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KEROGEN COMPLETES INVESTMENT IN BURIED HILL ENERGY (CYPRUS) PUBLIC COMPANY LIMITED



Kerogen Energy Fund, L.P (“Kerogen”) has completed an investment of approximately \$100 million in Buried Hill Energy (Cyprus) Public Company Limited (“Buried Hill”) through the combination of a subscription of new ordinary shares and purchases from existing shareholders. Kerogen is now a major shareholder of Buried Hill with an equity interest of approximately 20%. Dr. Alan Parsley, Kerogen Executive Board member, and Jason Cheng, Managing Partner of Kerogen, have joined the Board of Buried Hill.

Buried Hill is a private, independent oil and gas exploration and development company, and currently holds a 100% interest in the world class Serdar field discovery(Block III) in the Caspian Sea, under a Production Sharing Agreement with the government of Turkmenistan. Serdar has independently certified 2C resources of around 1.4 billion barrels of oil. It is located on the prolific Aspheron sill and is a direct analogue to the adjacent giant Azeri-Chirag-Gunashli (ACG) oil fields operated by BP Limited. Both Serdar and ACG are subject to a maritime border dispute between Azerbaijan and Turkmenistan.

Buried Hill entered into a farm-out agreement for 50% of Serdar with a listed IOC in May, 2012, which remains subject to Turkmen government approval. Under the terms of the farm-in agreement the listed IOC will provide loan financing to BHE for all of its future appraisal and development costs until the first anniversary of production. The state retains a back-in right which, if exercised, would reduce Buried Hill’s interest to 40% on a fully diluted basis (assuming the farmin has completed).

In addition to Block III, Buried Hill owns a 40% working interest in two exploration blocks A1 and A4 in The Gambia (West Africa) having farmed out a 60% working interest to African Petroleum Corporation Limited who operate and are paying 80% of the forward work program which includes a commitment well.

The Company was founded in 2002 and is led by Peter Kallos, formerly EVP of International and Offshore at Petro-Canada/Suncor. Mr Kallos previously held senior management positions at Enterprise Oil, Shell, Carless Exploration and Marathon. The management team has substantial technical and commercial experience and has worked together over a significant period of time. Members of the team have been drawn from Petro-Kazakhstan, Enterprise Oil and Petro-Canada.

Kerogen Capital’s Executive Chairman, Mr. Ivor Orchard, commented:

“Buried Hill represents an extraordinary opportunity for Kerogen to participate in the development of a world class asset with a first rate management team. We look forward to working with the Buried Hill team as a strategic and financial partner in the critical next stage of the company’s development.”

Buried Hill’s Chief Executive Officer, Mr. Peter Kallos, commented:

“We are very pleased to welcome Kerogen as a shareholder. Kerogen is a specialist oil and gas fund with strong technical capabilities and a broad range of contacts in industry and government. We look forward to Kerogen’s contribution both as a shareholder and at Board level in assisting the company in developing its strategy, and shaping its business and financing plans to meet the opportunities and challenges ahead.”

Ends.

For more information visit www.kerogencap.com

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