 18.4        | 3.8                         | 12.9       | 3.5                        | 12.1       |
| Total 3P            | 8.1                        | 24.5        | 5.6                         | 17.2       | 5.1                        | 16.1       |

Individual field reserve statements are presented in the Appendix.

ICEP operates the Ambrosía, Río Opia and Maná fields under concession contracts that expire in 2027/2028. It holds a 60% working interest in Ambrosía and 70% in Maná and Río Opia. Royalty is 8% in Ambrosía, Maná and Río Opia. For natural gas, the royalties are 6.4% in Maná and Río Opia.

Developed Producing reserves were estimated by extrapolating the present production by decline curve analysis using different decline assumptions to estimate the volumes for the 1P, 2P, and 3P categories. Developed non-Producing reserves were attributed to the behind pipe production of three wells in Maná.

Undeveloped reserves for each category were estimated by ICEP and reviewed by GCA for the proposed drilling campaigns (27 wells in Maná, 10 in Río Opia and 12 in Ambrosía). The estimates for each location were based on performance of similar existing wells in the area.

Free gas reserves from the wells Maná-6, 11 and 15 were estimated volumetrically. Solution gas reserves in Maná and Río Opia were estimated through extrapolation of the producing gas-oil ratios. The resulting volumes were reduced by 2.9% for losses and consumption.

The commerciality and economic tests for the December 31, 2013 reserve volumes were based on a constant crude oil sales price scenario provided by IEP, of US\$100.00/Bbl, slightly above the 2013 average received price of US\$98.84 /Bbl.

The Mana and Río Opia gas sales price for 2014 was estimated by IEP at US\$2.71/MMBtu equivalent to US\$3.21/Mscf extrapolated without indexation.

Future capital costs were derived from development program forecasts prepared by ICEP for each field. Recent historical operating expense data were utilized as the basis for operating cost projections. Transportation cost for all fields was US\$7.03/bbl. Operating expenses and transportation costs were escalated 1% per year after 2014 as advised by ICEP.

## **BASIS OF OPINION**

This document must be considered in its entirety. It reflects GCA's informed professional judgment based on accepted standards of professional investigation and, as applicable, the data and information provided by the Client, the limited scope of engagement, and the time permitted to conduct the evaluation.

In line with those accepted standards, this document does not in any way constitute or make a guarantee or prediction of results, and no warranty is implied or expressed that actual outcome will conform to the outcomes presented herein. GCA has not independently verified any information provided by or at the direction of the Client, and has accepted the accuracy and completeness of these data. GCA has no reason to believe that any material facts have been withheld from it, but does not warrant that its inquiries have revealed all of the matters that a more extensive examination might otherwise disclose.

The opinions expressed herein are subject to, and fully qualified by, the generally accepted uncertainties associated with the interpretation of geoscience and engineering data and do not reflect the totality of circumstances, scenarios and information that could potentially affect decisions made by the report's recipients and/or actual results. The opinions and statements contained in this report are made in good faith and in the belief that such opinions and statements are representative of prevailing physical and economic circumstances.

This assessment has been conducted within the context of GCA's understanding of the effects of petroleum legislation and other regulations that currently apply to these properties. However, GCA is not in a position to attest to property title or rights, conditions of these rights including environmental and abandonment obligations, and any necessary licenses and consents including planning permission, financial interest relationships or encumbrances thereon for any part of the appraised properties.

In carrying out this study, GCA is not aware that any conflict of interest has existed. As an independent consultancy, GCA is providing impartial technical, commercial and strategic advice within the energy sector. GCA's remuneration was not in any way contingent on the contents of this report. In the preparation of this document, GCA has maintained, and continues to maintain, a strict independent consultant-client relationship with the Client. Furthermore, the management and employees of GCA have no interest in any of the assets evaluated or related with the analysis carried out as part of this report.

Staff members who prepared this report are professionally-qualified with appropriate educational qualifications and levels of experience and expertise to perform the scope of work set out in the Proposal for Services.

GCA has not undertaken a site visit and inspection because it was not considered relevant for the purpose of this report. As such, GCA is not in a position to comment on the operations or facilities in place, their appropriateness and condition, and whether they are in compliance with the regulations pertaining to such operations. Further, GCA is not in a position to comment on any aspect of health, safety or environment of such operation.

It should be clearly noted that the cash flow analyses contained herein do not represent a GCA opinion as to the market value of the subject property, nor any interest in it.

In the preparation of this report GCA has used the Petroleum Resources Management System approved by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers in March 2007.

There are numerous uncertainties inherent in estimating reserves and resources, and in projecting future production, development expenditures, operating expenses and cash flows. Oil and gas reserve engineering and resource assessment must be recognized as a subjective process of estimating subsurface accumulations of oil and gas that cannot be measured in an exact way. Estimates of oil and gas reserves or resources prepared by other parties may differ, perhaps materially, from those contained within this report. The accuracy of any reserve estimate is a function of the quality of the available data and of engineering and geological interpretation. Results of drilling, testing and production that post-date the preparation of the estimates may justify revisions, some or all of which may be material. Accordingly, reserve estimates are often different from the quantities of oil and gas that are ultimately recovered, and the timing and cost of those volumes that are recovered may vary from that assumed.

Oil volumes appearing in this report have been quoted at stock tank conditions. Typically these volumes have been referred to in million barrel increments (MMBbl). Natural gas volumes have been quoted in billions of standard cubic feet (Bscf) and are volumes of sales gas, after an allocation has been made for fuel and process shrinkage losses. Standard conditions are defined as 14.696 psia and 60o Fahrenheit.

GCA's review and audit involved reviewing pertinent facts, interpretations and assumptions made by ICEP or others in preparing estimates of reserves or resources. GCA carried out procedures necessary to enable it to render an opinion on the appropriateness of the methodologies employed, adequacy and quality of the data relied upon, the depth and thoroughness of the reserves and resources estimation process, the classification and categorization of reserves and resources appropriate to the relevant definitions used and the reasonableness of the estimated reserves and resources.

It is GCA's opinion that the estimates of total remaining recoverable hydrocarbon liquid volumes at December 31, 2013, are, in the aggregate, reasonable and the reserves classification and categorization is appropriate and consistent with the definitions and guidelines for reserves.

GCA concludes that the methodologies employed by ICEP in the derivation of the volume estimates are appropriate and that the quality of the data relied upon, the depth and thoroughness of the estimation process are adequate.

Reserves are those quantities of petroleum that are anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves 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 development and production status. All categories of Reserve volumes quoted herein have been determined within the context of an economic limit test (pre-tax and exclusive of accumulated depreciation amounts) assessment prior to any NPV analysis.

In assessing a likely market value, it would be necessary to take into account a number of additional factors including: reserves risk (i.e. that Proved and/or Probable and/or Possible Reserves may not be realized within the anticipated timeframe for their exploitation); perceptions of economic and sovereign risk; potential upside, such as in this case exploitation of reserves beyond the Proved and the Probable level; other benefits, encumbrances or charges that may pertain to a particular interest; and the competitive state of the market at the time. GCA has explicitly not taken such factors into account in deriving the reference NPVs presented herein.

Yours sincerely

**Gaffney, Cline & Associates**



**Project Manager**  
**Roberto Wainhaus**  
Lead Reservoir Engineer



**Reviewer**  
**David K Morgan**  
Technical Director

Appendix: Field Reserve Statements

**Appendix**  
**RESERVE STATEMENTS**

**Statement of Remaining Hydrocarbon Volumes  
Ambrosía, Río Opia and Maná Concessions, Colombia  
As of December 31, 2013**

**Gross (100%)  
Hydrocarbon Field Volumes**

| Category | Ambrosia                | Río Opia          | Mana              | Total             | Río Opia         | Mana             | Total            |               |
|----------|-------------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|---------------|
|          | Crude Oil<br>MBbl       | Crude Oil<br>MBbl | Crude Oil<br>MBbl | Crude Oil<br>MBbl | Nat. Gas<br>MMcf | Nat. Gas<br>MMcf | Nat. Gas<br>MMcf |               |
| 1P       | Developed Producing     | 69                | 59                | 2,692             | 2,820            | 133              | 9,950            | 10,083        |
|          | Developed Non-Producing |                   |                   | 80                | 80               |                  | 2,096            | 2,096         |
|          | Undeveloped             | 142               | 195               | 441               | 778              | 465              | 1,392            | 1,857         |
|          | <b>Total</b>            | <b>211</b>        | <b>254</b>        | <b>3,213</b>      | <b>3,678</b>     | <b>598</b>       | <b>13,438</b>    | <b>14,036</b> |
| 2P       | Developed Producing     | 94                | 124               | 2,692             | 2,910            | 297              | 9,950            | 10,247        |
|          | Developed Non-Producing |                   |                   | 80                | 80               |                  | 2,096            | 2,096         |
|          | Undeveloped             | 394               | 421               | 1,637             | 2,452            | 1,017            | 5,041            | 6,058         |
|          | <b>Total</b>            | <b>488</b>        | <b>545</b>        | <b>4,409</b>      | <b>5,442</b>     | <b>1,314</b>     | <b>17,087</b>    | <b>18,401</b> |
| 3P       | Developed Producing     | 123               | 153               | 2,692             | 2,968            | 365              | 9,950            | 10,315        |
|          | Developed Non-Producing |                   |                   | 80                | 80               |                  | 2,096            | 2,096         |
|          | Undeveloped             | 815               | 853               | 3,349             | 5,017            | 1,848            | 10,262           | 12,110        |
|          | <b>Total</b>            | <b>938</b>        | <b>1,006</b>      | <b>6,121</b>      | <b>8,065</b>     | <b>2,213</b>     | <b>22,308</b>    | <b>24,521</b> |

*Crude oil in thousands of stock tank barrels. Natural gas in millions of cubic feet.*

**ICEP's Working Interest Hydrocarbon Volumes  
(Before Royalty)**

| Category                | Ambrosia                | Río Opia          | Mana              | Total             | Río Opia         | Mana             | Total            |               |
|-------------------------|-------------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|---------------|
|                         | Crude Oil<br>Mstb       | Crude Oil<br>Mstb | Crude Oil<br>Mstb | Crude Oil<br>Mstb | Nat. Gas<br>MMcf | Nat. Gas<br>MMcf | Nat. Gas<br>MMcf |               |
| 1P                      | Developed Producing     | 42                | 41                | 1,884             | 1,967            | 93               | 6,965            | 7,058         |
|                         | Developed Non-Producing |                   |                   | 56                | 56               |                  | 1,467            | 1,467         |
|                         | Undeveloped             | 90                | 136               | 309               | 535              | 325              | 975              | 1,300         |
|                         | <b>Total</b>            | <b>132</b>        | <b>177</b>        | <b>2,249</b>      | <b>2,558</b>     | <b>418</b>       | <b>9,407</b>     | <b>9,825</b>  |
| 2P                      | Developed Producing     | 57                | 87                | 1,884             | 2,028            | 208              | 6,965            | 7,173         |
|                         | Developed Non-Producing |                   |                   | 56                | 56               |                  | 1,467            | 1,467         |
|                         | Undeveloped             | 248               | 295               | 1,146             | 1,689            | 711              | 3,529            | 4,240         |
|                         | <b>Total</b>            | <b>305</b>        | <b>382</b>        | <b>3,086</b>      | <b>3,773</b>     | <b>919</b>       | <b>11,961</b>    | <b>12,880</b> |
| 3P                      | Developed Producing     | 74                | 107               | 1,884             | 2,065            | 255              | 6,965            | 7,220         |
|                         | Developed Non-Producing |                   |                   | 56                | 56               |                  | 1,467            | 1,467         |
|                         | Undeveloped             | 514               | 597               | 2,345             | 3,456            | 1,294            | 7,183            | 8,477         |
|                         | <b>Total</b>            | <b>588</b>        | <b>704</b>        | <b>4,285</b>      | <b>5,577</b>     | <b>1,549</b>     | <b>15,615</b>    | <b>17,164</b> |
| <b>Working Interest</b> | <b>63.00% (*)</b>       | <b>70.00%</b>     | <b>70.00%</b>     |                   | <b>70.00%</b>    | <b>70.00%</b>    |                  |               |

*Crude oil in thousands of stock tank barrels. Natural gas in millions of cubic feet.*

(\*) ICEP has a 56% working interest in well AMB-1

**Statement of Remaining Hydrocarbon Volumes  
Ambrosía, Río Opia and Maná Concessions, Colombia  
As of December 31, 2013**

**Hydrocarbon Reserves Net to ICEP's Interest  
(After Royalty)**

| Category           |                         | Ambrosia     | Río Opia     | Mana         | Total        | Río Opia     | Mana          | Total         |
|--------------------|-------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
|                    |                         | Crude Oil    | Crude Oil    | Crude Oil    | Crude Oil    | Nat. Gas     | Nat. Gas      | Nat. Gas      |
|                    |                         | Mstb         | Mstb         | Mstb         | Mstb         | MMcf         | MMcf          | MMcf          |
| 1P                 | Developed Producing     | 38           | 38           | 1,734        | 1,810        | 87           | 6,519         | 6,606         |
|                    | Developed Non-Producing |              |              | 52           | 52           |              | 1,373         | 1,373         |
|                    | Undeveloped             | 83           | 125          | 284          | 492          | 305          | 912           | 1,217         |
|                    | <b>Total</b>            | <b>121</b>   | <b>163</b>   | <b>2,070</b> | <b>2,354</b> | <b>392</b>   | <b>8,804</b>  | <b>9,196</b>  |
| 2P                 | Developed Producing     | 52           | 80           | 1,734        | 1,866        | 195          | 6,519         | 6,714         |
|                    | Developed Non-Producing |              |              | 52           | 52           |              | 1,373         | 1,373         |
|                    | Undeveloped             | 228          | 272          | 1,054        | 1,554        | 666          | 3,303         | 3,969         |
|                    | <b>Total</b>            | <b>280</b>   | <b>352</b>   | <b>2,840</b> | <b>3,472</b> | <b>861</b>   | <b>11,195</b> | <b>12,056</b> |
| 3P                 | Developed Producing     | 68           | 99           | 1,734        | 1,901        | 239          | 6,519         | 6,758         |
|                    | Developed Non-Producing |              |              | 52           | 52           |              | 1,373         | 1,373         |
|                    | Undeveloped             | 473          | 549          | 2,157        | 3,179        | 1,211        | 6,724         | 7,935         |
|                    | <b>Total</b>            | <b>541</b>   | <b>648</b>   | <b>3,943</b> | <b>5,132</b> | <b>1,450</b> | <b>14,616</b> | <b>16,066</b> |
| <b>Royalty (%)</b> |                         | <b>8.00%</b> | <b>8.00%</b> | <b>8.00%</b> | <b>8.00%</b> | <b>6.40%</b> | <b>6.40%</b>  | <b>6.40%</b>  |

*Crude oil in thousands of stock tank barrels. Natural gas in millions of standard cubic feet*

**REMAINING VOLUME STATEMENT FOR THE  
BLOCK III AND BLOCK IV, PERÚ**

**AS OF DECEMBER 31, 2013**

**PREPARED FOR**

**INTEROIL PERÚ S.A.**

**JANUARY 2014**

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RW/AB13-2009/LT2302

January 23, 2014

**Mr. Steven J. Benedetti**

General Manager

**Interoil Perú S.A.**

Zona Industrial Mz A - Lote 56, Talara Alta

Talara – Perú

**Remaining Volumes Statement  
Blocks III and IV, Perú  
as of December 31, 2013.**

This volume statement has been prepared by Gaffney, Cline & Associates (GCA) and issued on January 23, 2014 at the request of Interoil Exploration & Production ASA (IEP) for its subsidiary Interoil Perú S.A. (IPSA), interim operator of the Block III and Block IV concessions of the Talara Basin, Perú.

This report relates specifically and solely to the subject matter as defined in the scope of work in the Proposal for Services and is conditional upon the assumptions described herein. The report must be considered in its entirety and must only be used for the purpose for which it was intended. GCA understands that the report is intended for inclusion with IEP's Annual Statement of Reserves to the Oslo Stock Exchange.

GCA has conducted an independent audit examination as of December 31, 2013, of the crude oil expected to be produced in the Block III and Block IV concessions. On the basis of pertinent technical and other information made available to us concerning these property units, we hereby provide the volume statement given in the table below.

**Statement of Remaining Recoverable Hydrocarbon Volumes  
for Ten Year Period Commencing March, 2013  
Blocks III and IV, Perú as of December 31, 2013**

| Category |                     | Block III   | Block IV   | Total       |
|----------|---------------------|-------------|------------|-------------|
|          |                     | MMBbl       | MMBbl      | MMBbl       |
| Low      | Developed Producing | 2.4         | 1.6        | 4.0         |
|          | Non-Producing       | 0.5         | 0.7        | 1.2         |
|          | Undeveloped         | 4.5         | 1.5        | 6.0         |
|          | <b>Total</b>        | <b>7.4</b>  | <b>3.8</b> | <b>11.2</b> |
| Best     | Developed Producing | 2.4         | 1.6        | 4.0         |
|          | Non-Producing       | 0.5         | 0.7        | 1.2         |
|          | Undeveloped         | 8.4         | 3.0        | 11.4        |
|          | <b>Total</b>        | <b>11.3</b> | <b>5.3</b> | <b>16.6</b> |
| High     | Developed Producing | 2.4         | 1.6        | 4.0         |
|          | Non-Producing       | 0.5         | 0.7        | 1.2         |
|          | Undeveloped         | 12.4        | 5.2        | 17.6        |
|          | <b>Total</b>        | <b>15.3</b> | <b>7.5</b> | <b>22.8</b> |

IPSA operated Block III and Block IV under two 20 year concession contracts each of which expired in early March 2013. Currently IPSA continues operating both blocks while claiming for a contract extension due to climate events that prevented the exploitation during 1,052 days in Block III and 579 days in Block IV, constituting a Force Majeure case, which is contemplated in the original contract. This claim was still in litigation at the effective date of this report (December 31, 2013). IPSA obtained a declaration that allows it to produce and sell the hydrocarbon until a decision is obtained.

Simultaneously with the Force Majeure issue, IPSA is negotiating with the Peruvian authorities to allow for a ten year contract extension of the concessions under economic conditions and investment commitments similar to the original contracts.

Since the original concession contracts expired in March, 2013 and the above mentioned legal issues are still ongoing, the volume expressed are not attributable to Interoil, until such time as IPSA obtains (or resumes) participating interests.

IPSA is hopeful of reaching a favorable resolution to the above described legal issues in early 2014 and has estimated the volumes that could be obtained under IPSA's development plan during a ten year exploitation that would start at the original contracts' expiration dates. These estimates were presented to GCA to audit. These estimates were prepared assuming the same terms and conditions that were in effect under the original contracts.

Developed Producing oil volumes were estimated by extrapolating the present production of 195 wells in Block III and 233 wells in Block IV by decline curve analysis, using the best estimate extrapolations for Low, Best and High volumes. Developed non-Producing oil volumes were attributed to the re-habilitation or behind pipe production of 88 wells in Block III and 52 in Block IV. A success ratio of 90% was applied to the proposed workover plan, and 70% to the rehabilitations according to the historical record.

Undeveloped oil volumes for each category were estimated by IPSA and reviewed by GCA for the proposed drilling campaigns (176 locations in Block IV and 123 in Block III). The estimates for each location were based on performance of similar existing wells in the area.

Commerciality and economic tests for the December 31, 2013 remaining volumes were performed based on a constant crude oil sales price scenario of US\$100.00/Bbl provided by IPSA.

Future capital costs were derived from development program forecasts prepared by IPSA for each block. No abandonment expenses have been included in the cashflow calculation. According to IPSA there were no contractual obligations for well or field abandonment at contract end in the original contracts. Royalties specified according to the sales price are treated as a cost as they are to be paid in cash as required in the original contracts. Block III royalty is 49.50% and it is 48.90% for Block IV.

Recent historical operating expense data were utilized as the basis for operating cost projections.

## **BASIS OF OPINION**

This document must be considered in its entirety. It reflects GCA's informed professional judgment based on accepted standards of professional investigation and, as applicable, the data and information provided by the Client, the limited scope of engagement, and the time permitted to conduct the evaluation.

In line with those accepted standards, this document does not in any way constitute or make a guarantee or prediction of results, and no warranty is implied or expressed that actual outcome will conform to the outcomes presented herein. GCA has not independently verified any information provided by or at the direction of the Client, and has accepted the accuracy and completeness of these data. GCA has no reason to believe that any material facts have been withheld from it, but does not warrant that its inquiries have revealed all of the matters that a more extensive examination might otherwise disclose.

The opinions expressed herein are subject to, and fully qualified by, the generally accepted uncertainties associated with the interpretation of geoscience and engineering data and do not reflect the totality of circumstances, scenarios and information that could potentially affect decisions made by the report's recipients and/or actual results. The opinions and statements contained in this report are made in good faith and in the belief that such opinions and statements are representative of prevailing physical and economic circumstances.

This assessment has been conducted within the context of GCA's understanding of the effects of petroleum legislation and other regulations that applied to these properties under the previous contracts. However, GCA is not in a position to attest to property title or rights, conditions of these rights including environmental and abandonment obligations, and any necessary licenses and consents including planning permission, financial interest relationships or encumbrances thereon for any part of the appraised properties.

In carrying out this study, GCA is not aware that any conflict of interest has existed. As an independent consultancy, GCA is providing impartial technical, commercial and strategic advice within the energy sector. GCA's remuneration was not in any way contingent on the contents of this report. In the preparation of this document, GCA has maintained, and continues to maintain, a strict independent consultant-client relationship with the Client. Furthermore, the management and employees of GCA have no interest in any of the assets evaluated or related with the analysis carried out as part of this report.

Staff members who prepared this report are professionally-qualified with appropriate educational qualifications and levels of experience and expertise to perform the scope of work set out in the Proposal for Services.

GCA has not undertaken a site visit and inspection because it was not considered relevant for the purpose of this report. As such, GCA is not in a position to comment on the operations or facilities in place, their appropriateness and condition, and whether they are in compliance with the regulations pertaining to such operations. Further, GCA is not in a position to comment on any aspect of health, safety or environment of such operation.

In the preparation of this report GCA has used the Petroleum Resources Management System approved by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers in March 2007.

There are numerous uncertainties inherent in estimating reserves and resources, and in projecting future production, development expenditures, operating expenses and cash flows. Oil and gas reserve engineering and resource assessment must be recognized as a subjective process of estimating subsurface accumulations of oil and gas that cannot be measured in an exact way. Estimates of oil and gas reserves or resources prepared by other parties may differ, perhaps materially, from those contained within this report.

The accuracy of any reserve or resource estimate is a function of the quality of the available data and of engineering and geological interpretation. Results of drilling, testing and production that post-date the preparation of the estimates may justify revisions, some or all of which may be material. Accordingly, reserve or resource estimates are often different from the quantities of oil and gas that are ultimately recovered, and the timing and cost of those volumes that are recovered may vary from that assumed.

Oil volumes appearing in this report have been quoted at stock tank conditions. Typically these volumes have been referred to in million barrel increments (MMBbl). Natural gas is used in the field and not sold due to its small volume and lack of sales market and the volumes are not included. The reported oil volumes have not been reduced for fuel usage in the field.

GCA's review and audit involved reviewing pertinent facts, interpretations and assumptions made by IPSA or others in preparing estimates of volumes. GCA carried out procedures necessary to enable it to render an opinion on the appropriateness of the methodologies employed, adequacy and quality of the data relied upon, the depth and thoroughness of the volume estimation process, the classification and categorization of volumes appropriate to the relevant definitions used and the reasonableness of the estimated volumes.

It is GCA's opinion that the estimates of total remaining recoverable hydrocarbon liquid volumes at December 31, 2013, are, in the aggregate, reasonable and the volume classification and categorization is appropriate and consistent with the definitions and guidelines for reserves.

GCA concludes that the methodologies employed by IPSA in the derivation of the volume estimates are appropriate and that the quality of the data relied upon, the depth and thoroughness of the estimation process are adequate.

All volumes categories quoted herein have been determined within the context of an economic limit test (pre-tax and exclusive of accumulated depreciation amounts) assessment.

Yours sincerely  
**Gaffney, Cline & Associates**



**Project Manager**  
**Roberto Wainhaus**  
Lead Reservoir Engineer



**Reviewer**  
**David K Morgan**  
Technical Director