

MUI Corporation Ltd
(Company)
ABN 54 072 350 817

Notice of General Meeting and Explanatory Statement

The General Meeting of the Company will be held at Level 5, 56 Pitt Street, Sydney at 11.00 am (EDT) on Thursday, 18 February 2016

This is an important document. Please read it carefully. If shareholders are in doubt as to how to vote in respect of any or all of the resolutions contained within this document, they are advised to seek advice from their accountant, solicitor, or other relevant professional adviser prior to voting.

If you are unable to attend the General Meeting, please complete the Proxy Form enclosed and return it in accordance with the instructions set out on the Proxy Form.

MUI Corporation Ltd

ABN 54 072 350 817

Time and Place of Meeting and How to Vote

Venue

The General Meeting of Shareholders of the Company will be held at:

Level 5, 56 Pitt Street Sydney, New South Wales, 2000	Commencing 11.00 am on Thursday, 18 February 2016
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How to Vote

You may vote by attending the General Meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the General Meeting on the date and at the place set out above.

Voting by Proxy

Pursuant to Section 249L of the Corporations Act 2001, the members are hereby advised that by law:

- Each member has a right to appoint a proxy (but each member must not appoint more than two (2) proxies);
- The proxy need not be a member of the Company;
- A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of the member's votes each proxy is specified, then in accordance with Section 249X (3) of the Corporations Act 2001, each proxy may exercise one-half of the votes.

Pursuant to Section 250BA of the Corporations Act 2001, each member is hereby notified that in order to vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of Meeting as soon as possible and either:

- send the proxy by facsimile to the Company Secretary on facsimile number +61 2 8823 3188; or
- deliver it to the Company at Level 5, 56 Pitt Street, New South Wales, 2000

so that it is received not later than 11.00 am (EDT) on Tuesday, 16 February 2016.

Your proxy form is enclosed at the end of the Explanatory Statement.

MUI Corporation Ltd

ABN 54 072 350 817

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Proxy Form

MUI Corporation Ltd

ABN 54 072 350 817

Notice of General Meeting

Notice is hereby given that the General Meeting of shareholders of MUI Corporation Ltd will be held at Level 5, 56 Pitt Street, Sydney, New South Wales, 2000 at 11.00 am (EDT) on Thursday, 18 February 2016 (**General Meeting**).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Proxy Form and Explanatory Statement form part of this Notice of Meeting.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered as Shareholders at 5.00 pm (EDT) on Tuesday, 16 February 2016.

Capitalised terms and abbreviations used in this Notice of Meeting and the Explanatory Statement are defined in Section 19 of the Explanatory Statement.

Agenda

Resolution 1 – Adoption of Constitution

To consider and, if thought fit pass, with or without amendment, the following Resolution as a **special resolution**:

"That, for the purposes of Section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the Chairman of the Meeting for identification purposes."

Resolution 2 – Approval of Issue of Acquisition Shares

To consider, and if thought fit pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, subject to the passing of Resolutions 3, 4 and 5, for the purposes of ASX Listing Rule 7.1, Section 611 (item 7), of the Corporations Act and for all other purposes, the Company approves the issue of the Acquisition Shares to the Vendors as consideration for the acquisition of the entire issued capital of Skyland Petroleum Group Limited, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by the Vendors and any person who might obtain a benefit if the Resolution is passed (except a benefit solely in the capacity of a holder of ordinary securities) and an associate of that person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the General Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Expert's Report: Members should consider carefully the Independent Expert Report prepared by Hall Chadwick and attached at Schedule 1 to this Notice for the purposes of member approvals required under Section 611 Item 7 of the Corporations Act. The Independent Expert's Report opines on the fairness and reasonableness of the Acquisition.

Resolution 3 – Consolidation of Capital

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, subject to the passing of Resolutions 2, 4 and 5, for the purpose of Section 254H of the Corporations Act and the Company's Constitution and for all other purposes, the issued capital of the Company be consolidated on the basis that every fifty (50) Shares be consolidated into one (1) Share and where this consolidation results in a fraction of a Share being held by a Shareholder, the Directors be authorised to round that fraction up to the nearest whole Share, with the Consolidation taking effect on 12 February 2016 and otherwise on the terms and conditions set out in the Explanatory Statement."

Resolution 4 – Approval of Share Placement

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, subject to the passing of Resolutions 2, 3, and 5, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 170,000,000 Shares (on a post-Consolidation basis) at an issue price of not less than \$0.10 per Share to raise up to \$17,000,000, and otherwise on the terms and conditions set out in the Explanatory Statement"

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 5 – Approval of Change of Activities

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, subject to the passing of Resolutions 2, 3 and 4, for the purpose of ASX Listing Rule 11.1 and for all other purposes, approval is given for the Company:

- a) to change the nature and scale of the Company's activities from management of a film library to an oil and gas exploration and production company as set out in the Explanatory Statement; and*
- b) to issue Shares upon re-compliance with the ASX Listing Rules at an issue price of \$0.10 per Share."*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit if the Resolution is passed (except a benefit solely in the capacity of a holder of ordinary securities) and an associate of that person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the General Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 6 – Election of Dr. David Robson as a Director

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, subject to the passing of Resolutions 2, 3, 4 and 5, for all purposes, Dr. David Robson, being eligible and having consented to act, be elected as a Director of the Company, effective on Completion of the Acquisition."

Resolution 7 – Election of Elizabeth Landles as a Director

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, subject to the passing of Resolutions 2, 3, 4 and 5, for all purposes, Elizabeth Landles, being eligible and having consented to act, be elected as a Director of the Company, effective on Completion of the Acquisition."

Resolution 8 – Election of Mark Sarssam as a Director

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, subject to the passing of Resolutions 2, 3, 4 and 5, for all purposes, Mark Sarssam, being eligible and having consented to act, be elected as a Director of the Company, effective on Completion of the Acquisition."

Resolution 9 – Election of Piers Johnson as a Director

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, subject to the passing of Resolutions 2, 3, 4 and 5, for all purposes, Piers Johnson, being eligible and having consented to act, be elected as a Director of the Company, effective on Completion of the Acquisition."

Resolution 10 – Election of Dr. Raden Sukhyar as a Director

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, subject to the passing of Resolutions 2, 3, 4 and 5, for all purposes, Dr. Raden Sukhyar, being eligible and having consented to act, be elected as a Director of the Company, effective on Completion of the Acquisition."

Resolution 11 – Election of Ghassan Zok as a Director

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, subject to the passing of Resolutions 2, 3, 4 and 5, for all purposes, Ghassan Zok, being eligible and having consented to act, be elected as a Director of the Company, effective on Completion of the Acquisition."

Resolution 12 – Election of Timothy Hargreaves as a Director

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, subject to the passing of Resolutions 2, 3, 4 and 5, for all purposes, Timothy Hargreaves, being eligible and having consented to act, be elected as a Director of the Company, effective on Completion of the Acquisition."

Resolution 13 – Change of Name to Skyland Petroleum Limited

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

"That, subject to the passing of Resolutions 2, 3, 4 and 5, for the purposes of Section 157 (1) of the Corporations Act and for all other purposes, Shareholders approve a change of name of the Company from "MUI Corporation Ltd" to "Skyland Petroleum Limited" effective on Completion of the Acquisition."

Resolution 14 – Conversion of Convertible note

To consider, and if thought fit pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company approves the issue of 13,000,000 Shares (on a post-Consolidation basis) to Roadhound Electronics Pty Ltd on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Roadhound Electronics Pty Ltd and any person who might obtain a benefit if the Resolution is passed (except a benefit solely in the capacity of a holder of ordinary securities) and an associate of that person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the General Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 15 – Approval to Set Non-Executive Directors’ Fees

To consider and, if thought fit pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of Clause 91.1 of the Company’s Constitution, Listing Rule 10.17 and for all other purposes, Shareholders approve the maximum total aggregate fixed sum per annum to be paid to Non-Executive Directors be set at \$500,000 per annum to be paid in accordance with the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by any Director, any of the Company’s key management personnel (KMP) or by a closely related party of a KMP. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the General Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote undirected proxies in favour of this Resolution.

Resolution 16 – Approval of Stock Incentive Plan

To consider and, if thought fit pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.2, Exception 9, the adoption of the Stock Incentive Plan, and future issuance of options thereunder, as described in the Explanatory Notes, be approved.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the Stock Incentive Plan, any person who may participate in the Stock Incentive Plan and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed, and any person associated with those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the General Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 17 – Issue of Options to Domenic Martino

To consider and, if thought fit pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 2, 3, 4 and 5, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the issue of 1,250,000 Non-Executive Options to Domenic Martino or his nominee(s) pursuant to the Company’s Stock Incentive Plan as described in the Explanatory Notes, be approved.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Martino, any Director who is eligible to participate in the Stock Incentive Plan, any of the Company’s key management personnel (KMP) or by a closely related party of a KMP. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the General Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote undirected proxies in favour of this Resolution.

Resolution 18 – Issue of Options to Timothy Hargreaves

To consider and, if thought fit pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 2, 3, 4 and 5, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the issue of 1,250,000 Non-Executive Options to Timothy Hargreaves or his nominee(s) pursuant to the Company’s Stock Incentive Plan as described in the Explanatory Notes, be approved.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Hargreaves and any Director who is eligible to participate in the Stock Incentive Plan. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the General Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote undirected proxies in favour of this Resolution.

Resolution 19 – Issue of Options to Piers Johnson

To consider and, if thought fit pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 2, 3, 4 and 5, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the issue of 1,250,000 Non-Executive Options to Piers Johnson or his nominee(s) pursuant to the Company’s Stock Incentive Plan as described in the Explanatory Notes, be approved.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Johnson and any Director who is eligible to participate in the Stock Incentive Plan. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the General Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 20 – Issue of Options to Dr. Raden Sukhyar

To consider and, if thought fit pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 2, 3, 4 and 5, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the issue of 1,250,000 Non-Executive Options to Dr. Raden Sukhyar or his nominee(s) pursuant to the Company’s Stock Incentive Plan as described in the Explanatory Notes, be approved.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Dr. Sukhyar and any Director who is eligible to participate in the Stock Incentive Plan. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the General Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 21 – Issue of Options to Ghassan Zok

To consider and, if thought fit pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 2, 3, 4 and 5, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the issue of 1,250,000 Non-Executive Options to Ghassan Zok or his nominee(s) pursuant to the Company’s Stock Incentive Plan as described in the Explanatory Notes, be approved.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr. Zok and any Director who is eligible to participate in the Stock Incentive Plan. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the General Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 22 – Issue of Options to Dr. David Robson

To consider and, if thought fit pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 2, 3, 4 and 5, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the issue of 4,000,000 Executive Options to Dr. David Robson or his nominee(s) pursuant to the Company’s Stock Incentive Plan as described in the Explanatory Notes, be approved.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Dr. Robson and any Director who is eligible to participate in the Stock Incentive Plan. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the

proxy form, or it is cast by the person chairing the General Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 23 – Issue of Options to Mark Sarssam

To consider and, if thought fit pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 2, 3, 4 and 5, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the issue of 3,000,000 Executive Options to Mark Sarssam or his nominee(s) pursuant to the Company’s Stock Incentive Plan as described in the Explanatory Notes, be approved.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr. Sarssam and any Director who is eligible to participate in the Stock Incentive Plan. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the General Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 24 – Issue of Options to Elizabeth Landles

To consider and, if thought fit pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 2, 3, 4 and 5, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the issue of 3,000,000 Executive Options to Elizabeth Landles or her nominee(s) pursuant to the Company’s Stock Incentive Plan as described in the Explanatory Notes, be approved.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Ms. Landles and any Director who is eligible to participate in the Stock Incentive Plan. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the General Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Dated this 19th day of January 2016

By Order of the Board



John Bell
Chairman

Notes:

1. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

MUI Corporation Ltd

ABN 54 072 350 817

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting of the Shareholders of MUI Corporation Ltd (**Company** or **MUI**) to be held at Level 5, 56 Pitt Street, Sydney, New South Wales, 2000 at 11.00 am (EDT) on Thursday, 18 February 2016 (**General Meeting**).

Summary

The key business to be conducted at the General Meeting relates to the Company's proposed acquisition of Skyland Petroleum Group Limited (**SPG**) (**Acquisition**). The Acquisition will be implemented in accordance with the Term Sheet executed between the Company, SPG and the shareholders of SPG (**Vendors**) pursuant to which the Company has agreed to acquire all of the issued capital of SPG in consideration for the issue of a total of 798,647,010 Shares to the Vendors (on a post Consolidation basis) (**Acquisition Shares**) (**Share Exchange Agreement**). The key dates regarding the General Meeting and the Acquisition are as follows:

Indicative Timetable*

1.	Dispatch of the Notice to Shareholders	19 January 2016
2.	Lodge Prospectus for Share Placement	22 January 2016
3.	Snapshot date for eligibility to vote at the General Meeting	16 February 2016
4.	General Meeting to consider the Resolutions	18 February 2016
5.	Suspension in trading in Shares	18 February 2016
6.	Consolidation Date	18 February 2016
7.	Closing of Share Placement and issue of Shares to applicants	24 February 2016
8.	Shares issued to Vendors and Convertible Noteholder on completion of Acquisition	25 February 2016
9.	New holding statements and certificates despatched to Shareholders following completion of Consolidation	2 March 2016
10.	Normal trading of Shares resumes (subject to satisfaction of Chapters 1 and 2 of the ASX Listing Rules). Normal T+3 trading commences	3 March 2016

* The above dates are indicative only and are subject to change without notice. The actual timetable will depend upon the timing of ASX approval and also the time at which the conditions precedent to the Acquisition are satisfied or, if applicable, waived. Further details of the conditions precedent are set out in Section 1.2 of this Explanatory Statement. The Company has the right to vary any or all of these dates and times, subject to the approval of such variation by ASX and the Vendors, where required. Any variation to the timetable set out above will be announced to ASX.

1. Brief History of the Company and Background to Resolutions 1 to 13

1.1. Background to the Company

The Company's historical business operations involved management of a film library. The Company's strategy was to digitalise and distribute these films in various mediums. Over the past three years this has continued to be reviewed along with other strategies to grow and expand the business. On 14 March 2014, the Company entered in to a Put and Call Option Deed with AusAsia Energy Pty Ltd (AusAsia) to purchase the shares of its wholly owned subsidiary, JEMS Exploration Pty Ltd (JEMS), which holds the Grey Ranges and Laura Basin exploration tenements.

Whilst the Company continued to review its film library assets, it also reviewed its options to develop the coal tenements held by JEMS (over which MUI holds a call option to purchase) and, given the sustained depressed market conditions for coal and their effect particularly on the junior coal sector, MUI agreed binding terms with AusAsia to relinquish MUI's call option to purchase JEMS and for the repayment of MUI's loan to

AusAsia.

As announced to ASX on 20 November 2015, the Company entered into a binding Term Sheet with SPG and the Vendors pursuant to which the Vendors agreed to sell, and the Company agreed to acquire, 100% of the shares in the capital of SPG, in consideration for the issue of the Acquisition Shares.

1.2. The Acquisition

1.2.1. Terms of the Acquisition

The principal terms of the Term Sheet are that the Company will acquire all the issued capital in SPG from the Vendors in consideration for the issue of the Acquisition Shares.

Completion of the Acquisition is subject to satisfaction (or waiver) of the following conditions precedent:

- (a) Due diligence investigations by MUI in respect of SPG, its shareholders and its Projects including legal, financial and technical due diligence, and the results of MUI's due diligence being entirely to MUI's satisfaction;
- (b) Due diligence investigations by SPG in respect of MUI including legal and financial due diligence, and the results of SPG's due diligence being entirely to SPG's satisfaction;
- (c) The execution of formal and detailed legally binding documents to the effect of the Acquisition;
- (d) Approval, in principle, from the ASX for relisting;
- (e) The parties obtaining all relevant approvals, including shareholder approval, board approval and any third party consents necessary to implement the Acquisition, including:
 - (i) the issue of the Acquisition Shares pursuant to ASX Listing Rule 7.1 (Resolution 2);
 - (ii) the Consolidation of the Company's issued capital (Resolution 3); and
 - (iii) the issue of Shares under the Share Placement (Resolution 4).

Resolutions 2 to 4 mentioned above, as well as Resolution 5 (Approval of Change of Activities) are conditional on each other. That is, should any of Resolutions 2 to 5 not be approved by Shareholders, the Acquisition will not proceed.

As at the date of this Notice, none of the conditions precedents have been satisfied.

Under the Term Sheet, the Company will appoint seven persons nominated by the Vendors to the board of directors of the Company on Completion of the Acquisition, being: Dr. David Robson, Elizabeth Landles, Mark Sarssam, Piers Johnson, Dr. Raden Sukhyar, Ghassan Zok and Timothy Hargreaves. Shareholder approval for the appointment of Messrs Robson, Sarssam, Johnson, Sukhyar, Zok and Hargreaves and Ms. Landles as Directors (together the "Proposed Directors") is sought pursuant to Resolutions 6 to 12. Profiles of the Proposed Directors are provided in section 2.3.

As required by the Term Sheet, Messrs Bell and Silva will resign as Directors upon Completion of the Acquisition.

1.2.2. Consolidation

The Company will consolidate its existing capital on a one Share for every fifty Shares basis.

The important dates that the Company will be following in accordance with Appendix 7A of the ASX Listing Rules for the Consolidation are as follows:

Event	Date
Date of General Meeting	18 February 2016
Consolidation Date	18 February 2016

Event	Date
Registration of securities on a post-Consolidated basis	25 February 2016
Despatch date for post-Consolidation holding statements	2 March 2016

1.2.3.Share Placement

The Company will be required to raise capital for the purposes of achieving its business objectives and satisfying the requirements of the ASX Listing Rules in relation to the re-listing of its securities. Prior to the General Meeting, the Directors intend to prepare a disclosure document to raise up to \$14,000,000 through the issue of up to 140,000,000 Shares (on a post-Consolidation basis) at an issue price of not less than \$0.10 per Share. In addition, the Company may place an additional 30,000,000 shares at the offering price for up to \$3,000,000 in additional subscriptions.

1.2.4.Shareholder Approvals

As noted above, Shareholder approval of Resolutions 2 to 14 is a condition precedent to Completion of the Acquisition under the Agreement.

(a) Item 7 Section 611 of the Corporations Act

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in issued voting shares in a company if, as a result of the acquisition, that person's or someone else's voting power in the company increases from less than 20% to more than 20%, or from a starting point that is above 20% and below 90%.

The voting power of a person in a body corporate is determined under Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

For the purposes of determining voting power under the Corporations Act, a person (**Second Person**) is an "associate" of the other person (**First Person**) if:

- 1) (pursuant to Section 12(2) of the Corporations Act) the First Person is a body corporate and the Second Person is:
 - a. a body corporate that the First Person controls;
 - b. a body corporate that controls the First Person;
 - c. a body corporate that is controlled by an entity that controls the person;
- 2) the Second Person has entered or proposes to enter into a relevant agreement with the First Person for the purpose of controlling or influencing the composition of the Company's Board or the conduct of the Company's affairs; or
- 3) the Second Person is a person with whom the first person is acting or proposes to act, in concert in relation to the Company's affairs.

Section 608(1) of the Corporations Act provides that a person has a "relevant interest" if they:

- 1) are the holder of the securities;
- 2) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- 3) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

Item 7 of Section 611 provides an exception to the prohibition in Section 606, in circumstances where the shareholders of the Company approve an acquisition of shares by virtue of an allotment or acquisition at a meeting at which no votes are cast by parties involved in the proposed acquisition, including their associates.

Section 611 approval is required in this case as Post-Acquisition the Company will issue 798,647,010 (77.88%) of the total issued shares of the Company to the Vendors, and therefore collectively the Vendors

will be in a position to control the Company, however it is noted that the Vendors are unrelated to each other, except for being shareholders of SPG.

In particular, Vazon Associates Limited will acquire more than a 20% interest in the Company, appoint two board members and, with its 27.84% ownership post-Transaction, has the ability to block special resolutions proposed by the Company.

As a consequence of Completion of the Acquisition, collectively the Vendors will have a relevant interest in 20% or greater of the issued Shares in the Company and in particular Vazon Associates Limited will hold 27.84% in the Company. Accordingly, Shareholder approval is being sought pursuant to item 7 Section 611 of the Corporations Act for the issue of the Acquisition Shares to the Vendors.

(b) Section 208 of the Corporations Act

Section 208 of the Corporations Act prohibits the giving of a financial benefit to a related party of a public company, unless the financial benefit has been approved by shareholders, or the giving of that benefit falls within an exception in the act.

The Corporations Act defines a related party of a company to include a proposed director of the company, and any entity controlled by a proposed director of the company. Accordingly, the issue of 324,106,470 Shares (being a portion of the Acquisition Shares) to Dr. David Robson, Ms. Elizabeth Landles and Mr. Mark Sarssam is a related party transaction pursuant to section 208 of the Corporations Act.

An exception to the requirement to obtain shareholder approval for related party transactions under section 208 is set out in section 210 of the Act which provides that the giving of a financial benefit that is on “arm’s length” terms does not require shareholder approval. The Directors have determined that the arms’ length exception applies to the Acquisition because Dr. David Robson, Ms. Elizabeth Landles and Mr. Mark Sarssam are participating in the Acquisition on the same terms and conditions as all other Vendors, and the terms of the Acquisition was extensively negotiated at arms’ length between the Company and the Vendors. Accordingly, shareholder approval is not sought pursuant to section 208 of the Corporations Act in respect of the Acquisition Shares.

The grant of Options to a Director and Proposed Directors constitutes giving a financial benefit as those Proposed Directors are related parties of the Company.

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX’s opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Options to a Director and Proposed Directors.

1.3. Advantages of the Acquisition

If Resolutions 2 to 14 are passed, the Company will acquire all the issued capital in SPG. The proposed Acquisition is consistent with the expansion and recapitalisation objectives of the Company. If Shareholders do not pass Resolutions 2 to 14, Completion of the Acquisition will not occur and the Company will be restricted to its present level of activity.

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder’s decision on how to vote on Resolutions 2 to 14:

- if the Company does not proceed with the proposed Acquisition, its cash reserves will continue to be eroded by on-going administrative and corporate costs;
- since re-assessing the Company's previous strategy of managing the film library and developing coal assets in Queensland, the Directors have been actively seeking opportunities to improve Shareholder value. The Directors believe the acquisition of SPG is such an opportunity; and
- the directors believe that the Acquisition represents an opportunity for the long-term growth of the Company.

1.4. Disadvantages of the Acquisition

The Directors consider that the key disadvantages of the Acquisition are as follows:

- the Company will be changing the nature of its activities from film library management to an oil and gas exploration and production company, which may not be consistent with the objectives of all Shareholders;
- there are many risk factors associated with this change in nature of the Company's activities. Some of these risk factors are set out in section 6;
- the issue of the Acquisition Shares to the Vendors and the Share Placement will dilute the shareholding of current Shareholders. Accordingly, the voting power of each current Shareholder and any corresponding control over the affairs of the Company that those Shareholders may have, will be reduced on completion of the Transaction; and
- Project timelines may not proceed as expected exposing the Company to a much higher negative cash flow than currently being incurred.

1.5. MUI Share Capital Post Transaction

The capital structure of MUI prior to the Transaction taking place and post Transaction (should all Resolutions be passed) is as follows:

	Number of Shares	Percentage of MUI ownership
MUI Ownership Prior to the Transaction		
Current MUI Shareholders (pre-consolidation)	3,693,857,804	100.00%
Current MUI Shareholders (post-consolidation)	73,877,160	100.00%
MUI Ownership Post Transaction		
Current MUI Shareholders (post-consolidation)	73,877,160	7.20%
Conversion of Convertible Note	13,000,000	1.27%
Issue of Shares to Vendors	798,647,010	77.88%
New shareholders under Share Placement	140,000,000	13.65%
Total Shares on issue Post Transaction	1,025,524,170	100.00%

The effect of the proposed Transaction on current shareholders of MUI is to reduce their percentage shareholding in the Company from 100% to 7.2% post Transaction.

1.6. Independent Expert's Report

Under the ASIC regulatory guidance, the Company is required to engage an independent expert to review the acquisition as per RG 74.31 (and other association regulatory guidance provisions and Corporations Act) and to provide the shareholders with an opinion as to whether or not the Acquisition is "fair and reasonable" to members for the purposes of approval under Section 611 Item 7 Corporations Act.

The Independent Expert's Report also contains assessments of the advantages and disadvantages of the Acquisition and is intended to assist all members of the Company in deciding how to vote on the resolutions set out in this Notice.

The Company has engaged Hall Chadwick to prepare the Independent Expert's Report which is attached at Schedule 1 to this Notice. Hall Chadwick has opined that this transaction is fair and reasonable to the members of the Company not associated with the Vendors.

2. Profile of Skyland Petroleum Group Limited

2.1. Company Overview

Skyland Petroleum Group Limited (SPG) was incorporated in 2015. SPG's objective is to build shareholder value by identifying and acquiring oil and gas exploration and production assets at attractive metrics with the aim of generating short-term cash flow and future upside in projects which SPG believes are undervalued and/or have higher potential than was previously thought. SPG is currently focused on the Kyzyl-Tumshuk project in Tajikistan and Block XI^G in Georgia to generate short-term cash flows and add upside potential. SPG's regional focus is primarily on hydrocarbon assets in the former Soviet Union but will review and acquire projects in surrounding regions as appropriate to add asset value to the business. Ultimately, SPG aims to supply world markets with oil and gas, particularly East Asian markets, and to secure an important role in the flow of energy to the developing economies of the region.

SPG's Executive Directors and Officers have decades of continuous experience in the international oil and gas industry and have operated in different regions, including Central Asia, Russian Far East, the Caucasus, other parts of Russia and Ukraine, Eastern Europe, UK North Sea, East Asia, North Africa and the Middle East.

2.2. Overview of SPG Projects and Strategy

SPG is currently focused on the following projects:

1. **Kyzyl-Tumshuk field in Tajikistan** – SPG has an Investment and Operating Agreement (IOA) with the Tajikistan State oil and gas company, Naftugaz, for the Kyzyl-Tumshuk (also known as the Surkhsimo) oil and gas field in the Vakhsh valley of south-east Tajikistan. This is a producing oil and gas field in which SPG will enhance oil and gas production from the field using modern drilling and pumping equipment. Under the terms of the IOA, SPG is responsible for all operations and operating expenses on the field and in return receives a percentage of the oil and gas produced (or if an existing well, a percentage above a base production amount) as a result of SPG's activities.
2. **Block XI^G in Georgia** - Block XI^G is located on the outskirts of the capital city Tbilisi, close to the producing oil fields of Samgori, Teleti and West Rustavi and adjacent to the largest oil discovery in Georgia (Samgori-Patardzeuli). SPG has agreed to conditionally acquire a 20% participating interest in a Production Sharing Contract pertaining to the XI^G block alongside Georgia Oil and Gas Limited ("GOG") as the Operator (80%). The Georgian Oil and Gas Corporation (a Georgian government entity) has been providing debt to GOG which may be converted into a 20% interest in the property.
3. **East Siberia Projects** – SPG has a strong technical and commercial interest in Eastern Siberia - which has very significant world-class, untapped oil and gas potential. This is an important focus area and as a result SPG has developed very good business relationships with Russian companies and Russian State bodies operating in the Sakha (Yakutia) Autonomous Republic of the Russian Federation. This interest in the area has translated into Memorandums of Understandings with regional State owned and private companies, but currently the most notable project is related to the Srednebotuobinskoye field (Taas-Yuryakh project), where SPG has signed a Heads of Agreement with the Russian State oil company Rosneft, to acquire between 10 to 29% of this giant producing oil and gas field. In November 2015, BP plc completed its acquisition of a 20% interest in the same field. This deal is progressing and if closed would be a major project for SPG and the Company.

The strategic plan developed by SPG is as follows:

1. To develop the remaining recoverable reserves and increase production from the Kyzyl-Tumshuk field in Tajikistan using modern techniques and technologies;
2. To close the acquisition of a 20% interest in Block XI^G block in Georgia, and to assist the Operator with the drilling of exploration well Kumisi #2 on the block (well currently drilling);
3. To complete the acquisition of an interest in the Taas-Yuryakh project in Sakha, Eastern Siberia, and to further advance potential projects in that area;
4. To acquire additional exploration and production assets in the former Soviet Union (particularly focused on the areas in which SPG currently has interests), the Middle East as well as other geographical areas, if appropriate; and
5. To grow shareholder value by further acquisitions, divestments and exploration activities.

2.3. SPG's directors and management

SPG's directors and officers have experience in the international oil and gas industry and have operated in various regions, including Central Asia, Russia, the Caucasus, East Europe, UK North Sea, East Asia and North Africa.

2.3.1. SPG Executive Directors

DR. DAVID ROBSON

Executive Chairman, Managing Director and President

Dr. Robson is Managing Director and is a geologist, obtaining a First Class B.Sc. (Hons.) degree in Geology and a Ph.D. in Geochemistry. He also holds an MBA from Strathclyde Business School at the University of Strathclyde. He is the founder of SPG and as Executive Chairman, Managing Director and President, responsible for the overall operations of the group.

Dr. Robson's career has been primarily in operating oil and gas companies, working on projects in Eastern Europe and the Commonwealth of Independent States since 1990, including Russia, Ukraine, Central Asia and the Caucasus. Previously he was employed in technical (exploration, operations, petroleum engineering), commercial and managerial positions within Britoil plc, Hamilton Oil (now BHP Petroleum) and Mobil. Later, he was Managing Director, CEO and one of the founders of London listed JKC Oil & Gas plc which was one of the first international oil and gas companies to operate in Ukraine, Dagestan and Georgia, and Chairman, President and CEO. He was also one of the founders, of CanArgo Energy Corporation, an AMEX listed exploration and production company working in Georgia and Ukraine. More recently he was founder and Executive Chairman of Toronto/London (TSX/LSE) listed Tethys Petroleum Limited, an exploration and production company working in Kazakhstan, Tajikistan and Georgia.

He is a Fellow of several societies and associations, including the Geological Society, the European Association of Geoscientists & Engineers, the Society of Petroleum Engineers, the American Association of Petroleum Geologists and the Association of International Petroleum Negotiators. He was formerly the energy sector representative on the UK government's East European Trade Council and is currently a Board Director of the Pacific Basin Economic Council (PBEC) and is also a member of the Supervisory Board of OJSC Orienbank, the oldest bank in Tajikistan. He was also one of the founding members of the Tajik President's Investment Council and was awarded the Presidential Order of Honour for services to the Georgian hydrocarbon industry. He has spoken at many international forums including the "Paris Club" of donor nations, and he was awarded the "Best Executive Chairman of the Year – Asia – 2014" by World Finance Magazine.

MARK SARSSAM

Technical Director and Chief Operating Officer

Mr. Sarssam is the Chief Operating Officer for SPG, responsible for managing and co-ordinating the exploration, appraisal and development of SPG's oil and gas assets. He oversees the development of the relevant work plans and budgets for asset development and ensures the programmes are implemented effectively and safely, under the overall direction of the Managing Director. As Chief Operating Officer he is also responsible for identifying, evaluating and executing new business opportunities.

Prior to working at SPG, Mr Sarssam was responsible for Petroleum Development and New Business development for Tethys Petroleum Limited, where Mr. Sarssam's efforts resulted in two deals (the farm out of Tajikistan exploration assets to CNPC/Total and negotiation for the sale of a 50% stake in Tethys' Kazakh assets).

Prior to his work at Tethys, Mr. Sarssam was the Head of Reservoir Development and New Ventures Advisor for Dragon Oil plc with focus on development of the Cheleken Block offshore Caspian Sea (with reserves of c.650mmbbls), and prior to this Mr. Sarssam held various senior roles at Shell leading field development projects in Oman and Brunei. He also spent more than 10 years working on projects offshore North Sea and West of Shetland with Amerada Hess and Fina oil and gas companies.

In total Mr. Sarssam has 25 years of continuous experience in the oil and gas industry and has worked on a variety of both offshore and onshore projects in North Sea, Middle East, Africa, Central Asia (Former Soviet Union) and the Far East. He has extensive knowledge of reservoir management, integrated field development, evaluation of reserves and optimisation of oil and gas production. In addition to his

technical skills, Mr. Sarssam has a strong background in commercial evaluation and international new business development. Mr. Sarssam graduated from Imperial College in London with a Master's Degree in Petroleum Engineering.

ELIZABETH LANGLES

Executive Director, Corporate Secretary and Chief Administrative Officer

Ms. Langles is an experienced administrator and is currently Executive Director, Chief Administrative Officer and Corporate Secretary of SPG. In this role, Ms Langles has overall responsibility for external affairs (government relations, partner relations and investor relations), human resources and personnel management (identification of job requirements, interview and selection of candidates, staff handbook etc.) as well as organisation of SPG's logistics and support (office management, developing and sourcing new office locations etc.). Ms Langles is also the Compliance Officer and responsible for the corporate secretarial function of SPG.

Before joining SPG, Ms. Langles was Executive Director, Executive Vice President, Chief Administrative Officer and Corporate Secretary with Tethys Petroleum Group from 2003 to 2014. During this time she was also Director and Corporate Secretary of the majority of Tethys' subsidiaries and was also responsible for Human Resources and External Affairs. Prior to this role, Ms. Langles was Executive Vice President and Corporate Secretary of CanArgo Energy Corporation.

Ms. Langles holds an Advanced Diploma in Business Administration from the Institute of Business Administration and Management (an operating division of the Institute of Chartered Secretaries and Administrators in the UK) and is a Fellow of The Institute of Business Administration (F.Inst.BA). She is also a member of the Institute of Directors (IoD) and holds the IoD Certificate in Company Direction. Ms. Langles is also a member of The Association of International Petroleum Negotiators (AIPN).

2.3.2.SPQ Senior Officers

FERGUS ROBSON

Chief Commercial Officer

Mr. Robson is currently the Chief Commercial Officer of SPQ bringing experience in oil field operations, sales, financing, regulations, contract negotiations, and successful execution of corporate business plans.

As Chief Commercial Officer he is responsible for SPQ's commercial strategy and is responsible for the economic evaluation of new and existing projects, maximising revenue from product sales, ensuring that costs are controlled on operations as well as working in conjunction with other senior members of staff on key corporate negotiations and activities.

Prior to his role as Chief Commercial Officer, Mr Robson was employed with Tethys Petroleum Limited, initially as a Commercial Analyst in which he conducted market research and analysis on oil and gas markets and transport in Central Asia, followed by taking the Group Commercial Manager position where he was responsible for the co-ordination of the commercial activities of Tethys Kazakhstan, Tethys Uzbekistan and Tethys Tajikistan, as well as working with the corporate team on the preparation of reserves and business development. In addition, during this time, Mr. Robson also held the title of Chief Commercial Officer Tethys Kazakhstan and Chief Commercial Officer Tethys Uzbekistan. In August 2014, Mr. Robson was promoted to the position of Vice President Commercial of Tethys.

Throughout his tenure at Tethys, Mr. Robson lead negotiations for the Chegara PEC in Uzbekistan, worked on the London Stock Exchange listing and the Afghanistan bidding round, negotiated the Georgian project farm-in in 2013 and worked on various debt and equity facilities.

Mr. Robson holds a Joint Honours Master's Degree in Politics and Central and Eastern European Studies from the University of Glasgow and is a member of the Society of Petroleum Engineers (SPE).

STEVE ELLIOTT

Vice President Project Development

As Vice President Project Development, Mr Elliott is responsible for the compilation of work programmes and budgets for all drilling, workover, production and construction/fabrication activities. He is responsible for the supervision and control of all work programmes and technical operations and for the procurement of all equipment and services in relation to the work programmes.

Prior to joining SPG, Mr Elliott had been with Tethys Petroleum Limited since April 2009 in various capacities, including General Director of both Tethys Services Georgia Limited and Tethys Aral Gas Kazakhstan, and most recently as Vice President Project Development for Tethys Petroleum Limited. Mr. Elliott was responsible for Tethys' activities at the project stage in all countries of operation and has lived and worked in all of the Company's principal areas of operations, including Kazakhstan, Tajikistan, Uzbekistan and Georgia.

Prior to Tethys, Mr. Elliott was employed with Baker Hughes, working in Uzbekistan, Eritrea and the North Sea. Mr. Elliott was originally trained as a geologist but has spent most of his recent career working in project management, drilling and production operations, and in the execution and coordination of integrated services contracts. Mr Elliott holds a B.Sc. (Hons) degree in Geography.

RUDOLF KRIECHBAUM

Vice President Sub Surface

Mr. Kriechbaum is the Vice President Sub-Surface with SPG bringing 28 years of experience in the international oil and gas service industry. He is responsible for the supervision of the sub-surface team consisting of geoscience and reservoir capabilities. Mr Kriechbaum delivers field development plans as well as production optimisation and enhancement programs. He is responsible for providing production forecasts and reserves for assets.

From 2011 to 2015, Mr. Kriechbaum was a consultant for Tethys Petroleum Limited as a Petrophysicist and was responsible for planning formation evaluation, perforating, testing and completions, log interpretation, quality control at wellsite for critical jobs, involvement in approval process of drilling/workover operations and various tendering exercises.

Prior to Tethys, Mr. Kriechbaum spent the bulk of his professional career with Schlumberger in various roles worldwide, including but not limited to: OFS Business Development/General Manager Eastern Europe, General Manager Oilfield Services in Germany and Austria, Wireline Business Development Manager for Central & Eastern Europe and Wireline Marketing Manager for Middle East & Asia. During his assignment in Eastern Europe he was very much involved in Field Rejuvenation projects in Romania, applying new technologies to increase production of mature oil and gas fields.

Before Mr. Kriechbaum got into various management positions he worked for many years as field engineer for Schlumberger in various countries. Before joining Schlumberger, Mr. Kriechbaum held training positions with Shell and Texaco. Mr. Kriechbaum holds a Master's Degree in Petroleum Engineering from the Mining University Leoben in Austria.

MS. DENISE LAY

Chief Financial Officer (Designate)

Ms. Lay is a Fellow of the Chartered Association of Certified Accountants (FCCA), a finance professional with extensive experience heading up many international finance functions including companies operating in Russia and Kazakhstan and has experience which spans a number of different industries including oil and gas. She is responsible for the overall management of control of finance activities across SPG.

Ms. Lay qualified with a degree in Russian from the University of London School of Slavonic and East European Studies and went on to qualify as an ACCA accountant with KPMG. She has held positions as Finance Director for a number of companies including Gallaher Group PLC, NRG International Ltd (Ricoh Group) and Tethys Petroleum Limited. Her career has also encompassed the preparation and presentation of ACCA courses to students across the Former Soviet Union, when working for ATC International. Across diverse geographical areas within Kazakhstan and Russia, she has managed and developed local finance teams and worked with local tax authorities and other local government bodies.

Ms. Lay has both internal and audit experience having worked for Chevron Corporation and external

audit with KPMG. In her most recent role as Finance Director and Chief Financial Officer of Tethys Petroleum Limited, she was heavily involved in the development of the Group's finance function and internal control environment working closely with auditors PwC and KPMG

Ms. Lay is fluent in Russian and fully conversant with Russian accounting systems as well as working in UK GAAP, Canadian GAAP and IFRS.

MAMUKA MURJIKNELI

Vice President External Affairs

Mr. Murjikneli is Vice President External Affairs for SPG. He is responsible for the protection of SPG's personnel, assets and overall risk assessment and ensures that SPG's operations are in compliance with the laws of the host country and corporate policies as well as monitoring potential political and economic situations.

Previously he held the role of Vice President of External Affairs for Tethys Petroleum Limited for five years. In addition to this position, Mr. Murjikneli served as Vice President of Tethys Petroleum Incorporated and Head of Tajikistan, Afghanistan and Turkmenistan Business Unit, as well as the President of Tethys' subsidiary in Afghanistan. Mr. Murjikneli was also the former Head of Corporate Affairs for Tethys Petroleum.

Prior to joining Tethys, Mr. Murjikneli was the Manager External Affairs for CanArgo Energy Corporation. He also held the position of Attaché and Senior Economic Counsellor for the Georgian Embassy in the US, Mexico and Canada and was a former Research Specialist for Ministry of Foreign Affairs of Georgia. Mr. Murjikneli graduated with Honours from the Tbilisi Technical University, Georgia with a Master's Degree in International Economics.

2.4. SPG's capital structure

SPG's capital structure comprises 1,353,639 fully paid ordinary shares held by the Vendors as follows:

Vendor	SPG shares	Acquisition Shares (Post-Consolidation)	Percentage held of MUI Corporation After Acquisition, Post-Consolidation and Share Placement³
Vazon Associates Limited ¹	484,000	285,560,000	27.84%
Mancliff Investments Limited	200,126	118,074,340	11.51%
Augment Holdings Limited ²	186,242	109,882,949	10.72%
Fortune Luck Consultants Limited	74,497	43,953,179	4.29%
Phoenician Group Limited	73,495	43,361,881	4.23%
Merit Group Limited	65,726	38,778,391	3.78%
Mark Sarssam	65,333	38,546,470	3.76%
PacificLink Advisors LLC	24,000	14,160,000	1.38%
Tardigrade Investments LLC	12,500	7,375,000	0.72%
Senior Staff ⁴	167,720	98,954,800	9.65%
Total	1,353,639	798,647,010	77.88%

¹ This is a company associated with Dr. David Robson and Ms. Elizabeth Landles.

² Augment Holdings Limited currently holds shares in the Company. Post-Transaction Augment Holdings Limited will hold a total of 119,882,949 Shares in the Company, comprising 11.69% of total equity.

³ Assuming share placement of 140,000,000 shares and no exercise of the 1,000,000 options on issue.

⁴ Comprises 11 SPG employees.

The Vendors in the above table are unrelated to each other, except for being shareholders of SPG.

3. Overview of SPG Projects

3.1. Tajikistan Project

3.1.1. Background

SPG's team has spent many years working in Tajikistan, being some of the first international experts to do so. During Soviet times there was little focus on oil and gas production in the country, with the economy being dominated by agriculture and by aluminium production using hydropower. After the collapse of the Soviet Union the country went through a period of turmoil and a civil war, but over the past eight years or so there has been a renewed focus on the exploration for and development of oil and gas, both for the internal market (where prices are relatively high) but also for possible export to China.

SPG has an Investment Operating Agreement ("IOA") for the Kyzyl-Tumshuk (also known as the Surkhsimo) oil and gas field in the Vakhsh valley of south-east Tajikistan in the western part of the Vakhsh mega syncline near the town of Kurgan-Tube. This is producing oil and gas field which SPG believes has remaining potential for increasing oil and gas production.

3.1.2. Kyzyl-Tumshuk Investment and Operating Agreement ("IOA")

The Kyzyl-Tumshuk field is licensed to and owned by the State company Naftugaz. SPG currently holds an Investment and Operating Agreement ("IOA") for this field, with Naftugaz remaining the owner of the license, but with SPG operating the field. The Ministry of Energy and Mineral Resources has supported the IOA.

Under the terms of the IOA, SPG is responsible for all operations and operating expenses on the field and shall receive a percentage of the oil and gas produced as a result of SPG's activities or, if an existing well, a percentage above a base production rate (70% whilst recovering costs and 50% thereafter). SPG entered into the Kyzyl-Tumshuk IOA in October 2015 and must commence works within 12 months. Initial works will include workovers and recompletions followed by drilling to target both oil and gas production.

3.1.3. Kyzyl-Tumshuk Field Overview

The Kyzyl-Tumshuk field (alternatively known as the Surkhsimo field) is located in the western part of the Vakhsh mega syncline of the Afghan-Tajik Basin, which is itself an extension of the prolific Amu-Darya Basin of Turkmenistan and Uzbekistan.

Figure 1: Location of the Kyzyl-Tumshuk field



Source: IHS (2006)

SPG expects to begin work on the field early 2016 to re-establish/enhance oil and gas production with a focus on oil production. The field was initially interpreted on seismic in the 1940's, with the first discovery well drilled in 1959. Current production from the field is 6-7 Mcm/d (212 – 247 Mcf/d) of gas and 30 – 38 bopd of oil per day. The main reservoir rock is the Bukhara Limestone of Palaeocene age, and the source rock is the argillaceous limestone of the Eocene Suzak Formation. The main reservoir is shallow (650 metres) and offers low cost workovers and redevelopment opportunities. Initial oil production rates of up to 690 bopd have been reported.

Four productive horizons have been identified within the structure – two in the Bukhara horizons of the Palaeogene, and two in the Seonian of the Upper Cretaceous. Potential also exists in the Lower Cretaceous Hauterivian section. Between 1959 and 1983 a total of 44 wells have been drilled on the structure, although only three wells are currently in production. Development of the Kyzyl-Tumshuk field has been hampered initially by technological constraints (Soviet era drilling and production technologies) and latterly by financial constraints following the breakup of the former Soviet Union. It is the opinion of SPG's technical team that significant reserves remain in the previously drilled shallow reservoirs of the Paleogene and that there is additional potential in other reservoirs.



Kyzyl-Tumshuk oilwell #28



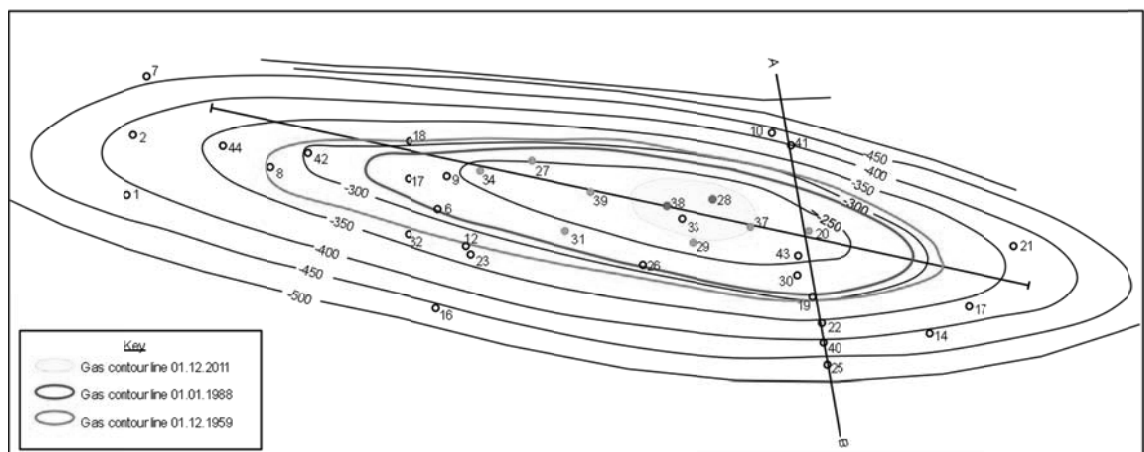
Kyzyl-Tumshuk gas & oil well #38

SPG's internal Reserve Report, prepared in accordance with PRMS by a QPRRE, estimates that some 41.64 Bcf of gas (net) plus 4.93 MMbbl of oil (net) remain to be recovered (Proven plus Probable – 2P figures). SPG plans a programme of well re-entries, logging, perforation and new drilling to exploit the remaining reserves and such plans are accounted for in the internal Reserve Report.

Previous experience by SPG's team with similar fields elsewhere in the former Soviet Union, which were drilled during the Soviet era, indicates that the key to unlocking these previously untapped reserves may well be as simple as re-interpreting existing wireline data and locating previously unperforated productive horizons. A structural map of the field as well as a cross-field section is as follows:

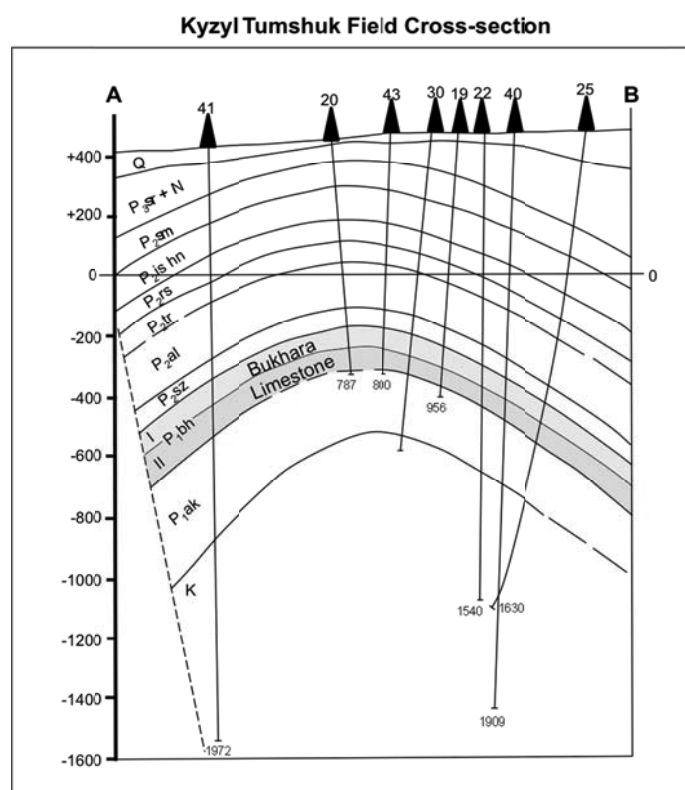
Figure 2: Structural Map of Kyzyl-Tumshuk

Kyzyl Tumshuk Field



Source: Map supplied by Tajikneftegaz

Figure 3: Kyzyl-Tumshuk Field Cross Section



Source: Map supplied by Tajikneftegaz

Horizons I and II are indicated in the cross section above and are Bukhara formation of the Paleogene and are the main producing horizons. This rock is a regional shallow marine carbonate (limestone and dolomite, and interbeds of anhydrite) and is sealed by the overlying Suzak marine mudstones. The porosity of the Bukhara formation has a basin average value of $\pm 15\%$, with 200 millidarcy ("mD") permeability (range: 1.6-1200mD). The source rock is likely to be Upper Jurassic marine basinal shales.

Previous drilling and production operations have proved that both oil and gas are present and it was established that Horizons I and II contain both oil and gas. The field is interpreted as a multi-horizon oil field with a gas cap.

The first oil flow was tested in 1949 in Well #2 of Bukhara formation. Total production from this well amounted to 18,800 barrels of oil. An additional 19,160 barrels of oil was produced from Well #17 in 1953 – 1957. Pilot production from Horizon I in Well #21 commenced in 1959 with initial daily rate of 698 bopd. Between 1957 and 1983, a total number of 44 wells were drilled on the field.

Horizon IV and V are Senonian layers of the Upper Cretaceous. The first gas production was from horizon V within Senonian layers of the Upper Cretaceous.

No modern stimulation, workover, pumping or similar methods have been applied, nor have methods to ascertain hydrocarbon potential in untested or partly swept zones. Given this, SPG believes that utilising such techniques will result in meaningful additional production.

Between 1964 and 2013, gas production continued from the abovementioned horizons and the gas reserves of Horizon I were depleted in 2013 (no modern technologies were applied to this horizon). A workover was carried out on Well #38 in 2014 in order to extract the remaining gas reserves in the upper horizon and a jack pump was installed in Wells #28 and #37 to produce oil from Horizon I.

Currently, the producing wells at Kyzyl-Tumshuk are Wells #28, 37 and 38, with a total operating stock of 10 wells.

- 3 producing wells (#28, 37, 38);
- 1 inactive well (#39);
- 6 suspended wells (#27, 29, 31, 33, 34, and 35).

The suspended and inactive wells represent good candidates for initial workovers to establish early cash flow and gather modern petrophysical and reservoir management data on the field in general. In addition to this, taking into account the presence of remaining oil reserves in the central and northern parts, it would be appropriate to conduct rehabilitation and workover operations of abandoned wells.

The Kyzyl-Tumshuk field is connected by pipeline to the capital city Dushanbe which provides a market for the gas at regionally high prices. Customers include nearby industrial units and brick factories etc., with the large Talco Aluminium Plant also being a potential customer. Nearby oil refineries are available as off-takers for the crude oil production.

3.1.4. Kyzyl-Tumshuk Reserves

An internal assessment of the reserves of the Kyzyl-Tumshuk field (net to SPG under the IOA), has been prepared in accordance with PRMS by Mr. Rudolf Kriechbaum who is a full-time employee of SPG Petroleum Group. Mr. Kriechbaum is a Petroleum Engineer and has over 30 years' experience in the oil and gas industry and currently specializes as a Petrophysicist. He is a member of the SPE (Society of Petroleum Engineers) and is qualified to provide such an assessment. A detailed reserve report has been prepared in accordance with PRMS and the below tables have been taken from that report, which has an effective date of the 25th October 2015.

	Oil MMBBL		Gas BCF		Oil, thousand m3		Gas, Million m3		Thousand of BOE	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
1P	2.60	2.46	4.11	3.29	413.91	391.82	116.38	93.29	3,288.42	3,013.56
2P	5.07	4.93	42.46	41.64	805.73	783.64	1,202.32	1,179.16	12,144.55	11,869.27
3P	17.43	17.30	98.93	98.12	2,771.81	2,749.71	2,801.36	2,778.28	33,922.45	33,647.66

Given that no underlying data in a suitable form (i.e. requiring translation and input to modern computer systems) are available at this time to support the reservoir parameters or maps provided to SPG personnel by Naftugaz, the Independent Geologist's Report does not incorporate the Kyzyl-Tumshuk field. However SPG local and international specialists have visited the field and reviewed specific technical information.

3.1.5. Other Projects in Tajikistan

In May of 2015, SPG signed a Memorandum of Understanding (MOU) with the Ministry of Energy and Water Resources of the Republic of Tajikistan for a highly prospective exploration area in the north of the country, in the Fergana valley. This MOU grants SPG access to all available geological and geophysical data relating to this area, together with the exclusive right to negotiate an Investment Agreement (a form of Production Sharing Contract) for all currently unlicensed areas in the north of Tajikistan. The Fergana basin is one of the longest-established oil provinces of Central Asia. Almost every reservoir in the basin has been proven to be hydrocarbon-bearing, and by the end of 1982 had yielded some 450 million barrels of oil equivalent³. However, to date, the region remains poorly explored and as such considerable exploration upside still exists. The United States Geological Survey (USGS) estimates that over 4 billion barrels of oil and 136 BCM of gas remain to be produced from this basin.

After completing a detailed technical and economic review, SPG has decided to proceed with negotiations for a specific area covered by this MOU, known as the "East Supetau" Investment

³ Oil and Gas Reserves of the Fergana Basin, EIA January 1995

Agreement. The intention is to conclude an Investment Agreement for this area within the 12-month exclusivity period; however no detailed negotiations have yet taken place.

The highly prospective East Supetau structure is thought to be of a similar geographical size to the Mingbulak discovery in Uzbekistan, which is a nearby analogue. The Mingbulak field is currently operated by Chinese National Petroleum Corporation (CNPC) who quote a proven recoverable oil reserve for the field of some 219 million barrels plus 1 BCM gas (276 MMboe)⁴. In 1992, Mingbulak Well #5 blew out at an estimated rate of 150,000 bopd⁵. By the time the well was eventually killed, it is estimated that it had produced over 2 million barrels of 31° API light crude⁶. CNPC are quoted as estimating the planned plateau production will be approximately 40,000 bopd.

3.2. Georgia Project

3.2.1. Background

The Georgian project comprises the further development of exploration Block XI^G. Block XI^G is located on the outskirts of Tbilisi, close to the producing oil fields of Samgori, Teleti and West Rustavi and on trend with the largest oil discovery in Georgia (Samgori-Patardzeuli). The Samgori fields alone have produced over 200 MMbbls of oil to date from the Middle Eocene formation. SPG is taking a 20% stake in the XI^G block by agreeing to invest USD2 million into the block, alongside Georgia Oil and Gas (“GOG”) as the Operator with 80% ownership. In addition, the Georgian Oil and Gas Corporation (a Georgian government entity) is providing debt to GOG which may be converted into a 25% interest in the property.

Georgia Oil & Gas (GOG), the majority owner and the operator of block XI^G, has recently acquired a further 135 km of 2D seismic and over 500 km² of gravity survey over the area, and has now commenced drilling of the first new exploration well (Kumisi #2).

Following the collapse of the Soviet Union in 1991, funding for the oil and gas industry in Georgia ceased. This, combined with a civil war between 1991 and 1993, effectively destroyed the Georgian oil and gas industry. All exploration ceased and many producing oil fields fell into disrepair and ultimately into abandonment.

In the early 1990’s, the territory of Georgia was divided into small license blocks. Today, the Georgian oil and gas industry is focused upon the rehabilitation of existing fields through the application of modern technologies, and exploration for new fields, both onshore and offshore, and both conventional and unconventional.

The Georgian government actively promotes oil and gas exploration and production and operates a Production Sharing Contract (PSC) license system, whereby investors are guaranteed fiscal stability for the duration of the contract. PSCs are awarded after a competitive tender process. Taxes are not applicable, and instead oil and gas produced from the license area is shared between the investor and the state. Signature bonuses and commercial discovery bonuses are in effect on most licenses.

3.2.2. Block XI^G Production Sharing Contract and Commercial Terms

The Block XI^G license is held under a Production Sharing Contract (“PSC”), issued in 2012 and acquired by GOG in 2014. The license expires in 2037 and contains an automatic 5-year extension period. The outstanding work commitment on the license is the drilling of one well by February 2016 (this will be the Kumisi #2 exploration well). The license covers an area of 289 km².

In terms of taxation, the license is held under a PSC. All taxes for the contracting parties (GOG & SPG) are paid for by the State from the production split. The cost recovery ceiling is 50%, and the profit oil/gas split is 40% until all costs are recovered and 35% thereafter. A royalty of USD 2 per barrel is in effect and this royalty is stabilised for the duration of the contract. In addition, a commercial discovery bonus of USD 5.5 million (gross) is payable upon the commencement of commercial production. No VAT is applicable on oilfield operations and no export taxes or duties are in effect. The Georgian government has

⁴ CNPC Press Release, 20 October 2008

⁵ *Oil and Gas Reserves of the Fergana Basin*, EIA January 1995

⁶ *Oil and Gas Reserves of the Fergana Basin*, EIA January 1995

an optional back-in right (never used on any PSC in Georgia to date) of up to 25% under the PSC with payment of appropriate compensation and future obligations.

The Block XI^G project will be acquired by way of a 100% purchase of a GOG subsidiary company which currently owns part of GOG's interest in the PSC. This company is likely to be Tbilisi Petroleum Limited, a 100% subsidiary of GOG which will on completion own a 20% interest in Block XI^G and is an official license holder of the PSC. Tbilisi Petroleum Limited will be acquired from its current owner, GOG, for an investment in the work programme and repayment of back costs to GOG of USD 2 million, this translating into an effective carry for GOG of USD 1.160 million to gain a 20% working interest in the PSC, with USD 0.84 million as SPG's equity share of the well costs. These funds will be used to partly fund the drilling and completion the Kumisi #2 exploration well. The Kumisi #2 well (which is currently drilling) is estimated to cost USD 4.2 million and has been funded to date by GOG. SPG will enter into a Joint Operating Agreement ("JOA") with GOG, with this JOA being based largely on international norms and consistent with the Association of International of Petroleum Negotiators (AIPN) Model JOA. The SPA is currently being finalised based on a detailed binding Heads of Agreement and is subject to a number of Conditions Precedent (including any required governmental consents etc.) prior to completion.

Following completion the Block XI^G project will be owned as follows:

Georgian Oil and Gas (Operator):	60% (minor security over its interest to some GOG lenders)
SPG:	20%
Georgian State Oil & Gas Corporation: (assuming that it exercises its conversion right on its USD 2 million of debt to GOG):	20%

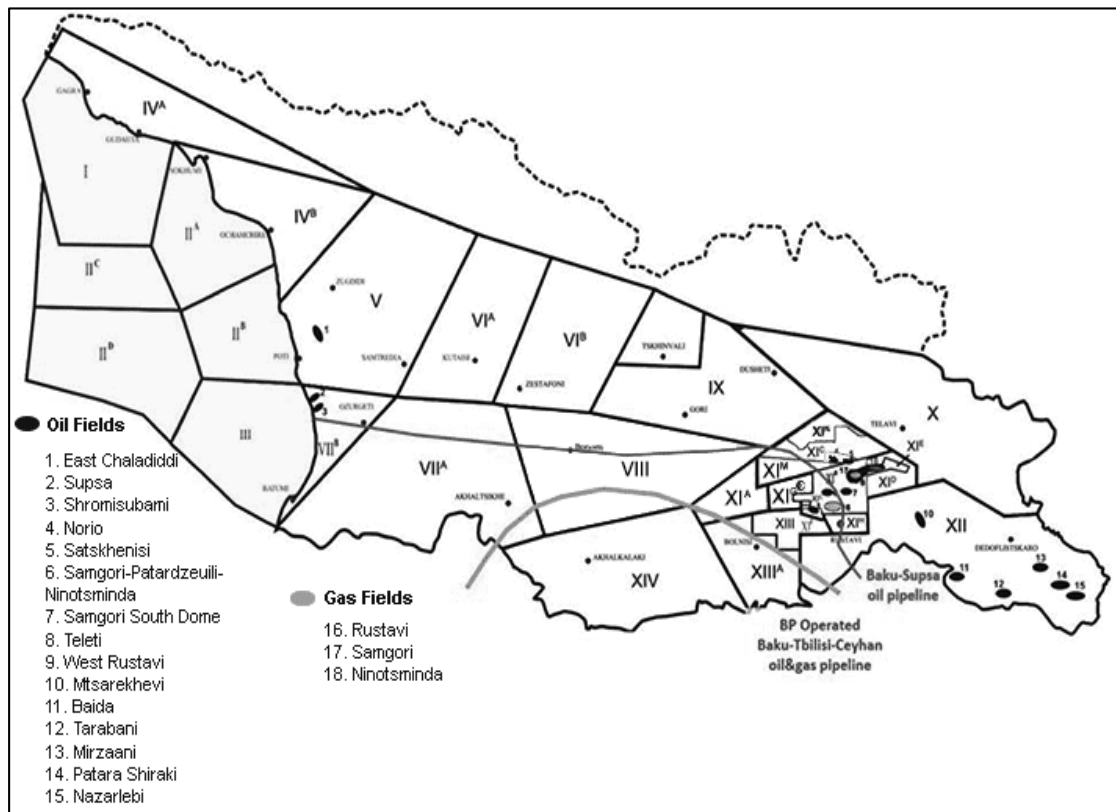
The Georgian project will be operated in collaboration with a local partner, Georgia Oil & Gas ("GOG"). GOG is long-established local company with a strong engineering, operating and technical team in country and with extensive experience in Georgia, including discoveries (the Manavi & Norio structures), field rehabilitation and exploration programmes. GOG owns a number of drilling and workover units in country, more than adequate to fulfil the Block XI^G work programme.

GOG has a net acreage position of some 6,500 km² in Georgia, with working interests in 9 Production Sharing Contracts. Its portfolio includes production, development and exploration contracts. GOG has established relationships with the Georgian State Oil & Gas Corporation ("GOGC"), with GOGC having recently acquired the potential of a 20% stake in Block XI^G by way of providing USD 2 million of convertible debt to GOG. This deal does not impact on the SPG deal as the debt is to GOG only.

3.2.3. Block XI^G Overview

Licence Block XI^G is located on the outskirts of the capital city of Tbilisi (population 1.2 million) and has excellent road and rail links nearby. Due to its location on a transit route from Azerbaijan, Georgia is well served with oil and gas export pipelines as well as rail corridors and deep-water ports. The Baku-Tbilisi-Ceyhan ("BTC") oil pipeline runs from the Caspian Sea to the Mediterranean, and has a capacity of 1 MMbopd, and there are plans to extend this pipeline into Europe. The BP operated Baku-Supsa pipeline has a capacity of 145,000 bopd and runs from Baku on the Caspian Sea to the deep water port of Supsa on the Georgian Black Sea coast. The deep water port of Supsa, close to the city of Batumi, is in itself a significant asset, permitting both the export of oil and the import of equipment to support any potential oil and gas development in Georgia.

Figure 4: Georgian licence blocks with existing oil fields and pipelines

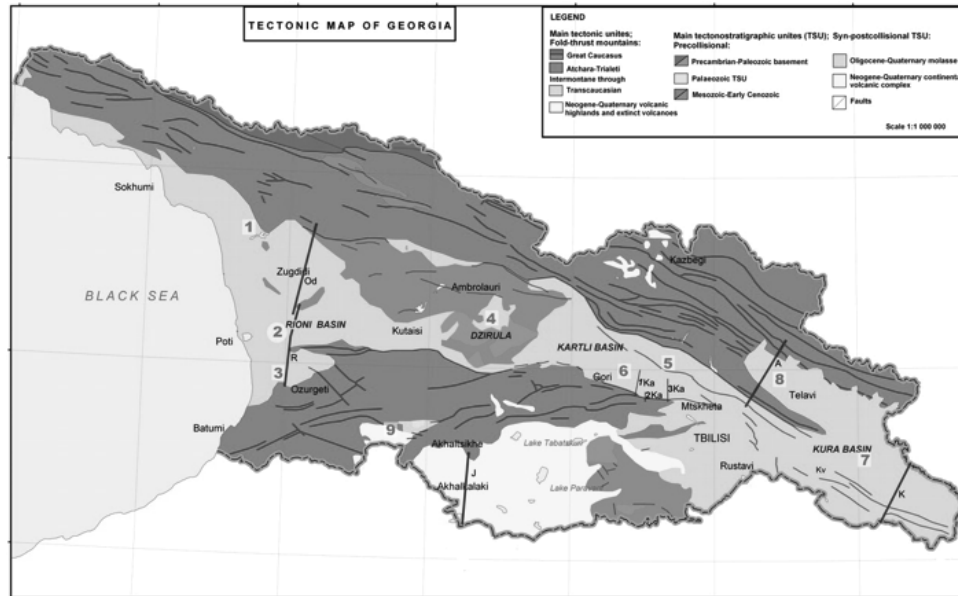


Source: Georgian Oil & Gas Limited

Georgia offers significant opportunities for the commercialisation of oil and gas. Oil prices received are priced based upon Brent, and crude oil is in demand in the domestic market as well as having an access route to world markets via the BTC pipelines and the Supsa deep water port. In terms of gas commercialisation, gas prices in the country are high, as well as having a gas pipeline linking Georgia to Turkey, where prices are very high. Under the terms of the Block XI^G PSC, oil and gas can be freely exported to any buyer.

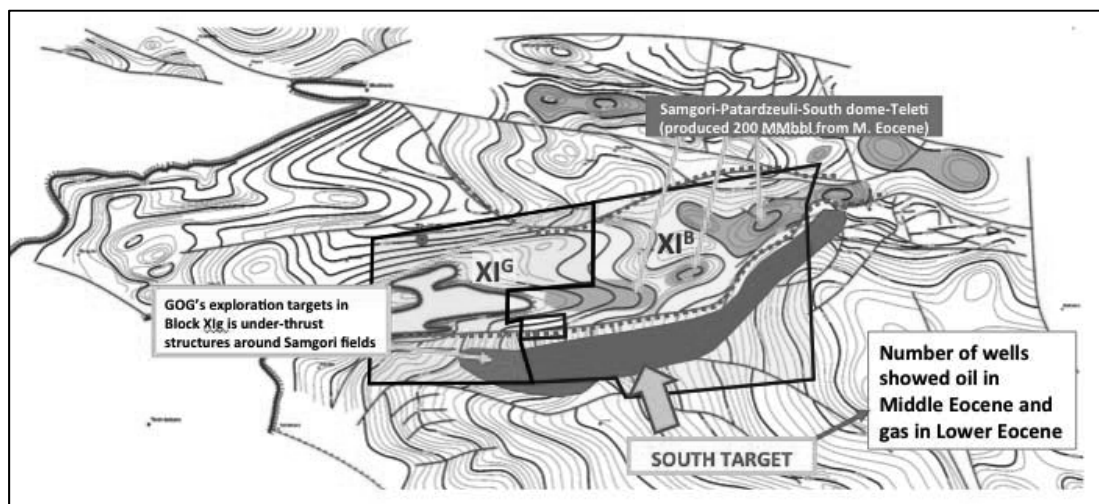
The Georgian oil fields belong to the Black Sea and Caspian Sea hydrocarbon provinces. The geology of Georgia is dominated by an east to west trending intermontane depression, which lies between the Greater and Lesser Caucasus Mountains. The basin is a late Tertiary back arc, formed as a result of Alpine/Himalayan compression. The basin itself is divided into two parts – the Rioni Basin in the west, bordering the Black Sea, and the Kura Basin in the east. These two basins are separated by the intrusive and metamorphic rocks of the Dziruli Massif. Of the 18 oil and gas accumulations discovered to date in Georgia, 15 of them are located in the Kura Basin – including the prolific Samgori-Patarzeuli field. License Block XI^G lies in the Kura Basin.

The source rock for the Kura Basin is the prolific Oligocene-Miocene Maikop Shale. The Maikop is an organic-rich marine sediment up to 2.5km in thickness. To date the principal targets in the Kura Basin have been a series of east-west trending high relief features where younger rocks have been overthrust over Mesozoic rocks.



Tectonic Map of Georgia showing location of Kura Basin⁷

Block XI^G covers an area of approximately 300 km² and lies due west of the producing oil fields of Teleti and Samgori-Patardzeuli.



Location of Licence Block XI^G in relation to existing oil fields in the Kura Basin⁸

3.2.4. Georgia Block XI^G Resources

The Independent Geologist's Report compiled in accordance with the VALMIN Code and PRMS for MUI Corporation Limited by Gustavson Associates LLC dated 3 December 2015 relating to the structure on which the Kumisi #2 exploration well is being drilled (the "South Prospect") is set out in Schedule 2.

Additional prospectively exists in the block, with three other drill-ready structures identified by GOG.

3.2.5. Block XI^G Forward Plans

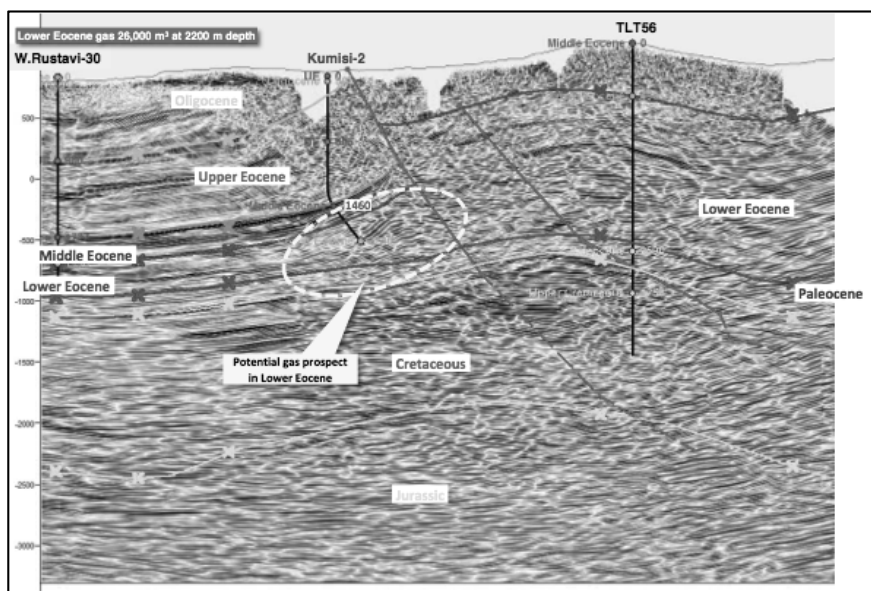
The first well in the Block XI^G Work Programme will be Kumisi #2, targeting oil in the Middle Eocene (1450-1700m) and gas in the Lower Eocene. The proposed well plan may involve a horizontal well, targeting a conventional under-thrust play alongside a sealing fault. The aim of this horizontal well would be to break into a number of isolated reservoir compartments, and the well would be orientated so as to intersect the greatest number of fracture sets, which are understood to be running in a predominantly

⁷ Geological Society of London Special Publication, SUP18626, 2013

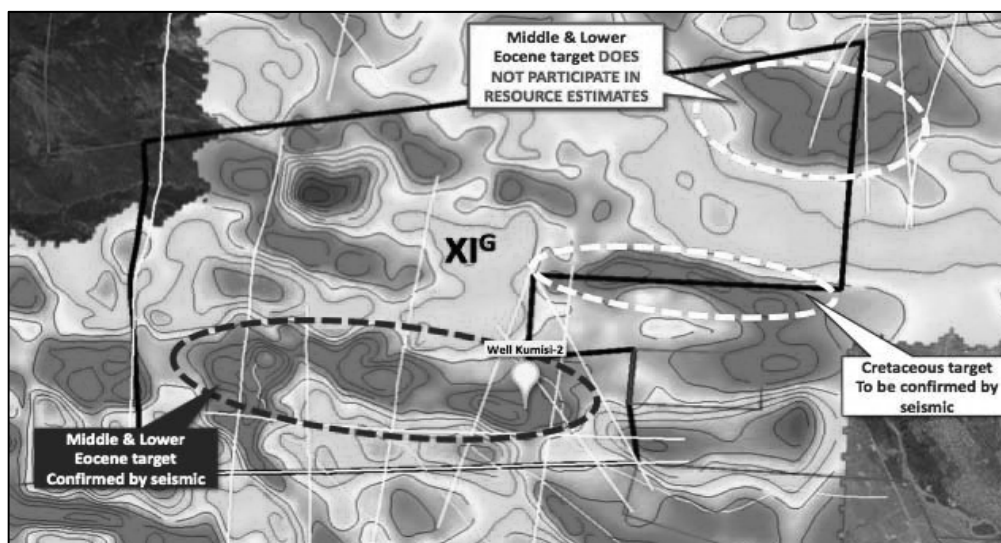
⁸ Georgia Oil & Gas Limited Farm-in Proposal for Block XI^G, July 2015

North/South orientation. As such, the well plan is designed to optimize both vertical and lateral reservoir connectivity. The Kumisi #2 well will also investigate a deeper (2,000-2,500m) Lower Eocene gas play. The nearby West Rustavi 30 well produced 26,000 m³/day of gas from a similar Eocene play.

In addition to the Kumisi #2 prospect, new gravity data also indicates the existence of up to three additional prospects in Block XI^G.



Planned trajectory of well Kumisi #2⁹



Residual Gravity (Anomalies Map) indicating the presence of additional prospects in Block XI^{G10}

3.3. Other Projects

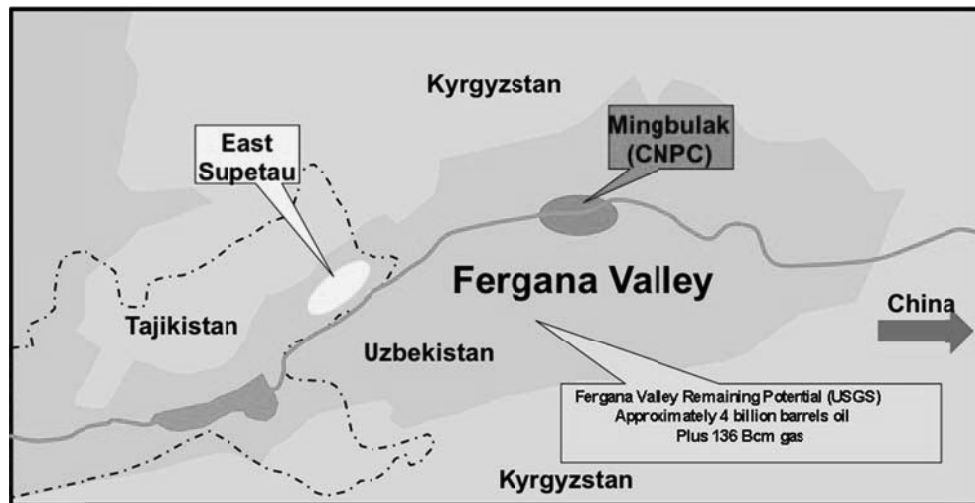
3.3.1. East Supetau - Potential Agreement

SPG signed a Memorandum of Understanding (MOU) with the Ministry of Energy and Water Resources for a highly prospective exploration area in the Fergana valley in northern Tajikistan. Under the MOU, SPG will negotiate a potential Investment Agreement for the East Supetau exploration prospect, which is the principal target in the area and could be of considerable size. However, no detailed negotiations have

⁹ Georgia Oil & Gas Farm-in Proposal for Block XI^G, July 2015

¹⁰ Georgia Oil & Gas Farm-in Proposal for Block XI^G, July 2015

yet taken place and as the commercial terms and conditions of any contract have yet to be negotiated, this project can only be regarded as a potential opportunity, although well advanced.



Location of East Supetau structure in relation to Mingbulak¹¹

The principal targets on the East Supetau structure are envisaged to be the Neogene and the Paleogene formations. It is from the Neogene formation that Mingbulak Well #5 blew out at over 150,000 bopd¹², and it is suspected that this formation was also encountered in East Supetau Well #5, although it was never tested as a result of the blowout. In Mingbulak Well #3, the Paleogene flowed 494 bopd of 42° API oil from a depth of 5,850m¹³. It is expected that all East Supetau wells will be HPHT (high pressure – high temperature). Original reservoir pressures at Mingbulak are cited as 15,875 psi at 5,860m, and in East Supetau Well #7 as 11,054 psi at 4,586m¹⁴. Oil shows were encountered whilst drilling at a depth of 4,320m in East Supetau Well No #7, but the well was subsequently (like all wells drilled to date on the East Supetau structure) abandoned ‘for geological reasons’ (this terminology tends to refer to technical difficulties encountered whilst drilling). SPG believes that by utilizing modern drilling technology and petrophysical analytics, the East Supetau structure represents an exciting exploration play.

3.3.2. East Siberia (Republic of Sakha (Yakutia) Russian Federation)

Srednebotuobinskoye Field (Taas-Yuryakh Project)

The Republic of Sakha, Yakutia, in Eastern Siberia has a population of approximately 950,000 and covers an area of 3 million km² (slightly smaller than India). It is the 8th largest territory in the world. The land is endowed with many natural resources including oil, gas, diamonds, gold, uranium, tin, and rare earth metals.

Until the 21st century, Russian energy development has focused on the growth of West Siberian resources for the delivery to Europe. Western Siberian resources and pipelines were developed in the 1960s and have supplied c. 40% of Europe’s gas demand since. As a result, the vast resources of Eastern Siberia were overlooked and remained underdeveloped due to the lack of market and infrastructure.

However, new technologies, rapidly growing Asian markets, and government incentives offered to Russian companies to expand their operations into East Siberia (including tax holidays and lower export tariffs), created a push eastward and ultimately shifted focus from west to east for oil and gas production for the long term.

In June 2015, the Company signed a Heads of Agreement with Rosneft to acquire a minority interest in a large oil and gas field: the Srednebotuobinskoye field (Taas-Yuryakh project), which is currently held in a

¹¹ Company map

¹² *Oil and Gas Reserves of the Fergana Basin*, EIA 1995

¹³ *Oil and Gas Reserves of the Fergana Basin*, EIA 1995

¹⁴ *Oil and Gas Reserves of the Fergana Basin*, EIA 1995

joint venture between Rosneft (80%) and BP plc (20%). The Consideration for the transaction is fixed at the BP Price (USD37.5 million per 1% - total for 10% USD370.5). SPG will enjoy similar rights as BP in the Joint Venture.

The Srednebotuobinskoye field is ranked as the fourth largest field in the region and has been on commercial production since October 2013. The project relates to two licenses covering a total area of some 1,382 km², which is the majority of the Srednebotuobinskoye oil and gas field. The agreement also covers an area of mutual interest in new licences and projects around the Srednebotuobinskoye field.

The Taas-Yuryakh project is exceptionally well located to supply energy to East Asia. The East Siberian oil and gas basin is at the early stage of development but it is the Company's view that it will become one of Asia's primary energy sources. In 2014, Russia exported more oil to China than did Saudi Arabia¹⁵.

The Srednebotuobinskoye field is connected to the East Siberia Pacific oil pipeline (ESPO) and stage 1 tie-in to ESPO has already been constructed and is operational, transporting oil to Vladivostok on the Pacific coast, as well as via a spur directly to China. The "Power of Siberia" gas pipeline is under construction and will transport gas directly to China. The Taas-Yuryakh project is located c.180 km from both of these trunk pipelines.

The field itself is currently producing c. 18,500 bopd and plans for an increase in production to 100,000 bopd are in place. In addition, plans to commercialise the very significant gas reserves contained within the field are under discussion. In terms of reserves, the Rosneft Russian state standard reserves are given as:

ABC1+2 (oil):	1,205 million barrels
ABC1+2 (gas):	181 billion cubic metres (6.4 trillion cubic feet)

The current focus is on the development of one reservoir only, the Botuobinsky sandstone with good porosity and rock properties (figures above). Two other reservoirs exist, a recently discovered deeper sandstone, and the Osinsky carbonates, which Rosneft estimates to contain over 2 billion barrels of oil, but has low permeability and has not yet been commercially produced. No modern stimulation techniques have been applied to this reservoir and the potential exists for significant upside in this reservoir applying techniques such as horizontal and radial drilling and similar techniques.

Oil and gas is produced from shallow (less than 2,000 m) sandstone of good quality. Oil is good quality with light/medium gravity and contains minimal sulphur and other contaminants. The "ESPO blend" is set to become a major global marker crude, trading at prices in excess of Dubai. Gas is of high quality, being primarily methane with a proportion of light hydrocarbon liquids and helium. In addition to the main reservoir, a secondary reservoir at c. 1,500 m, which is tight, contains good potential for the commercialisation of additional oil and gas reserves as well as a third, deeper reservoir that was discovered in August 2015.

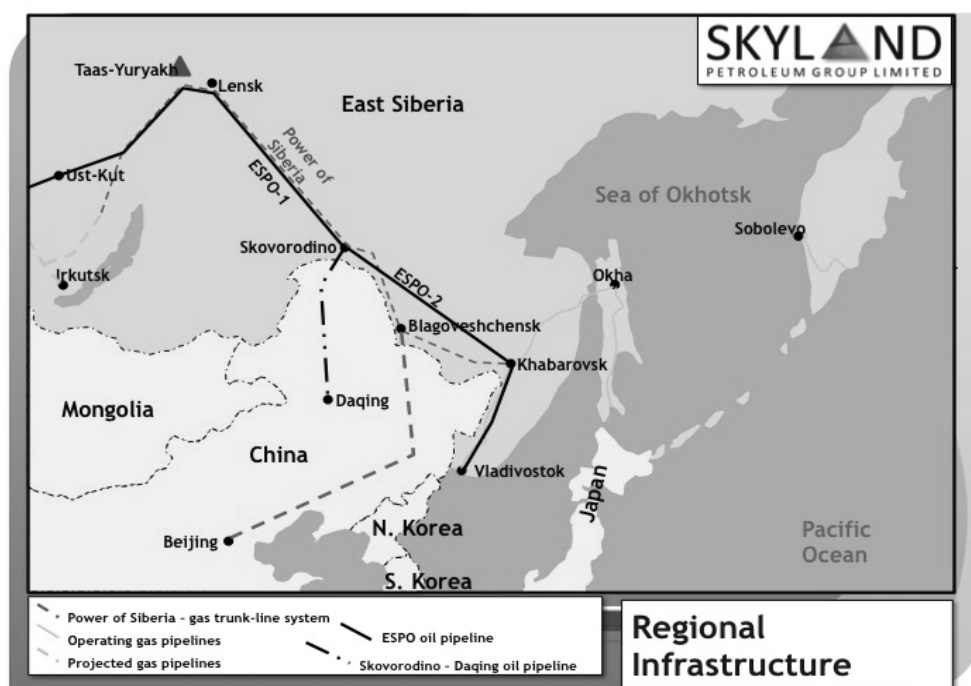
In terms of commercialization, oil is currently being sold on the export market via the ESPO pipeline on open tender at Kozmino Port on the Pacific Ocean to a variety of customers. Applicable pipeline quotas, storage agreements, etc. are in place to commercialize the anticipated plateau production (100,000 bopd). Gas is to be exported to China and the Pacific via the Power of Siberia gas pipeline (final planned capacity 68 BCM per year¹⁶) and discussions with buyers for this gas are ongoing. Gas sales are expected to commence in 2019.

The Relationship between SPG, Rosneft and BP is planned to be governed by a "Shareholder and Operating Agreement" ("SOA"), which SPG accede to with some minor modifications. The SOA will be governed by Singapore law with enforcement outside of Russia. SPG will be represented on the board of the licence holding joint venture company, Taas-Yuryakh Neftegazodobycha LLC ("TYNGD"). Major decisions such as budgets, work programmes, development plans etc. will require unanimity between the participants subject to a participating interest of 20% or more. There will be significant control over finance, audits, work programme implementation by SPG and BP and profits made by TYNGD will be promptly distributed to the Participants.

¹⁵ Platts

¹⁶ Gazprom

Under the Heads of Agreement, SPG has the right to purchase between 10% and 29% of the field. The completion of this deal will result in a joint partnership between Rosneft, BP and SPG. Ongoing discussions continue between SPG and Rosneft to finalise this agreement and the Company looks forward to adding this project to its portfolio.



In addition to the Taas-Yuryakh project, SPG holds various MOUs and cooperation agreements for other assets within the Sakha (Yakutia) Republic. These assets are located in the south of the Republic, in proximity to the ESPO and Power of Siberia pipelines. The agreements cover a proven gas field (in the appraisal phase and close to the Chayandinskoye field), as well as exploration blocks in the same region. SPG looks forward to progressing these opportunities in 2016 following the acquisition of Taas-Yuryakh.

SPG believes that East Siberia, in particular the Republic of Sakha (Yakutia), represents an exciting developing oil and gas producing region with extremely large discovered resources as well as likely containing significant undiscovered resources. The region has not been fully developed in the past due to a lack of infrastructure and opportunities for oil and gas commercialisation, however, as of 2010 (in the case of the ESPO) and 2018 (in the case of the Power of Siberia), this has changed and the significant resources of the region can be developed. It is SPG's opinion that the Sakha (Yakutia) Republic and East Siberia in general will become one of the most important regions for the supply of oil and gas to East Asia, but particularly China. The Power of Siberia gas pipeline will become one of China's main sources of energy and SPG believes that acquisitions made before the opening of the pipeline will generate high returns through export to China. Oil and gas produced from this region effectively operates under a 1970's cost base (shallow, low cost oil and gas with minimal processing required) and is highly competitive compared to alternatives such as LNG, pipeline gas from Central Asia and Myanmar and shale gas. SPG has a long history in Russia, including in Eastern Siberia, and SPG believes that its business position in this area is strong and will be developed further in this world-class oil and gas province.

3.4. Consent

In accordance with chapter 5 of the ASX Listing Rules, the geological information in this section of the Explanatory Statement is based on information compiled by Dr David Robson, Managing Director of Skyland Petroleum Group Limited. Dr. Robson holds a First Class Honours degree in Geology from the University of Newcastle upon Tyne, England and a PhD in Geology and Geochemistry from the same university. He has over 30 years of oil and gas exploration, appraisal and development experience and has carried out numerous oil and gas reservoir evaluations and exploration prospect evaluations and resource and reserve estimates on projects globally working for majors and

independent oil and gas companies. He is a Fellow of the Geological Society, a member of the European Association of Geoscientists and Engineers, a member of the Society of Petroleum Engineers and a member of the American Association of Petroleum Geologists. He qualifies as a Qualified Petroleum Reserves and Resources Estimator (QPRRE). Dr. Robson consents to this work being used in this document.

4. Countries where SPG's Currently Active Projects are located

4.1. Tajikistan - Background

The Republic of Tajikistan is located in Central Asia, bordering Uzbekistan to the west, Kyrgyzstan to the north, Afghanistan to the south and China to the east. The country covers an area of 143,100 km². The population is around 8 million.

The country is mountainous, with the Pamir Mountains being prevalent across the entire east of the country. In the west of the country, deep valleys run north to south, providing high quality agricultural land and the fertile Fergana valley is located in the north of the country.

The climate is moderate in the south and west of the country, ranging from 0°C to 40°C annually, and cooler in the mountainous east, where snow is common in winter months.

Politically, the country is a bicameral presidential Republic with one Autonomous region (Gorno - Badakhshan) and has existed since 1991. The government is a multi-party representative democracy.

Whilst oil has been produced from the Fergana basin since the early 20th Century, the oil and gas industry in Tajikistan has suffered from a severe lack of investment since the fall of the Soviet Union in 1991, and a subsequent civil war waged between 1992 and 1997. Due to this hiatus and lack of investment, SPG believes that significant exploration upside still exists within Tajikistan.

There is significant industry interest in the area with super-majors and national oil companies (for example Total SA and CNPC) already active in the country.

Traditionally, Tajikistan's economy has relied on the production of aluminium and agricultural products, such as cotton¹⁷. However, with a more favourable investment environment for international oil and gas companies, and the continued improvement of the relevant legislation, there is great potential for the development of its energy industry - which has been gaining momentum. This will have a significant positive impact on the country's economy and its people.

In terms of fiscal regime for subsoil projects, the Republic of Tajikistan operates two separate systems. The first is a Production Sharing Contract or Investment Agreement system, with cost recovery oil and profit oil. Percentages and the inclusion of other taxes such as royalties are negotiable. The second is a standard (i.e. non-oil and gas specific) corporate tax system, with profits from operations taxed at in line with standard Tajikistan corporate and taxation law.

The capital of Tajikistan is Dushanbe.

4.1.1. Regional Geology

Geologically, Tajikistan is mainly composed of high mountains such as the Pamirs, the Zarafshan, and Gissar mountains, but with the fertile Fergana valley in the north and the Khatlon valleys in the south-east. These valleys have associated sedimentary basins with hydrocarbon deposits.

4.1.2. South Tajikistan Geology

The Afghan-Tajik depression is located on a zone of intense negative gravity anomalies. The thickness of the earth's crust in the Afghan-Tajik depression changes from 45 kilometres over most of the depression to 55 to 60 kilometres along the eastern margin. The Afghan-Tajik depression is an area of deep down-warping, whereby the basement is at a depth of 10 to 15 kilometres or more as determined by geophysical methods. The basement cannot be mapped because of poor resolution of the geophysical methods employed. Marginal structural steps, uplifted as much as 3 to 8 kilometres, surround the

¹⁷ CIA World Factbook

Afghan-Tajik depression. The major steps include the Dushanbe and Baysun steppes, and the North Afghan High.

Upper Cretaceous rocks are dominantly marine and grade eastward from carbonate into clastic rocks consisting of mostly mudstone and siltstone in the central basin and coarser clastic rocks on the basin margins. Limestone and marl beds are also present. Marine conditions continued through most of the Paleogene in the then combined Amu Darya and Afghan-Tajik Basin. The middle and upper Palaeocene rocks (Bukhara Formation) are predominantly shallow-water carbonates, although some beds of clastic rocks and anhydrite are present. The proportion of clastic rocks increases northward and northwestwardly, whereas anhydrite beds and anhydrite inclusions in other rock types are present mainly in the southern areas.

The Afghan-Tajik Basin and the Amu Darya Basin formed a single Mesozoic to Paleogene sedimentary basin that existed until Neogene time. Collision of the Indian plate with the Eurasian plate at that time uplifted the southern portion of the basin and divided the northern portion into the Amu Darya and Afghan-Tajik Basins. Pre-Neogene basin history and stratigraphy of the Amu Darya and Afghan-Tajik Basins are similar, consisting of a Palaeozoic to Triassic basement complex, Jurassic to Paleogene sedimentary cover and Neogene to Holocene orogenic clastics.¹⁸

The USGS estimates that the estimated mean volumes of undiscovered, technically recoverable, conventional oil and gas resources for the Afghan-Tajik Basin Province are about 946 MMbbl of crude oil and 200 BCM of natural gas¹⁹.

4.1.3. Oil and Gas Commercialisation

The Republic of Tajikistan suffers from a lack of energy of all types. Gas supply is extremely limited, with domestic production low and the only source of imported gas being via a pipeline from Uzbekistan (with this pipeline frequently being shut in). Residential users rely primarily on wood and coal for heating and power, with around 70% of the population suffering blackouts during the winter²⁰. The country does have significant hydropower capacity and exports electricity to Afghanistan and Pakistan via NEPS in the summer, but in the winter the frozen rivers mean that there is no hydropower available.

In terms of oil commercialization, there are several small refineries in the country that actively purchase oil at reasonable prices. Petroleum products are primarily consumed domestically, with small-scale exports of heavy fuel oil to China and lighter products to Afghanistan. The road network is well developed for access to the Kyzyl-Tumshuk field and a railway system is present in the north (for the Supetau area) and south of the country. Major gas users include the Talco Aluminium Plant, one of the largest aluminium factories in the former Soviet Union.

More recently Total SA and CNPC have been actively exploring for large gas condensate at depth in the south of Tajikistan (around Kyzyl-Tumshuk). Seismic and gravity data has been acquired and deep drilling is expected to commence soon. The prospects are potentially giant in size and if successful will open up Tajikistan as a major gas exporter – probably to bordering China.²¹

In terms of gas, the major trunkline “Line D”, from Turkmenistan and Uzbekistan to China is under construction and represents a potential commercialization route when it is completed. A domestic gas pipeline runs from the Kyzyl-Tumshuk field to Dushanbe and industrial consumers such as fertilizer plants, brick factories and others are keen buyers of gas at high (close to Chinese export) prices.

As commercialisation opportunities in Tajikistan are plentiful and high domestic prices are in existence, SPG will look to initially commercialize oil and gas production into the domestic market. In the event that major oil or gas production is achieved, the Company will consider the economic benefits of exporting production. There is no domestic supply obligation in the country and companies are free to export crude oil, natural gas, electricity and petroleum products.

¹⁸ *Assessment of Undiscovered Technically Recoverable Conventional Petroleum Resources of Northern Afghanistan*, USGS, (2006)

¹⁹ *Assessment of Undiscovered Oil and Gas Resources of the Amu-Darya Basin and Afghan-Tajik Basin Provinces*, USGS Fact Sheet 2011-3154, 2012.

²⁰ *Tajikistan's Winter Energy Crisis: Electricity Supply and Demand Alternatives*, World Bank, 2012

²¹ *Various industry publications*

4.1.4 Infrastructure

Infrastructure in the Republic of Tajikistan has improved significantly over the past five years, with a major (Chinese funded) road building campaign and the (Asia Development Bank funded) construction of electricity export networks. A major (25 BCM/y) gas pipeline running from Turkmenistan through Uzbekistan and Tajikistan to China (“Line D”) is under construction. An internal railway network with links to Kyrgyzstan and Uzbekistan (and China via Kazakhstan) is in existence. A road, the “Pamir Highway” links Tajikistan to China via the Pamir Mountains in the east of the country.

In terms of oil, several small refineries exist in the country, both local and Chinese owned.

4.2. Georgia - Background

Georgia is an independent republic with a population of approximately 5 million. It is located in the Caucasus region of Eurasia and borders Russia to the north, Turkey and Armenia to the south, Azerbaijan to the south/east and bounded to the west by the Black Sea. The country covers an area of 69,700km².

The country is mountainous, with the Greater and Lesser Caucasus Mountains in the north and south of the country respectively. To the west, near the Black Sea, the country is primarily low-lying marsh and swamps. The climate is primarily of Mediterranean type, with a cooler, wetter, climate in the mountainous regions.

Politically, the country is a unitary semi-Presidential Republic and has existed since 1991. Two break-away regions exist in Abkhazia and South Ossetia. The government is a multi-party representative democracy, with the President acting as the head of state and a Prime Minister as head of government.

In terms of oil and gas development, Georgia has a long history, and significant potential for future development. Surface oil seeps in Georgia have been exploited since ancient times²². Oil drilling in Georgia commenced in 1869 and has continued ever since with only brief respites during the First and Second World Wars. The most significant oil discovery in Georgia was undoubtedly the Samgori-Patardzeuli Field, where exploration drilling commenced in 1967. The first commercial well, No.7, flowed 7,000 bopd, and to date over 200 wells have been drilled on the structure and 172 MMbbl of oil have been recovered, with peak production reaching some 70,000 bopd²³. The development of the Samgori-Patardzeuli field and others facilitated the creation of a knowledgeable and experienced technical oilfield workforce in Georgia, which persists to this day.

Georgia’s economy is quite diverse with its main industries including agricultural products, manufacturing, mining, and metals²⁴. However, the presence of significant potential conventional and shale oil has remained underexploited. With this, the government of Georgia has taken a proactive business stance in actively welcoming foreign investment into the oil and gas sector. Production Sharing Contracts with good fiscal terms are the norm for petroleum exploration companies and are regarded as positive for the investor.

Overall, Georgia is considered a stable and transparent business environment and is ranked 15th (out of 189 economies) and 1st in Eastern Europe and Central Asia on the ease of doing business by the World Bank’s “Doing Business” index.²⁵

Georgia recently signed an Association Agreement regarding the Deep and Comprehensive Free Trade Area (DCFTA) with the EU. This preferential trade regime will closely integrate the Georgian economy with the EU and provide more economic opportunities by opening the EU market further to Georgian goods and services. It will also attract additional foreign investment to Georgia.²⁶

²² *History of Petroleum Geology in Georgia*, Nibladzi & Janiashvili 2014

²³ *History of Petroleum Geology in Georgia*, Nibladzi & Janiashvili 2014

²⁴ CIA World Factbook

²⁵ World Bank

²⁶ European Commission Directorate-General for Trade (Georgia)

4.2.1 Kura Basin Geology

The Georgian oil fields belong to the Black Sea and Caspian Sea hydrocarbon provinces. The geology of Georgia is dominated by an east to west trending intermontane depression, which lies between the Greater and Lesser Caucasus Mountains. The basin is a late Tertiary back arc, formed as a result of Alpine/Himalayan compression. The basin itself is divided into two parts – the Rioni Basin in the west, bordering the Black Sea, and the Kura Basin in the east. These two basins are separated by the intrusive and metamorphic rocks of the Dziruli Massif. Of the 18 oil and gas accumulations discovered to date in Georgia, 15 of them are located in the Kura Basin – including the prolific Samgori-Patarzeuli field. License Block XI^G lies in the Kura Basin.

The source rock for the Kura Basin is the prolific Oligocene-Miocene Maikop Shale. The Maikop is an organic-rich marine sediment up to 2.5km in thickness. To date the principal targets in the Kura Basin have been a series of east-west trending high relief features where younger rocks have been overthrust over Mesozoic rocks.

4.2.2 Oil and Gas Commercialisation

Georgia offers significant opportunities for the commercialisation of oil and gas. Oil prices received are priced based upon Brent, and crude oil is in demand in the domestic market as well as having an access route to world markets via the Baku-Tbilisi-Ceyhan (“BTC”) pipelines and the Supsa deep-water port. In terms of gas commercialisation, gas prices in the country are high, as well as having a gas pipeline linking Georgia to Turkey, where prices are very high. Under the terms of the Block XI^G PSA, oil and gas can be freely exported to any buyer.

4.2.3 Infrastructure

Licence Block XI^G is located on the outskirts of the capital city of Tbilisi (population 1.2 million) and has excellent road and rail links nearby. Due to its location on a transit route from Azerbaijan, Georgia is well served with oil and gas export pipelines as well as rail corridors and deep-water ports. The BTC oil pipeline runs from the Caspian Sea to the Mediterranean, and has a capacity of 1 MMbopd, and there are plans to extend this pipeline into Europe. The BP operated Baku-Supsa pipeline has a capacity of 145,000 bopd and runs from Baku on the Caspian Sea to the deep water port of Supsa on the Georgian Black Sea coast. The deep water port of Supsa, close to the city of Batumi, is in itself a significant asset, permitting both the export of oil and the import of equipment to support any potential oil and gas development in Georgia.

5. Profile of the Company post Acquisition

This section contains a summary of the Company assuming the Acquisition is approved by Shareholders and fully implemented.

5.1. Overview of the Company post Acquisition

The Acquisition of SPG by the Company will create oil and gas focused company, with a strong balance sheet, and which is listed on the ASX. The Company aims to be a significant oil and gas company within the next 3 years, and plans to achieve this through the pursuit, exploration and development of current projects while continuing to identify and target new projects via its proven relationships and networks. The Company will be named Skyland Petroleum Limited.

The principal assets of the Company will be the Projects.

The combination of the Company's capital, the skills and experience of the proposed Directors and management team, and the projects will result in a company with a good platform for future development and growth.

The Company's positive net asset position and funds raised through the Share Placement will allow it to immediately move forward with corporate objectives, including:

- (a) to implement work programs to evaluate and develop current projects. In particular to increase near term production from the Kyzyl-Tumshuk field in Tajikistan;
- (b) support Georgian Oil and Gas to complete the exploration programme on Block XI^G and in subsequent potential developments;
- (c) complete the acquisition of an interest in the Taas-Yuryakh project from Rosneft;
- (d) continue to progress the Company's existing MOUs, particularly in Eastern Siberia; and
- (e) to evaluate and progress the number of high potential project opportunities with the benefit of its improved financial capacity.

5.2. Work Program and Use of Funds

The Company's primary business objective is to pursue its current projects. The Directors consider that the funds to be raised pursuant to the Share Placement, together with available cash and receivables, will provide sufficient capital to achieve the Company's primary business objectives.

The following is a summary of the Company's proposed funding and expenditure over approximately 15 months post Completion of the Acquisition under 2 scenarios: \$14,000,000 Share Placement and \$17,000,000 Share Placement:

	Share Placement	
	\$14,000,000	\$17,000,000
	A\$	A\$
Cash at bank		
- MUI Cash at Bank	20,000	20,000
- SPG Cash at Bank	125,000	125,000
Share Placement	14,000,000	17,000,000
Total funds budgeted to be available over the next 15 months:	14,145,000	17,145,000
Work program on current projects	4,558,521	4,558,521
Capital costs associated with current projects	3,616,902	3,616,902
Costs associated with the acquisition of new projects	-	2,880,000
Estimated costs of Share Placement and Acquisition	969,577	1,089,577
Budgeted administration, finance and operating costs	3,500,000	3,500,000
Total funds budgeted to be used over next approximately 15 months:	12,645,000	15,645,000
Working Capital	1,500,000	1,500,000

It is noted that the Company may use and expend its cash reserves more quickly than contemplated. It is noted that programs and budgets are dependent on results. These programs can therefore change depending on the results of the work. The Company's actual allocation of funds may change depending on the circumstances in which its business develops and operates. The exact timing of the implementation of the program is also dependent on weather, conditions for drilling and the timely availability of drilling and ancillary equipment.

5.3. Capital structure and ownership

Should the Acquisition be approved by Shareholders and following satisfaction of all other conditions to the Acquisition, including the Consolidation, MUI will issue 798,647,010 Shares (on a post-Consolidation basis) to the Vendors. The effect of the Consolidation, the issue of the Acquisition Shares, the issue of Shares under the Share Placement, conversion of the Convertible Note and issue of Options is set out in the table below:

Current issued share capital (pre-Consolidation)	Current issued share capital (post-Consolidation)	Conversion of Convertible Note	Shares to be issued pursuant to the Acquisition	Share Placement *	Pro-forma total issued share capital
3,693,857,804	73,877,160	13,000,000	798,647,010	140,000,000	1,025,524,170
Options (pre-Consolidation)	Options (post – Consolidation)	Options to Director and Proposed Directors	Exercise Price (\$)	Expire	Pro-forma total number of Options
50,000,000	1,000,000	-	0.05	3 December 2016	1,000,000
-	-	6,250,000	0.125	Five years from date of issue	6,250,000
-	-	10,000,000	0.125	Five years from date of issue	10,000,000

*This assumes that \$14,000,000 is raised through the Share Placement the subject of Resolution 4 though the issue of 140,000,000 Shares at \$0.10 per Share (post-Consolidation).

Following the Acquisition, the Vendors will in aggregate own 77.88% of the Company's issued Share capital, post the Share Placement (\$14,000,000).

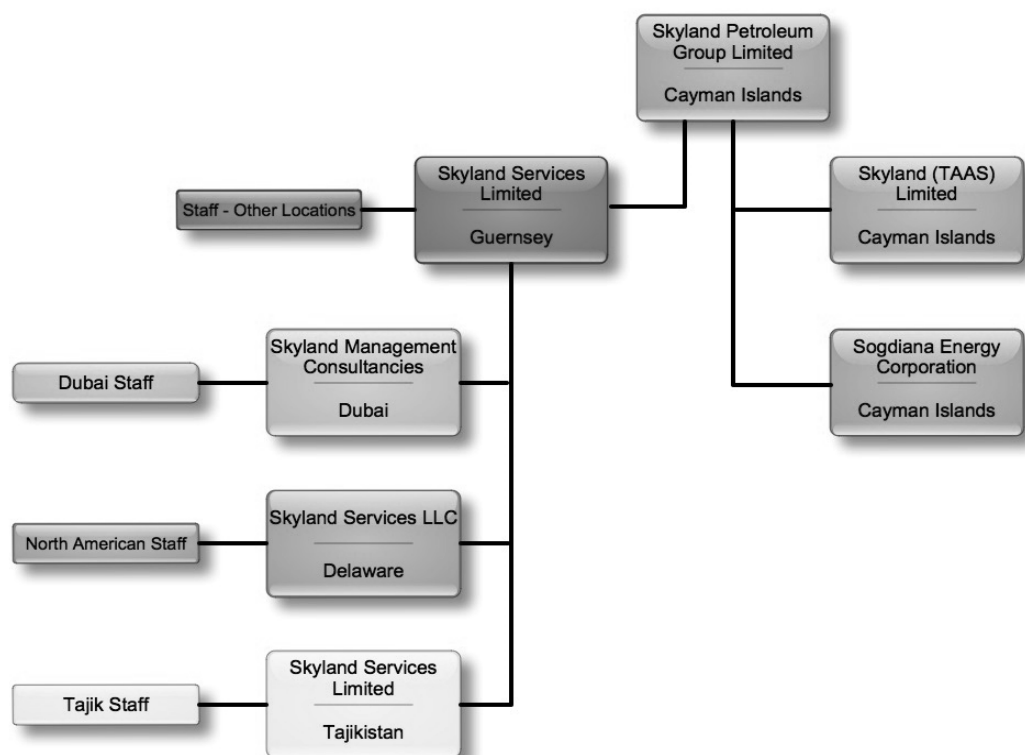
5.4. SPG Structure

Corporate Structure

The corporate structure of SPG is as follows:

Skyland Petroleum Group Limited

Structure Chart



Board and management structure

On Completion of the Acquisition, John Bell and Phil Silva will resign as Directors, and Dr. David Robson, Elizabeth Landles, Mark Sarssam, Piers Johnson, Dr. Raden Sukhyar, Ghassan Zok and Timothy Hargreaves (together the Proposed Directors) will be appointed to the Board. Accordingly, on Completion of the Acquisition, the Board will comprise:

- (a) Dr. David Robson (Chairman and Managing Director);
- (b) Ms. Elizabeth Landles;
- (c) Mr. Mark Sarssam;
- (d) Mr. Piers Johnson;
- (e) Dr. Raden Sukhyar;
- (f) Mr. Ghassan Zok;
- (g) Mr. Domenic Martino; and
- (h) Mr. Timothy Hargreaves.

A profile of the Proposed Directors is provided in section 9.

5.5. Interests of Directors

As at the date of this Explanatory Statement, the Directors and the Proposed Directors and their associates have interests in the following securities in the Company:

Director	Shares Held		Options Held	
	Directly	Indirectly	Directly	Indirectly
Dr. David Robson	-	-	-	-
Ms. Elizabeth Landles	-	-	-	-
Mr. Mark Sarssam	-	-	-	-
Mr. Piers Johnson	-	-	-	-
Dr. Raden Sukhyar	-	-	-	-
Mr. Ghassan Zok	-	-	-	-
Mr. Timothy Hargreaves	-	-	-	-
Mr. Domenic Martino	-	-	-	-
Mr. John Bell	-	-	-	-
Mr. Philip Silva	-	-	-	-

The Directors and the Proposed Directors and their associates will have interests in the following securities in the Company post the Acquisition, the Consolidation, and the Share Placement:

Director	Shares Held		Options Held	
	Directly	Indirectly	Directly	Indirectly
Dr. David Robson*	-	285,560,000	4,000,000	-
Ms. Elizabeth Landles*	-	285,560,000	3,000,000	-
Mr. Mark Sarssam	38,546,470	-	3,000,000	-
Mr. Piers Johnson	-	-	1,250,000	-
Dr. Raden Sukhyar	-	-	1,250,000	-
Mr. Ghassan Zok	-	-	1,250,000	-
Mr. Timothy Hargreaves	-	-	1,250,000	-
Mr. Domenic Martino	-	-	1,250,000	-
Mr. John Bell	-	-	-	-
Mr. Philip Silva	-	-	-	-

* Dr. David Robson and Ms. Elizabeth Landles are both shareholders of Vazon Associates Limited, holding 90% and 10% respectively in that company. Vazon Associates Limited will receive 285,560,000 shares in MUI as part of the Acquisition.

No Directors or Proposed Directors will participate in the Share Placement.

5.6. Financial Information of Company

This Section contains historical and pro forma financial information for the Company.

(a) Historical and Pro-Forma Consolidated Statements of Financial Position of MUI

Set out below in this Section is:

- the historical Consolidated Statement of Financial Position of MUI as at 30 September 2015;
- the historical Consolidated Statement of Financial Position of SPG as at 30 September 2015; and
- the pro-forma Consolidated Statement of Financial Position of both entities as at 30 September 2015 adjusted to reflect the Acquisition, the Share Placement and other material transactions up to the date of this Notice of Meeting.

The historical and pro-forma financial information has been prepared on the basis of the significant accounting policies adopted by the Company set out in Section 5.5(c) and should be read in conjunction with the accompanying notes set out in Section 5.5(b).

		MUI	SPG	MUI post Acquisition and Share Placement
		Actual	Actual	Pro-forma Consolidated
	Notes	Audited 30 September 2015	Audited 30 September 2015	30 September 2015
		A\$	A\$	A\$
CURRENT ASSETS				
Cash and cash equivalents	1	25,710	125,593	13,995,826
Trade and other receivables		37,235	-	37,235
Financial assets	2	-	-	-
Other current assets		20,000	-	20,000
TOTAL CURRENT ASSETS		82,945	125,593	14,053,061
NON CURRENT ASSETS				
Motor Vehicles		-	32,899	32,899
TOTAL NON CURRENT ASSETS		-	32,899	32,899
TOTAL ASSETS		82,945	158,492	14,085,960
CURRENT LIABILITIES				
Trade and other payables	3	374,592	3,011,486	1,942,427
Convertible Note		628,425	-	-
TOTAL CURRENT LIABILITIES		1,003,017	3,011,486	1,942,427
TOTAL LIABILITIES		1,003,017	3,011,486	1,942,427
NET ASSETS / (LIABILITIES)		(920,072)	(2,852,994)	12,143,533
EQUITY				
Issued capital	4	35,764,430	143	24,430,573
Option reserve		31,784	-	31,784
Foreign currency translation reserve		-	(97,659)	(97,659)
Accumulated losses		(36,716,286)	(2,755,478)	(12,221,165)
TOTAL EQUITY		(920,072)	(2,852,994)	12,143,533

*Notes to the Financial Statements

	MUI	SPG	MUI post Acquisition, and Share Placement
	Actual	Actual	Pro-forma Consolidated
	Audited	Audited	
	30 September 2015	30 September 2015	30 September 2015
	A\$	A\$	A\$
Note 1: Cash and Cash Equivalents			
Cash and cash equivalents	25,710	125,593	151,303
Cash paid for capital in SPG post 30 September 2015			834,523
Issue of Shares under Share Placement (net of costs)*	-	-	13,010,000
	25,710	125,593	13,995,826
* This assumes that \$14,000,000 is raised through the Share Placement the subject of Resolution 4			
Note 2: Financial Assets (current)			
Related Party Loan – AusAsia Energy Pty Ltd	3,487,780	-	3,487,780
Provision for Loan	(3,487,780)	-	(3,487,780)
	-	-	-
Note 3: Trade and Other Payables			
Trade and Other Payables (current)			
Trade and sundry payables **	374,592	1,731,008	1,036,040
Related Party loans	-	394,142	20,051
Loan from third party	-	886,336	886,336
	374,592	3,011,486	1,942,427
Note 4: Issued Capital			
Shares			
73,877,160 MUI ordinary shares (post consolidation) on issue as at 30 September 2015	35,764,430		-
SPG ordinary shares on issue as at 30 September 2015 / Pro forma *** (1,353,639 shares at an average of \$2.31 each)		143	2,732,857
Proposed acquisition (post-consolidation):			
798,647,010 ordinary shares issued to Vendors at \$0.10 cents pursuant to Acquisition *			7,387,716
13,000,000 ordinary shares at \$0.10 issued to Convertible Noteholder			1,300,000
Proposed Share Placement (post-consolidation):			
Issue of 140,000,000 shares at \$0.10 per ordinary share under Share Placement (net of costs)			13,010,000
1,025,524,170 total MUI ordinary shares on issue post Acquisition, conversion of Convertible Note and Share Placement			24,430,573

*The acquisition has been accounted for using the principles of reverse acquisition accounting under AASB 3 – Business Combinations since the substance of the transaction is that the existing shareholders of SPG effectively gain control of MUI. Essentially the price paid for the acquisition of MUI by SPG is the shares currently held by MUI shareholders (73,877,160) by the re-listing price of \$0.10, being \$7,387,716. For explanation of the accounting treatment refer Schedule 3.

**A portion of SPG payables and related party loans have converted to SPG capital post 30 September 2015.

***The Issue of shares by SPG post 30 September 2015 has been included in the pro-forma.

(b) **Summary of Significant Accounting Policies**

The historical and pro-forma financial information has been prepared in accordance with Australian Accounting Standards, Australia Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial information is presented in Australian dollars.

The financial information has been prepared on an accruals basis using historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies adopted have been consistently applied.

The significant accounting policies set out in Schedule 3 to this Explanatory Statement have been applied in the preparation and presentation of the financial information presented in this Section.

It is highly recommended that the financial information be read in conjunction with the Company's published Financial Statements and any public announcements made by the Company in accordance with its continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

6. Risk Factors

Shareholders should be aware that if the Acquisition proceeds, the Company will be changing the nature of its activities to an oil and gas exploration and production company in the former Soviet Union and other regions, where appropriate which is subject to various risk factors. Based on the information available, a non-exhaustive list of risk factors are as follows:

6.1. Specific Risks

(a) **Reinstatement of Shares to trading on ASX**

In the event that Resolutions 2 to 5 are approved at the Meeting, it is anticipated that the Company's Shares will be suspended from the date of the Meeting until completion of the Term Sheet, Capital Raising and Consolidation, compliance by the Company with Chapters 1 and 2 of the ASX Listing Rules and compliance with any further conditions ASX imposes.

There is a risk that the Company will not be able to satisfy one or more of those requirements and that its listed Shares may remain suspended from quotation and the Acquisition will not complete.

(b) **Future Capital Needs and Additional Funding Risks**

The Company's ability to effectively implement its business strategy will depend in part on its ability to generate income from its operations, and/or to raise additional funds. The need and amount for any additional funds required is currently unknown and will depend on numerous factors related to its current and future activities (including any future acquisitions).

There can be no assurance that funding will be available on satisfactory terms or at all. Any inability to obtain finance will adversely affect the business and financial condition of the Company and its performance. If required, the Company would seek additional funds through equity, debt or Joint Venture financing. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro-rata basis to existing shareholders, the percentage ownership of shareholders may be reduced. Shareholders may experience subsequent dilution. There can be no guarantee that any capital raisings will be successful.

If the Company is unable to obtain additional financing as needed, it may result in the delay or indefinite postponement of the Company's activities.

Subsoil-use licenses frequently contain government-mandated capital, social and other such commitments which must be met by the license holder in order to maintain the license. Annually set capital commitments are the norm for such licenses. If the Company cannot secure funding for these commitments (either through internal cash flow, equity, debt, Joint Venture financing or other mechanisms), the subsoil use license may be at risk.

(c) Exploration and development Risk

Oil and gas exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation a company brings to an exploration project there is no assurance that recoverable mineral resources will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the resource.

(d) Hydrocarbon Reserve and Resources Risk

Reserve and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly (either upward or downward) when new information or techniques become available. Reserve figures are based upon both technical and economic factors. New technical information and new economic realities (such as capital, operating and product prices) may increase or decrease reserves. Resources estimates, by their very nature, are imprecise and depend to some extent on interpretations, which may be inaccurate.

(e) Operating Risks

The Company's operations may be adversely affected by a range of factors, including but not limited to: failure to locate or identify hydrocarbon deposits, failure to commission production facilities, mechanical failure, plant breakdown, unanticipated petrochemical production issues, failure to procure goods and services on commercial terms, failure to market production, failure to access pipelines or other routes to market, failure to attract or retain staff, adverse weather conditions (some of the projects are in areas of extreme weather), industrial and environmental accidents, industrial disputes, strikes, unexpected shortages or increases in the costs of consumables, spare parts and capital equipment, adverse changes to legislation with respect to the operating environment and other such operating factors. The success of the Company's operations will also require the use of outside suppliers, the performance of whom is beyond the Company's control.

(f) Reliance on Key People

The responsibility of overseeing the day-to-day operations and strategic management of the Company depends substantially on its Directors, management and other persons. No assurance can be given that there will be no detrimental impact on the Company if one or more of these persons cease their engagement.

(g) Geopolitical, Regulatory and Sovereign Risk

SPG's operations are located in the former Soviet Union (specifically, Russia, Georgia and Tajikistan) and are subject to the risks of operating in a foreign country. These risks include, but are not limited to: economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, export licensing, domestic supply obligations, export duties, resource rent taxes, corporation tax rates and definitions, capital gains taxes, repatriation of capital, environmental protection, hydrocarbon operations safety regulations, labour relations, subsoil use conditions, local content legislation, legislation applying to standard oil and gas operating techniques and technologies, social obligations and other such factors that may be introduced by governments from time-to-time.

(h) Sanctions Risk

SPG is proposing to acquire an asset in the Russian Federation, a country which is currently subject to certain international sanctions. Whilst SPG and its advisors do not believe that the international sanctions apply to the SPG's project, the structure of the deal with Rosneft is important and certain standard permits need to be obtained (which should be a formality). There is no guarantee that the sanctions against the Russian Federation and oil and gas projects in the Russian Federation will not get worse and potentially cause problems for the East Siberia projects.

(i) Global Economic and Equity Market Conditions

The market price of the Company's securities will rise and fall independently of the Company's activities as a result of varied and unpredictable influences on the equities market in general and E&P stocks in particular. As a result, neither the Company nor the Directors warrant the future performance of the Company or any return on investment in the Company.

The Company's acquisition, exploration, development and production activities as well as its ability to fund those activities can also be adversely affected by general global and/or domestic conditions, movements in currencies or interest rates, inflation and other such macroeconomic conditions outside the Company's control.

(j) Commodity Price Volatility

SPG's revenues and underlying asset values are dependent on the market value of oil and gas and the terms of any agreement under which these products are sold. Commodity prices are volatile and are affected by many factors beyond the Company's control. Such factors include but are not limited to: fluctuations in supply and demand of the commodity, technological change, international regulation, forward selling activities and other macroeconomic factors.

(k) Foreign Currency Risk

The Company reports its accounts in AUD, its ordinary shares are listed in AUD, and the Company's operations (post acquisition) are in the Russian Federation where the local currency is the Russian Rouble, the Republic of Tajikistan where the local currency is the Tajik Somoni and Georgia where the local currency is the Georgian Lari. The Company's operations and listed securities are therefore subject to currency fluctuations and such fluctuations may materially affect the Company's financial position and results as well as the listed price of its securities. The Company does not currently engage in any hedging activities to offset any risk of currency fluctuations.

(l) Taxation Risks

The tax environment of Former Soviet Union countries are subject to continuous development and can be subject to retroactive change, ambiguity and inconsistent application, interpretation and enforcement which could result in unfavourable change's to the Company's tax position. Non-compliance with local laws and regulations as interpreted by local authorities could lead to the assessment of additional taxes, penalties and interest.

SPG structures a number of its operations (financial, professional services, or otherwise) through some low-tax jurisdictions (please refer to SPG structure chart contained within this document). Given the current governmental and political focus upon multinational corporations acting both inside and outside of Australia, the Company, following the Acquisition, may be subject to heightened regulatory risk from tax authorities.

(m) Subsoil Use License Risk

The Company's investments are subject to various conditions, obligations, regulations and commitments. These conditions, regulations and commitments may change from time-to-time as mandated by a relevant governmental authority or agency. If applications for subsoil use licenses or renewals to existing licenses are required, this can be at the discretion of a governmental ministry, agency, minister or official. If

approval is refused, the Company will suffer a loss of opportunity to undertake or continue exploration, development or exploitation of a particular subsoil use license.

Subsoil use licenses frequently contain government-mandated capital, social and other such commitments which must be met by the license holder in order to maintain the license. Annually set capital commitments are the norm for such licenses. If the Company cannot secure funding for these commitments (either through internal cash flow, equity, debt, Joint Venture financing or other mechanisms), the subsoil use license may be at risk.

The Company does not know of any reason why any of the subsoil use licenses may not be approved, extended or maintained in good order.

(n) Pipeline Access Risk

The Company's production will be transported to market hubs and end users by way of pipelines. These pipelines are owned by third parties. Whilst the Company enjoys the legal right of access to these pipelines, there is no guarantee that this will remain the case or that the Company will be able to access these pipelines on commercially reasonable terms.

Pipeline access and throughput capacity may be adversely affected by factors including but not limited to: governmental decree, legislation or order, tariff changes, monopoly or antimonopoly rulings, poor maintenance, changes to quality or technical specifications, sabotage, bankruptcy or other rulings leading to the cessation of the pipeline owner's operating ability, revocation of the pipeline owner's transport and operating licenses amongst other risks. In some situations the Company's oil production will be marketed through third party rail and road networks which themselves are subject to certain local risks.

(o) Competitor Risk

The Company faces competition from established entities having greater financial and technical resources which may hinder the Company's ability to compete for future business opportunities, acquire and exploit additional attractive hydrocarbon properties, access transport links and market production on commercially sound terms. Many of the Company's competitors not only explore for and produce hydrocarbons, but also carry out midstream and downstream operations on products on a worldwide basis. Many of the Company's competitors are State owned (or majority State owned) businesses and therefore are often motivated by non-commercial considerations. There can be no assurance that the Company can compete effectively with these competitors.

(p) Environmental Risks

The Company's activities are expected to have an impact on the environment and despite the Company's best efforts, and strong commitment to preventing any such impact, there can be no assurance that the Company will be successful in such mitigation. E&P activities are subject to numerous national and local environmental laws and regulations which provide for penalties and obligations to remediate damage. Significant liability could be imposed on the Company for damages, clean-up costs or penalties. Environmental laws are subject to change from time-to-time at local, national and international level and such changes may make the Company's activities uneconomic. The Company complies with the highest standards of environmental obligations, including global oil and gas industry best practice and relevant local and national environmental obligations in order to mitigate any environmental damage and any potential legal remedies imposed on it. Nevertheless, there are certain risks inherent in the Company's activities which could subject the Company to extensive liability.

(q) Occupational Health and Safety

The oil and gas industry is subject to occupational health and safety laws and regulations which change from time-to-time and may result in increased costs of compliance or the potential for liability. It is the

Company's intention to mitigate such risks by complying with all relevant local and national legislation and by operating to global oil and gas industry best practice.

(r) Reserves and Resource Estimates

Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis the estimates are likely to change. This may result in alterations to development and production plans which may in turn, adversely affect the Company and its operations.

(s) Retention of key business relationships

The enlarged Company may rely on strategic relationships with other entities such as joint venture and farm-in parties and also on good relationships with regulatory and governmental departments. It will also rely upon third parties to provide essential contracting services.

While the Company has no reason to believe otherwise, there can be no assurance that the Company's existing relationships will continue to be maintained or that new ones will be successfully formed and the Company could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance, which causes the early termination or non-renewal of one or more of these key business alliances or contracts, could adversely impact the Company, its business, operating results and prospects.

(t) Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

(u) Insurance

The Company, where feasible, intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance (if obtained) may not be of a nature or level to provide adequate cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance of all risks associated with oil and gas exploration, development and production is not always available and where available, the costs may be prohibitive. In addition, the Company may judge that it is not in the best interests of the business to insure certain assets or operations (if, for example, the cost of insurance is higher than the value of the asset). However, certain jurisdictions require that certain activities are insured and in these cases, the Company will be required to obtain insurance even if it is not commercially viable to do so.

(v) Uninsurable risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company. Initially, the Company will not maintain insurance against operational, political or environmental risks.

6.2. General Risks

(a) Economic Risks

Factors such as inflation, currency fluctuations, interest rates, supply and demand of capital and industrial disruption have an impact on business costs, commodity prices and stock market prices. The Company's operating costs, possible future revenues and future profitability can be affected by these factors, which are beyond the control of the Company.

(b) Share Market Conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as, general economic outlook, interest rates and inflation rates, currency fluctuations, changes in investor sentiment toward particular market sectors, the demand for, and supply of, capital and terrorism or other hostilities.

(c) Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Enlarged Company and the value of the Company's securities.

7. Resolution 1 – Adoption of Constitution

7.1. General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders. Resolution 1 is a special resolution that will enable the Company to repeal its existing Constitution (currently a Memorandum and Articles of Association dating back to 1996) and adopt a new constitution (Proposed Constitution) of the type required for a listed public company. The Proposed Constitution has been updated to ensure it reflects the current provisions of the Corporations Act and the Listing Rules and incorporated amendments to the Corporations Act and the Listing Rules since the existing Constitution was adopted in 1996.

Since the Company's existing Constitution was adopted in 1996, a number of reforms have been undertaken in relation the legislation governing the operation of companies, culminating in the Company Law Review Act 1998, which came into effect on 1st July, 1998 and made substantial amendments to the provisions of the Corporations Act applicable to companies. Some of the key changes which were made are as follows:

- Memorandum of Association - now part of Constitution
- Articles of Association - now part of Constitution
- Par value for shares - no longer applicable
- Premium on shares - no longer applicable
- Discount on shares - no longer applicable
- Common seals - no longer necessary but optional
- Authorised & Nominal Capital - no longer applicable
- Calling of members' meetings - Amendment to period of notice
- Notices of members' meeting - may now be sent by fax or email
- Directors Meetings - may use any form of technology agreed

Whilst an existing company may continue to operate under its existing constitution, many such constitutions will be so outmoded by the amendments as to make a reading of the constitution difficult and in many cases its provisions either void under the Act or inappropriate to current practical circumstances.

In addition, the ASX now requires that in order for an entity applying for an ASX Listing to comply with its obligations under Listing Rule 1.1 Condition 2, it must have a constitution that is consistent with the

ASX Listing Rules; and in addition it must comply with its obligation under Listing Rule 15.11 to ensure that any amendments to its constitution are consistent with the ASX Listing Rules.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution, but most importantly it is compliant with the ASX Listing Rules.

Many of the proposed changes are administrative or minor in nature including but not limited to:

- (a) updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- (b) expressly providing for statutory rights, by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Memorandum, however, a summary of the proposed material changes is set out below.

From time to time, certain applicable Australian law, ASX Listing Rule or ASIC regulatory guidance (or otherwise) may impose additional standards and/or procedures above those standards and procedures which are specified in the Company's constitution and the board of directors wish to make clear that the Company shall comply with any such further requirements.

A copy of the Proposed Constitution is available for review by Shareholders at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary.

Shareholders are invited to contact the Company if they have any queries or concerns.

7.2. Summary of material proposed changes

Issue of Shares

The allotment and issue of Securities is under the control of the Board. Subject to the Act and the Listing Rules, the Board:

- (a) may allot, issue or otherwise dispose of Securities to any persons, on any terms and conditions, at that issue price and at those times as the Board thinks fit;
- (b) have full power to give any person a call or option over any Securities during any time and for any consideration as the Board thinks fit; and
- (c) may issue Securities with any preferential, deferred or special rights, privileges or conditions or with any restrictions (whether in regard to Dividend, voting, return of Share capital or otherwise) as the Board determines. (a) Minimum Shareholding (clause 2.6 and schedule 3)

Partial (proportional) takeover provisions

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares. Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Variation or cancellation of rights of class of Shares

Subject to the Corporations Act and the Listing Rules, all or any of the rights and privileges attached to any class of Shares (unless otherwise provided by the terms of issue of the Shares of that class) may be varied or cancelled with the consent in writing of the holders of at least 75% of the Shares issued in that

class or with the sanction of a Special Resolution passed at a meeting of holders of the Shares of that class.

Transfer of Shares

Subject to this Constitution, the Act, the Listing Rules and ASX Settlement Operating Rules a Member may transfer all or any Securities by a transfer document duly stamped (if necessary) and delivered to the Company. The transfer document must be in writing in the usual or common form or in any other form as the Board may from time to time prescribe or, in particular circumstances, agree to accept and must be signed by or on behalf of the transferor or as otherwise permitted by the Act.

Except as otherwise provided for in the Listing Rules and ASX Settlement Operating Rules, the Board may in their absolute discretion ask ASX Settlement to apply a holding lock to prevent a proper ASTC transfer, or refuse to register a paper-based transfer, of a Share where:

- (a) the Company has a lien on the Shares the subject of the transfer;
- (b) the Company is served with a court order that restricts a Member's capacity to transfer the Shares;
- (c) registration of the transfer may break an Australian law and the ASX has agreed in writing to the application of a holding lock (which must not breach a ASX Settlement Operating Rules) or that the Company may refuse to register a transfer;
- (d) during the escrow period of Restricted Securities;
- (e) if the transfer is paper-based, either a law related to stamp duty prohibits the Company from registering it or the Company is otherwise allowed to refuse to register it under the Listing Rules; or
- (i) it does not comply with the terms of any employee incentive scheme of the Company.

Unmarketable Parcels

"Marketable Parcel" means a number of Shares equal to a marketable parcel as defined in the Listing Rules.

"Unmarketable Parcel" means a number of Shares which is less than a Marketable Parcel.

The Company may give written notice to an Unmarketable Parcel Holder advising of the Company's intention to sell its Unmarketable Parcel under this clause, unless the Unmarketable Parcel Holder, within 6 weeks from the date the notice is sent by the Company, gives written notice to the Company that it wishes to retain its Shares in which case the provisions of this clause will not apply to the Shares held by that Unmarketable Parcel Holder.

Voting

At a general meeting all Resolutions submitted to the meeting will be decided by a simple majority of votes except where a greater majority is required by this Constitution, the Act or the Listing Rules.

Every Resolution submitted to the meeting, in the first instance, will be determined by a show of hands unless a poll is demanded in accordance with clause 17.6 or the Act either before or on the declaration of the result of the vote on a show of hands.

Directors

The number of the Directors must not be less than 3, nor, until otherwise determined by the Company in general meeting, more than 10.

Each Director, subject to the Act, the Listing Rules and this Constitution must not hold office (without re-election) past the third annual general meeting following its appointment or election or 3 years, whichever

is longer, after which they must retire from office. This does not apply to the managing director, but if there is more than 1 managing director, only 1 is entitled not to be subject to this clause.

Unless otherwise determined by a Resolution of the Company, while the Company is Listed, one third of the Directors for the time being, or if their number is not a multiple of 3, then the whole number nearest one third, must retire from office at each annual general meeting. The Directors to retire will be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire will, unless they otherwise agree among themselves, be determined by drawing lots. A retiring Director may act as a Director throughout the meeting at which it retires and at any adjournment. This clause does not apply to the managing director, but if there is more than 1 managing director, only the managing director who was first appointed is entitled not to be subject to re-election.

The Directors have power at any time and from time to time to appoint any other person as a Director either to fill a casual vacancy or as an addition to the Board but so that the total number of Directors must not at any time exceed the maximum number for the time being fixed by or under this Constitution. Any Director appointed under this clause after the Company is Listed must retire from office at, and will be eligible for re-election at the next annual general meeting following their appointment, but that Director will not be taken into account in determining the number of Directors who are to retire by rotation.

Except in the case of a Director retiring from the Board under this Constitution or a person recommended for appointment by the Board, a person is only eligible to be appointed as a Director by Resolution of the Company in general meeting, where the Company receives at its Office at least 30 Business Days before the relevant general meeting both:

- (a) a nomination of the person by a Member; and
- (b) a consent to that nomination signed by the person nominated for election as a Director.

Remuneration of Directors

Subject to clause 21.3 and the Listing Rules, the Directors will be paid remuneration for services rendered as Directors (but excluding any remuneration payable to any Director under any executive service contract with the Company or a Related Body Corporate) as the Company in general meeting may from time to time determine, which may be divided among the Directors in any proportions and in any manner as they may from time to time determine. The remuneration of a Director will be deemed to accrue from day to day.

If any Director performs extra services or makes any special exertions, whether in going or residing abroad or otherwise for any of the purposes of the Company, that Director may be paid an additional sum for those services and exertions. This payment may be either in addition to or in place of any remuneration determined under the preceding clause, provided that payments made to non-executive Directors pursuant to clause 21.2 do not exceed the remuneration determined under clause 21.1.

The remuneration payable to Directors must comply with the Listing Rules and in particular:

- (a) fees payable to non-executive directors must be by way of a fixed sum, and not by way of a commission on or a percentage of profits or operating revenue;
- (b) the remuneration payable to executive directors must not include a commission on or percentage of operating revenue; and
- (c) the total fees payable to Directors must not be increased without the prior approval of Members in general meeting.

Dividends

The power to determine that a Dividend is payable and to declare Dividends (including interim Dividends) is vested in the Directors who may fix the amount and the timing for payment and the method of payment of any Dividend in accordance with this Constitution. A decision to pay a Dividend may be revoked at any time before payment.

Subject to the Proposed Constitution, the Act, the Listing Rules and the rights of Members entitled to Shares with preferential, special or qualified rights as to Dividend, Dividends are to be apportioned and

paid among the Members in proportion to the amounts paid up (not credited) on the Shares held by them. Any amount paid on a Share in advance of a call will be ignored when calculating the relevant proportion.

Inspection of records

Subject to the Act, the Directors may determine whether, to what extent, at what times and places and under what conditions the accounting and other records of the Company or any of them will be open to the inspection of the Members. No Member (who is not a Director) will have any right to inspect any account, book or document of the Company or receive any information concerning the business, trading or customers of the Company or any trade secret or secret process of the Company except as provided by the Act or as authorised by the Directors or a Resolution of the Company in general meeting.

Indemnity

To the extent permitted by law:

- (a) the Company must indemnify each Director and other officer of the Company against any liability (other than legal costs) incurred in acting as a Director or officer of the Company other than:
 - (i) a liability owed to the Company or a Related Body Corporate;
 - (ii) a liability for a pecuniary penalty order under section 1317G or a compensation order under section 1317H of the Act; or
 - (iii) a liability that did not arise out of conduct in good faith;
- (b) the Company must indemnify each Director and other officer of the Company for costs and expenses incurred by a Director or officer of the Company in defending an action for a liability incurred in acting as a Director or officer of the Company except for legal costs incurred:
 - (i) in defending or resisting any proceedings, whether civil or criminal, in which the Director or officer is found to have a liability for which they could not be indemnified under subclause (a) above;
 - (ii) in defending or resisting criminal proceedings in which the Director or officer is found guilty;
 - (iii) in defending or resisting proceedings brought by the Australian Securities and Investments Commission or by a liquidator for a court order if the grounds for making the order are found by the court to have been established, except for costs incurred in responding to actions taken by the Australian Securities and Investments Commission or a liquidator as part of an investigation before commencing proceedings for the court order; or
 - (iv) in connection with proceedings for relief to the Director or other officer under the Act in which the relief is denied by the court; and
- (c) the Company may make a payment, or agree to make a payment, whether by way of advance, loan or otherwise, for any legal costs incurred by a Director or officer, on the condition that the Director or officer must repay the amount paid by the Company to the extent that the Company is ultimately found not liable to indemnify the Director or officer for those legal costs.

Insurance

To the extent permitted by law the Company may pay, or agree to pay, a premium in respect of a contract insuring a person who is or has been a Director or other officer of the Company or of a subsidiary of the Company other than a liability arising out of:

- (a) conduct involving wilful breach of duty in relation to the Company; or
- (b) a contravention of section 182 or 183 of the Act.

Winding Up

If in a winding up, there remains any assets available for distribution to Members, then subject to the rights of the holders of Shares issued upon special terms and conditions, this Constitution, the Act and the Listing Rules, those assets will be distributed amongst the Members in returning capital paid up on their Shares and distributing any surplus in proportion to the amount paid up (not credited) on Shares held by them.

8. Resolution 2 – Approval of issue of Acquisition Shares

8.1. General

Resolution 2 seeks Shareholder approval to issue the Acquisition Shares to the Vendors as consideration for the acquisition by the Company of all the issued capital SPG from the Vendors. The passing of this Resolution is conditional upon Resolutions 3, 4 and 5 being passed by Shareholders. Consequently, the Acquisition Shares will not be issued to Vendors by the Company unless Shareholders approve:

- (a) the Consolidation of Capital (Resolution 3);
- (b) the Share Placement and it is successfully completed (Resolution 4); and
- (c) change of activities of the Company (Resolution 5).

If any of these Resolutions are not approved by Shareholders, or the Share Placement is not completed, the Acquisition Shares (the subject of Resolution 2) will not be issued and the Transaction will not proceed.

ASX Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company where the securities proposed to be issued represent more than 15% of the Company's securities then on issue.

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in issued voting shares in a company if, as a result of the acquisition, that person's or someone else's voting power in the company increases from less than 20% to more than 20%, or from a starting point that is above 20% and below 90%.

Item 7 of Section 611 provides an exception to the prohibition in Section 606, in circumstances where the shareholders of the Company approve an acquisition of shares by virtue of an allotment or acquisition at a meeting at which no votes are cast by parties involved in the proposed acquisition, including their associates.

Section 611 approval is required in this case as Post-Acquisition the Company will issue 798,647,010 (81.04%) of the total issued shares of the Company to the Vendors, and therefore the Vendors will be in a position to control the Company.

As a consequence of Completion of the Acquisition, the Vendors (and their respective associates) will have a relevant interest in 20% or greater of the issued Shares in the Company. Accordingly, Shareholder approval is being sought pursuant to item 7 Section 611 of the Corporations Act for the issue of the Acquisition Shares to the Vendors (including associates).

8.2. ASX Listing Rules Requirements

ASX Listing Rule 7.3 sets out a number of matters which must be included in a notice of meeting seeking an approval under ASX Listing Rule 7.1. For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) the maximum number of Acquisition Shares that will be issued pursuant to Resolution 2 is 798,647,010 Shares (post - Consolidation);
- (b) the Acquisition Shares will be issued as consideration under the Acquisition, at a deemed issue price of \$0.10 per Share (post - Consolidation);
- (c) the Acquisition Shares are expected to be issued as soon as possible after the date of the General Meeting (upon Completion of the Acquisition) and in any event no later than

3 months (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) after the date of the General Meeting. It is intended that the allotment will occur on the same date;

- (d) the Acquisition Shares will be issued to the Vendors as detailed in Section 2.4 of this Explanatory Statement;
- (e) the Acquisition Shares issued pursuant to Resolution 2 are fully paid ordinary Shares and will rank equally in all respects with the existing ordinary Shares on issue in the Company; and
- (f) the Acquisition Shares are being issued in consideration for the acquisition of SPG and accordingly no funds will be raised from the issue.

8.3. Item 7 of Section 611 of the Corporations Act Information Requirements

The following information is required to be provided to members under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval under Item 7 Section 611 of the Corporations Act. Members are also referred to the Independent Expert's Report prepared by Hall Chadwick and attached to this Notice at Schedule 1.

1) Identity of Vendors and Associates

The identity of the Vendors is set out under section 2.4 of this Notice.

2) Relevant Interests and Voting Power

The relevant interests of the Vendors are set out under Section 2.4 of this Notice

3) Reason for the Proposed Issue of Securities

As detailed in Section 1.2.1 of this Notice, the Acquisition Shares will be issued in consideration for the Company's receipt of the shares in SPG.

4) Material Terms of Proposed Issue of Securities

Refer Section 1.2.1 of this Notice.

5) Date of Proposed Issue of Securities

The Acquisition Shares, Share Placement shares and shares issued on conversion of the Convertible Note will be issued upon completion of Acquisition, which is set out in the timetable on page 6 and in any event within 3 months of the date that the Resolutions are approved at the General Meeting (or such later period approved by ASX).

6) Interests of Directors

The interests of Directors and Proposed Directors are set out in Section 5.4.

7) Intentions of the Vendors and Associates

Except as set out in this Explanatory Statement and as a result of the Acquisition, MUI has no intention of:

- (i) requesting SPG to change its strategic direction or operational priorities;
- (ii) injecting further capital into SPG;
- (iii) seeking to change SPG's current employment arrangements; or
- (iv) seeking to transfer SPG's assets to Vendors or their associates or otherwise redeploy the assets of the Company.

8) Capital Structure

Refer Section 5.3 of this Notice.

Under the ASIC regulatory guidance, the Company is required to engage an independent expert to review the acquisition as per RG 74.31 (and other association regulatory guidance provisions and Corporations

Act) and to provide the shareholders with an opinion as to whether or not the Acquisition or “fair and reasonable” to members for the purposes of approval under Section 611 Item 7 Corporations Act.

The Independent Expert’s Report also contains assessments of the advantages and disadvantages of the Acquisition and is intended to assist all members of the Company in deciding how to vote on the resolutions set out in this Notice.

The Company has engaged Hall Chadwick Corporate (NSW) Ltd (“HCC”) to prepare the Independent Expert’s Report which is attached at Schedule 1 to this Notice. HCC has opined that this transaction is fair and reasonable to the members of the Company not associated with the Vendors.

9. Resolution 3 – Consolidation of Capital

9.1. General

Resolution 3 seeks Shareholder approval to consolidate the Company's issued capital by consolidating every fifty (50) existing security into one (1) new security (**Consolidation**).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward and enable the Company to satisfy Chapters 1 and 2 of the ASX Listing Rules and obtain re-quotation of the Shares on ASX.

The Consolidation will take effect prior to the implementation of the Acquisition but will only occur if shareholder approval and all other conditions for the Acquisition are satisfied. An indicative timetable for the Consolidation is set out below.

Section 254H of the Corporations Act provides that a company may, by resolution passed at a general meeting, convert all or any of its securities into a larger or smaller number of securities. The result of the Consolidation is that each member's security holding will be reduced to one quarter of its current level. Fractions of a security resulting from the Consolidation will be rounded up to the nearest whole security. Each member's proportional interest in the Company's issued capital will, however, remain unchanged as a result of the Consolidation (other than minor variations resulting from rounding).

Shareholders will hold the same proportion of the Company's Share capital and net assets before and after the Consolidation. The current rights attaching to the Shares will not be affected by the Consolidation.

As from the effective date of the Consolidation, all holding statements for Shares will cease to have any effect except as evidence of entitlement to a certain number of post-Consolidation Shares.

After the Consolidation becomes effective, the Company will despatch a notice to Shareholders advising them of the number of Shares held by each Shareholder both before and after the Consolidation. The Company will also arrange for new holding statements to be issued to Shareholders.

9.2. Effect on Capital Structure

The following table shows the effects of the Consolidation on the Shares and Options in the Company:

Current issued share capital (pre-Consolidation)	Current issued share capital (post-Consolidation)	Conversion of Convertible Note*	Shares to be issued pursuant to the Acquisition	Share Placement *	Pro-forma total issued share capital
3,693,857,804	73,877,160	13,000,000	798,647,010	140,000,000	1,025,524,170
Options (pre-Consolidation)	Options (post – Consolidation)		Exercise Price (\$)	Expire	Pro-forma total number of Options
50,000,000	1,000,000		0.05	3 December 2016	1,000,000

*This assumes that \$14,000,000 is raised through the Share Placement the subject of Resolution 3 through the issue of 140,000,000 Shares at \$0.10 per Share (post-Consolidation).

In addition, the Company will have on issue 16,250,000 options, exercisable at \$0.125 and an expiry date five years from the date of issue.

9.3. Indicative timetable

Set out below, and subject to compliance with all regulatory requirements, is the expected timetable for completion of the Consolidation. These dates are indicative only and may be varied without notice.

Date	Event
18 February 2016	Consolidation date
19 February 2016	Trading commences in the reorganised securities on a deferred settlement basis.*
24 February 2016	Last day for Company to register transfers on a pre-Consolidation basis.
25 February 2016	First day for the Company to send a notice to each shareholder and the first day for the Company to register Shares on a post re-organisation basis and first day for issue of holding statements. From now on, the Company must reject transfers accompanied by a certificate that was issued before the Consolidation.
2 March 2016	Despatch date. Deferred settlement market ends. Last day for the Company to send notice to all shareholders. Last day for securities to be entered into the holders' security holdings.
	*Due to fact that trading in the securities of the Company will be suspended following the meeting on 18 February 2016, no trading will be possible.

10. Resolution 4 – Approval of Share Placement

The Company will be required to raise capital for the purposes of achieving its business objectives and satisfying the requirements of the ASX Listing Rules in relation to the re-listing of its securities. Prior to the General Meeting, the Directors intend to prepare a disclosure document to raise up to \$17,000,000 through the issue of up to 170,000,000 Shares (on a post-Consolidation basis) at an issue price of not less than \$0.10 per Share (**Share Placement**) (**Prospectus**).

ASX Listing Rule 7.1 sets out the basic prohibition on an entity issuing equity securities in any 12 month period which amount to more than 15% of its ordinary securities. An issue in excess of the 15% limit can be made with the approval of holders of ordinary securities.

Accordingly, Resolution 4 seeks Shareholder approval under ASX Listing Rule 7.1 for the allotment and issue of up to 170,000,000 Shares (on a post-Consolidation basis) at \$0.10 per Share to raise up to \$17,000,000. (**Share Placement**).

Under the Share Placement the Company will issue 140,000,000 shares (on a post-consolidation basis) at an issue price of \$0.10 per share to raise \$14,000,000 and up to an additional 30,000,000 shares (on a post-consolidation basis) at an issue price of \$0.10 per share to raise up to an additional \$3,000,000 by way of oversubscriptions at the discretion of the Company.

A summary of ASX Listing Rule 7.1 is set out in section 5 above.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (b) the maximum number of Shares to be issued is up to 170,000,000 (post-Consolidation) pursuant to the Share Placement;
- (c) the Shares will be issued after the Consolidation Date and no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (d) the Shares will be issued at an issue price of \$0.10 per Share (post-Consolidation);
- (e) the Shares will be issued to subscribers under the Prospectus but these persons will not be related parties of the Company;

- (f) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares (on a post-Consolidation basis); and
- (g) details of the proposed use of funds raised under the Share Placement are set out in section 5.2.

11. Resolution 5 – Approval of Change of Activities

Resolution 5 seeks approval from Shareholders for a change in activities of the Company from management of a film library to an oil and gas exploration and production company.

Given the Company's focus was previously on managing a film library, ASX has determined that implementation of the Acquisition will result in a change to the nature and scale of the activities of the Company for the purposes of Chapter 11 of the ASX Listing Rules.

11.1. Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

ASX has indicated that as part of the Acquisition, the Company must comply with the admission requirements of Chapters 1 and 2 of the Listing Rules which prescribe the conditions for official quotation. Some of the key requirements of Chapters 1 and 2 of the ASX Listing Rules are as follows:

- (a) a prospectus must be issued and lodged with ASX;
- (b) the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders in the Company and the minimum value of the shareholdings of those Shareholders; and
- (c) the Company must satisfy the "asset test" as set out in the ASX Listing Rules.

As part of the re-compliance, the Company will seek to carry out the Share Placement (Resolution 4) through the issue of a Prospectus. Following completion of the Share Placement, the Company will have sufficient funds for the purposes of its proposed oil and gas activities.

12. Resolutions 6 to 12 – Election of Dr. David Robson, Elizabeth Landles, Mark Sarssam, Piers Johnson, Dr. Raden Sukhyar, Ghassan Zok and Timothy Hargreaves as Directors

On Completion of the Acquisition, seven persons nominated by the Vendors, being Dr David Robson, Elizabeth Landles, Mark Sarssam, Piers Johnson, Dr Raden Sukhyar, Ghassan Zok and Timothy Hargreaves are to be elected as Directors of the Company. If approved, their appointment will commence immediately on Completion of the Acquisition.

Dr. David Robson is the Executive Chairman, Managing Director and President of SPG. He will be appointed the Managing Director of the Company once the Acquisition is complete. An overview of his education, experience and memberships is included in Section 2.3

Mr. Mark Sarssam and Ms. Elizabeth Landles are executives of SPG and an overview of their education, experience and memberships is included in Section 2.3. A summary of the remaining Proposed Directors is set out below:

Mr. Piers Johnson

Mr Johnson is an experienced petroleum engineer with 30 years' experience. He holds a B.Sc. (Hons) degree in Mechanical Engineering from Nottingham University, and is a Chartered Engineer with the Institution of Mechanical Engineers. He is past Chairman of the London Section of the Society of Petroleum Engineers (SPE), a Member of the Petroleum Exploration Society of Great Britain and a member of the Institute of Energy.

Mr. Johnson is the founder of Oilfield Production Consultants (OPC) Limited, a reservoir and production evaluation and management firm, having previously worked for Flopetrol Johnston Schlumberger as Well Test Supervisor, Location Manager and District Sales Engineer (Asia). He has experience of oil and gas operations, field evaluations and well test interpretation worldwide and is also a visiting lecturer in Petroleum Engineering at the Institute Français du Pétrole in Paris.

Dr. Raden Sukhyar

Dr. Sukhyar was appointed President Commissioner PT Ant Am (Indonesia) on May 31, 2012. Dr. Sukhyar graduated from Monash University in Melbourne, Australia in 1990 with a Doctor of Philosophy degree (Ph.D.) in Earth Science and the National Resilience Institute (LEMHANAS) in 2003. Dr. Sukhyar currently holds the post of General Director of Mineral and Coal of the Ministry of Energy and Mineral Resources of the Republic of Indonesia (MEMR) and previously held the post of the Head of the Geological Agency of MEMR (2008-2013).

Mr. Ghassan Zok

Mr. Zok brings over 31 years of extensive management experience in the pharmaceutical industry at world class companies, Sandoz and Novartis (merger of Sandoz and Ciba-Geigy), where he served as Chief Executive Officer for Sandoz Pharmaceuticals in South Africa, followed by Managing Director for Sandoz Pharmaceuticals in Greece, followed by Chief Executive Officer for Sandoz Pharmaceuticals in Belgium and finally Country President for Novartis in Belgium.

Mr. Zok received his Bachelor of Science degree in Civil Engineering in 1966 from the American University of Beirut in Lebanon. In 1972, he graduated with an MBA from the European Institute of Business Administration (INSEAD) in Fontainebleau, France. In 1992, he attended the Columbia University Executive Program in International Management in New York, and in 1999 the Harvard University – Novartis Forum in Boston (MA), Luzern (CH) and Mumbai (IND).

Timothy Hargreaves

Mr. Hargreaves has 40 years' experience in international resource businesses in Asia, Australia, Europe and the Middle East. His early career was in petroleum exploration, appraisal and business development with major companies such as BHP, Union Texas, Fletcher Challenge and British Gas up to vice president and country manager levels. He then worked in smaller entrepreneurial independents such as ROC Oil, Scimitar Hydrocarbons, Tethyan Copper Company and Orient & Gulf Investments at levels up to CEO / Board. He has played significant roles in over 25 oil and gas discoveries that were subsequently developed into producing fields.

Currently Mr. Hargreaves is Director of Research for Resources for Republic Investment Management, a Singapore based fund manager and is a non-executive director of Elk Petroleum Limited (ASX: ELK) and formerly a non-executive director of the Environmental Group Limited (ASX: EGL).

Mr. Hargreaves trained as a geologist and reservoir engineer with an honours degree and post graduate diploma from Sydney University. He is a member of the Australian Institute of Company Directors, American Association of Petroleum Geologists, Geological Society of America, Society of Petroleum Engineers, Southeast Asian Petroleum Exploration Society, and Petroleum Exploration Society of Australia.

13. Resolution 13 – Change of Name to Skyland Petroleum Limited

Resolution 13 seeks Shareholder approval by special resolution to change the Company's name from "MUI Corporation Ltd" to "Skyland Petroleum Limited".

Pursuant to section 157 of the Corporations Act, a company may change its name by passing a special resolution to that effect. The resolution must be lodged with the ASIC within 14 days after it is passed. A special resolution must be passed by at least 75% of the votes cast by members entitled to vote on the resolution.

The Directors believe that the new name more accurately reflects the proposed commercial undertaking of the Company (oil & gas exploration and production).

14. Resolution 14 – Conversion of Convertible Note

Resolution 14 seeks Shareholder approval to issue 13,000,000 Shares (on a post-Consolidation basis) to Roadhound Electronics Pty Ltd on conversion of that company's convertible note, which has a principal amount of \$500,000 and accrued interest of \$150,000 as at the date of this Notice.

ASX Listing Rule 7.1 broadly provides, subject to certain exceptions, that the Company can issue up to 15% of the Company's securities then on issue without shareholder approval in a 12-month period. By passing Resolution 14, the Directors do not need to include the shares issued to Roadhound Electronics Pty Ltd under this ASX Listing Rule.

ASX Listing Rule 7.3 sets out a number of matters which must be included in a notice of meeting seeking an approval under ASX Listing Rule 7.1. For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 14:

- (a) the maximum number of Shares that will be issued pursuant to Resolution 14 is 13,000,000 Shares (post-Consolidation);
- (b) the Shares will be issued on conversion of the convertible note in accordance with the following calculation:

\$650,000 (principal and interest) will be converted at \$0.001 per share (pre-consolidation) in accordance with the terms of the convertible note, resulting in 650,000,000 Shares being issued, which on consolidation (50:1) will become 13,000,000 Shares;
- (c) the Shares are expected to be issued as soon as possible after the date of the General Meeting (upon Completion of the Acquisition) and in any event no later than 3 months (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) after the date of the General Meeting. It is intended that the allotment will occur on the same date;
- (d) the Shares will be issued to Roadhound Electronics Pty Ltd or its nominee;
- (e) the Shares issued pursuant to Resolution 14 are fully paid ordinary Shares and will rank equally in all respects with the existing ordinary Shares on issue in the Company; and
- (f) the Shares are being issued pursuant to a convertible note and accordingly no funds will be raised from the issue.

15. Resolution 15 – Approval to Set Non-Executive Directors’ Fees

Resolution 15 seeks shareholder approval for the Non-Executive Directors’ aggregate maximum fee pool of \$500,000 per annum.

ASX Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors’ fees payable to all of its non-executive directors without the approval of the holders of its ordinary securities.

Approval for the payment set out in Resolution 15 is sought in accordance with Listing Rule 10.17.

For the purposes of Listing Rule 10.17, the following further information is provided:

- (a) the amount of the proposed increase of the pool available to pay non-executive directors is \$200,000;
- (b) the maximum aggregate amount of directors’ fees that may be paid to all of the Company’s non-executive directors will be \$500,000 per annum;
- (c) the securities issued to non-executive directors under Listing Rule 10.11 or 10.14 with the approval of the holders of the Company’s ordinary securities at any time within the preceding three (3) years are 40,000,000 Options with an exercise price of \$0.001 and an expiry date of 24 December 2014;
- (d) a voting exclusion statement is required for this resolution under applicable law and regulation and has been set out with the resolution in this Notice of Meeting.

16. Resolution 16 – Adoption of Stock Incentive Plan

Subject to shareholder approval of Resolution 16, the Company will adopt a Stock Incentive Plan to:

- (a) Establish a method by which directors, employees or consultants of MUI or any Subsidiary of Vazon Energy Limited (“Eligible Persons”) can participate in the future growth and profitability of the Company;
- (b) Provide an incentive and reward for Eligible Persons for their contributions to the Company; and
- (c) Attract and retain a high standard of managerial and technical personnel for the benefit of the Company.

Shareholder approval of the Stock Incentive Plan is being sought to enable the Company to issue Options to the Eligible Persons of the Company and to issue Shares to those Eligible Persons if they choose to exercise the Options, without being required to include the Options within the Company’s 15% limit for the purpose of Listing Rule 7.1.

ASX Listing Rule 7.1 (subject to some exemptions) provides that a publically listed entity must not issue or agree to issue additional equity securities during a twelve (12) month time period which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 (twelve) month period without shareholder approval.

An exemption to Listing Rule 7.1 is contained within Listing Rule 7.2 Exception 9(b): which provides that Listing Rule 7.1 does not apply to issues of securities under an employee incentive scheme if within three (3) years before the issue date of such securities holders of ordinary securities have approved the issue of securities under the scheme as an exception to the rule under Listing Rule 7.1.

With the passing of Resolution 16, the Company will have the ability to issue Options under the Stock Incentive Plan to eligible persons during the period up to three years from the date of approval that do not count towards the Company’s 15% capacity (i.e. not requiring shareholder approval) under Listing Rule 7.1.

The Board is of the opinion that the engagement and retention of highly-skilled and qualified executives and employees will be a crucial factor in the Company’s ongoing commercial success. Given that the Company will, in accordance with the resolutions set out in this Notice, begin to undertake commercial activities in the upstream oil and gas industry, the Board considers that for the purposes of achieving strategic objectives, acting as a reputable and competitive player in the market, and maximizing shareholder value, it is important to be able to offer balanced and proportionate remuneration to the Company’s human capital assets.

In light of this reasoning, the Board considers that the Company can either: (i) offer higher cash remuneration; or (ii) offer share options to such eligible persons under a plan such as the proposed Stock Incentive Plan. Amongst the benefits of the second option, the Board notes the benefits the Company will experience from paying out less in executive/employee pay as well as the extensive academic research which demonstrates that executives/employees who are incentivized under a stock option plan have greater aligned interests with the members of the Company.

For the purposes of Listing Rule 7.2, Exception 9(b) the following further information is provided:

- (a) a summary of the terms of the Stock Incentive Plan is set out in Schedule 4 to these Explanatory Notes;
- (b) no securities have been issued to, or for the benefit of eligible persons under the Stock Incentive Plan to date. The Stock Incentive Plan will become effective and in operation after members have approved the issue of Options under the Stock Incentive Plan in accordance with Resolution 16; and
- (c) a voting exclusion statement is required for this resolution under applicable law and regulation and has been set out with the resolution in this Notice of Meeting.

The Board recommends that the shareholders vote in favour of Resolution 16.

17. Resolutions 17 to 21 – Issue of Options to Non-Executive and Proposed Non-Executive Directors

17.1. Overview

Shareholder approval is being sought in Resolutions 17 to 21 to grant a total of 6,250,000 Options to Non-Executive and Proposed Non-Executive Directors under the Stock Incentive Plan (subject to shareholders approving the Stock Incentive Plan pursuant to Resolution 16).

The Company currently provides no long term equity incentive for the Directors and Key Management. Industry trends are providing equity incentives to directors as a means of preserving cash and giving directors a performance related incentive. The Board considers that to incentivise the achievement of SPG's potential warrants the issue of the Options to Directors under the Employee Stock Incentive Plan.

17.2. Reason for Shareholder Approval

Listing Rule 10.14 provides that a listed entity must not issue equity securities under an employee incentive scheme (which includes the Stock Incentive Plan) to a director or their associates without Shareholder approval. The proposed grant of Options to Directors therefore requires approval by Shareholders under the Listing Rules.

As the issue will be made under the Stock Incentive Plan, approval is not required under Listing Rule 7.1 (which limits the number of equity securities the Company may issue within a 12 month period to not more than 15% of the total number of ordinary securities on issue without the requirement for Shareholder approval).

Approval is also not required under Listing Rule 10.11 (which, in the absence of obtaining Shareholder approval under Listing Rule 10.14 would be necessary to issue securities to a related party of the Company).

The Company has formed the view that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in relation to the issue of Options to Directors. Chapter 2E prohibits the giving of a financial benefit to a related party of a public company, unless the financial benefit has been approved by shareholders, or the giving of that benefit falls within an exception set out in Chapter 2E.

Section 211 provides an exception for a benefit that comprises remuneration to an officer of a public company where such remuneration is reasonable in the circumstances of the company and that officer's particular circumstances (i.e. having regard to the responsibilities of involved in such office). Accordingly, the Company considers that the exception in section 211 of the Corporations Act applies to the proposed issue of Options to Directors.

The general terms of the Options are the same as the general terms of all Options granted under the Employee Stock Incentive Plan (summarised above in relation to Resolution 16).

17.3. Technical information required by ASX Listing Rules

For the purposes of Listing Rules 10.14 and 10.15, the following information is provided:

- (a) The maximum number of Options to be granted to Proposed and Existing Non-Executive Directors is:
 - (i) 1,250,000 Options (on a post-consolidation basis) to Mr. Domenic Martino;
 - (ii) 1,250,000 Options (on a post-consolidation basis) to Mr. Timothy Hargreaves;
 - (iii) 1,250,000 Options (on a post-consolidation basis) to Mr. Piers Johnson;
 - (iv) 1,250,000 Options (on a post-consolidation basis) to Dr. Raden Sukhyar; and
 - (v) 1,250,000 Options (on a post-consolidation basis) to Mr. Ghassan Zok.The options vest over three years (one third per annum) from date of grant.
- (b) No amount will be payable to acquire the Options. The exercise price for the Options is \$0.125. The expiry date is five years from the date of issue. The terms of the Options are set out in Schedule 5.
- (c) Approval of the Stock Incentive Plan is sought at the Meeting. No Options have been issued under the Stock Incentive Plan as at the date of this Notice.

- (d) Under the Stock Incentive Plan, subject to the approval of Shareholders, any employee or officer of the Company is entitled to participate in the Stock Incentive Plan.
- (e) Subject to the approval of this Resolutions 17 to 21, the Options referred to in these Resolutions will be issued no later than 12 months after the date of this meeting (or such later date as permitted by any ASIC and/or ASX waiver or modification of the Listing Rules).
- (f) Details of any Options issued under the Stock Incentive Plan will be published in each annual report of the Company relating to the period in which the Options were issued and, where applicable, it will be noted that approval for the issue of the Options was obtained under Listing Rule 10.14.
- (g) Any additional persons (being related parties of the Company or persons referred to in Listing Rule 10.14) who become entitled to participate in the Stock Incentive Plan after this Resolution was approved and who are not named in this notice of meeting will not participate until approval is obtained under Listing Rule 10.14.
- (h) No cash advance will be provided to any of the Directors in 17.3(a) by the Company in connection with the issue of the Options.
- (i) A voting exclusion statement is included in the Notice of Meeting.

18. Resolutions 22 to 24 – Issue of Options to Proposed Executive Directors

18.1. Overview

Shareholder approval is being sought in Resolutions 22 to 24 to grant a total of 10,000,000 Options to Proposed Executive Directors under the Stock Incentive Plan (subject to shareholders approving the Stock Incentive Plan pursuant to Resolution 16).

The Company currently provides no long term equity incentive for the Directors and Key Management. Industry trends are providing equity incentives to directors as a means of preserving cash and giving directors a performance related incentive. The Board considers that to incentivise the achievement of SPG's potential warrants the issue of the Options to Directors under the Stock Incentive Plan.

18.2. Reason for Shareholder Approval

Listing Rule 10.14 provides that a listed entity must not issue equity securities under an employee incentive scheme (which includes the Stock Incentive Plan) to a director or their associates without Shareholder approval. The proposed grant of Options to Directors therefore requires approval by Shareholders under the Listing Rules.

As the issue will be made under the Stock Incentive Plan, approval is not required under Listing Rule 7.1 (which limits the number of equity securities the Company may issue within a 12 month period to not more than 15% of the total number of ordinary securities on issue without the requirement for Shareholder approval).

Approval is also not required under Listing Rule 10.11 (which, in the absence of obtaining Shareholder approval under Listing Rule 10.14 would be necessary to issue securities to a related party of the Company).

The Company has formed the view that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in relation to the issue of Options to Directors. Chapter 2E prohibits the giving of a financial benefit to a related party of a public company, unless the financial benefit has been approved by shareholders, or the giving of that benefit falls within an exception set out in Chapter 2E.

Section 211 provides an exception for a benefit that comprises remuneration to an officer of a public company where such remuneration is reasonable in the circumstances of the company and that officer's particular circumstances (i.e. having regard to the responsibilities of involved in such office). Accordingly, the Company considers that the exception in section 211 of the Corporations Act applies to the proposed issue of Options to Directors.

The general terms of the Options are the same as the general terms of all Options granted under the Employee Stock Incentive Plan (summarised above in relation to Resolution 16).

18.3. Technical information required by ASX Listing Rules

For the purposes of Listing Rules 10.14 and 10.15, the following information is provided:

(a) The maximum number of Options to be granted to Proposed Executive Directors is:

- (i) 4,000,000 Options (on a post-consolidation basis) to Dr. David Robson;
- (ii) 3,000,000 Options (on a post-consolidation basis) to Mr. Mark Sarssam; and
- (iii) 3,000,000 Options (on a post-consolidation basis) to Ms. Elizabeth Landles.

The Options vest over three years (one third per annum) from date of grant (the “Vesting Term”). After one year of being granted, Option vesting can be accelerated if the following performance criteria are met during the Vesting Term:

Option vesting criteria No.1: Incremental production in Tajikistan is equal to or greater than 1,000 barrels of oil equivalent per day for a period of 30 days and maintained at such level for at least 90 days – one third of unvested Options vest immediately;

Option vesting criteria No. 2: The Taas-Yuryakh transaction is closed and SPG has a minimum of a 5% interest– one third of unvested Options vest immediately;

Option vesting criteria No. 3: If the price of the underlying Share exceeds 150% of the exercise price — one third of unvested Options vest immediately.

- (b) No amount will be payable to acquire the Options. The exercise price for the Options is \$0.125. The expiry date is five years from the date of issue. The terms of the options are set out in Schedule 5.
- (c) Approval of the Stock Incentive Plan is sought at the Meeting. No Options have been issued under the Stock Incentive Plan as at the date of this Notice.
- (d) Under the Stock Incentive Plan, subject to approval of shareholders, any employee or officer of the Company is entitled to participate in the Stock Incentive Plan.
- (e) Subject to the approval of Resolutions 22 to 24, the Options referred to in these Resolutions will be issued no later than 12 months after the date of this meeting (or such later date as permitted by any ASIC and/or ASX waiver or modification of the Listing Rules).
- (f) Details of any Options issued under the Stock Incentive Plan will be published in each annual report of the Company relating to the period in which the Options were issued and, where applicable, it will be noted that approval for the issue of the Options was obtained under Listing Rule 10.14.
- (g) Any additional persons (being related parties of the Company or persons referred to in Listing Rule 10.14) who become entitled to participate in the Stock Incentive Plan after this Resolution was approved and who are not named in this notice of meeting will not participate until approval is obtained under Listing Rule 10.14.
- (h) No cash advance will be provided to any of the Directors in 18.3(a) by the Company in connection with the issue of the Options.
- (i) A voting exclusion statement is included in the Notice of Meeting.

The total number of Options to be granted under the Stock Incentive Plan to all the persons nominated under Listing Rule 10.14 is 16,250,000 Options.

All of the persons referred to in Listing Rule 10.14 who are entitled to participate in the Stock Incentive Plan are detailed in 17.3(a) and 18.3(a).

The Directors recommend that Shareholders vote in favour of Resolutions 22 to 24.

19. Specific definitions relating to this Explanatory Statement and Notice of Meeting (including Technical Definitions)

In this Explanatory Statement and the Notice of Meeting:

Acquisition means the acquisition by MUI of all of the issued capital in SPG.

Acquisition Shares means 798,647,010 Shares (post-Consolidation).

AIPN means the Association of International Petroleum Negotiators

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the board of Directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Company or **MUI** means MUI Corporation Limited ABN 54 072 350 817.

Completion means completion of the Agreement in accordance with its terms.

Consolidation means the 50:1 consolidation of the capital of the Company the subject of Resolution 2.

Consolidation Date means 10 February 2016.

Constitution means the current constitution of the Company.

Convertible Note means the Convertible Note held by Roadhound Electronics Pty Ltd in MUI Corporation Limited

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company (and where applicable includes the proposed directors, Dr. David Robson, Ms. Elizabeth Landles, Mr. Mark Sarssam, Mr. Piers Johnson, Dr. Raden Sukhyar, Mr. Ghassan Zok and Mr. Timothy Hargreaves).

Explanatory Statement means the Explanatory Statement to the Notice of Meeting.

General Meeting or **Meeting** means the General Meeting of the Company the subject of the Notice of Meeting.

Independent Geologist's Report means the report prepared by Gustavson Associates LLC on the Block XI^G South Prospect as attached at Schedule 2 to this Explanatory Statement.

Notice of Meeting means this notice of meeting.

PRMS means petroleum resources management system developed by the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers and the Society of Exploration Geophysicists and approved by the Society of Petroleum Engineers (SPE).

Proposed Directors means Dr David Robson, Ms Elizabeth Landles, Mr Mark Sarssam, Mr Piers Johnson, Dr Raden Sukhyar, Mr Ghassan Zok and Mr Timothy Hargreaves.

Proposed Executive Directors means Dr David Robson, Ms Elizabeth Landles and Mr Mark Sarssam,

Proposed Non-Executive Directors means Mr Piers Johnson, Dr Raden Sukhyar, Mr Ghassan Zok and Mr Timothy Hargreaves.

Prospectus means the prospectus to be issued by the Company in respect of the Share Placement as part of its re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Proxy Form means the proxy form attached to the Notice of Meeting.

Qualified Petroleum Reserves and Resources Estimator (QPRRE) means a professional as defined in the ASX Listing Rules 5.41 – 5.42.

Resolution means a resolution contained in this Notice of Meeting.

Section means a section of this Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company

Shareholder means a shareholder of the Company.

Share Placement means the proposed issue of up to 120,000,000 Shares at \$0.10 per Share (post-Consolidation) pursuant to a Prospectus the subject of Resolution 3.

SPG means Skyland Petroleum Group Limited.

Stock Incentive Plan means the plan the subject of Resolution 16.

Transaction means the Acquisition, Consolidation and Share Placement.

USGS means the United States Geological Survey

VALMIN Code means the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports

Vendors means the vendors of SPG.

\$ means Australian Dollar as the currency of the Commonwealth of Australia

Certain Technical Terms

Mcm/d means thousand cubic metres per day.

Mcf/d means thousand cubic feet per day.

Bopd means barrels of oil per day.

Bcf means billion cubic feet.

MMbbl or MMBBL means million barrels.

BOE means barrels of oil equivalent.

BCM means billion cubic metres.

MMboe means million barrels of oil equivalent.

API means American Petroleum Institute.

m³ means cubic metres.

psi means pounds per square inch.

M means metre.

km means kilometre.

Schedule 1

Independent Expert's Report

23 December 2015

The Directors
MUI Corporation Limited
Level 5, 56 Pitt Street
SYDNEY NSW 2000

Dear Sirs,

Independent Expert's Report on the Proposal to acquire 100% of the Issued Share Capital of Skyland Petroleum Group Limited

1. INTRODUCTION

Background

- 1.1 MUI Corporation Limited ("MUI" or "the Company") is an Australian public listed company. MUI has been involved in the licencing of copyright for feature films. However currently there is no revenue being generated by the Company's film library and Directors have been assessing suitable opportunities to provide future revenue streams and value to shareholders.
- 1.2 As announced to the market on 20 November 2015 MUI has entered into a conditional term sheet to acquire 100% of the issued capital of Skyland Petroleum Group Limited ("SPG"). SPG is a Cayman Island company that strategically invests in the development and operation of oil and gas projects predominantly in the former Soviet Union.
- 1.3 The acquisition of SPG by MUI and related resolutions detailed in section 2, is referred to in this report as the "Transaction". The Transaction involves the issue of shares in the Company to SPG Shareholders, and constitutes a significant change in the nature and scale of the Company's activities.
- 1.4 If the Transaction is approved, SPG Shareholders will acquire a relevant interest in the issued voting shares of MUI in excess of 20%.

Opinion

- 1.5 In our opinion, the Transaction is fair and reasonable to the Non-Associated Shareholders of MUI.
- 1.6 The ultimate decision however on whether to accept the Transaction should be based on shareholders own assessment of their circumstances.

Purpose of Report

- 1.7 You have requested Hall Chadwick Corporate (NSW) Limited ("HCC") to prepare an Independent Expert's Report to advise

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shareholders of MUI, other than those associated with the proposed issue of MUI shares to SPG Shareholders (“Non-Associated Shareholders”), whether the proposed Transaction is fair and reasonable when considered in the context of the interests of Non-Associated Shareholders and to set out the reasons for our conclusions.

- 1.8 HCC understands and has agreed that this report will be included in or accompany the notice to convene a meeting of MUI shareholders, to assist the Non-Associated Shareholders in their consideration of the proposed Transaction.

2. OUTLINE OF THE PROPOSED TRANSACTION

- 2.1 The Transaction involves the Company's acquisition of 100% of the issued capital of SPG through the issue of 798,647,010 shares in MUI (on a post consolidation basis) at a deemed issue price of \$0.10 per share.
- 2.2 As a condition of the Transaction, MUI will also seek to undertake a capital raising of a minimum of \$14,000,000 by way of a public offer under a prospectus for the issue of 140,000,000 shares (on a post-consolidation basis) at \$0.10 per share ("Capital Raising"), and up to \$17,000,000 from an additional 30,000,000 shares (on a post-consolidation basis) by way of oversubscriptions at the discretion of the Company.
- 2.3 Other conditions precedent to the Transaction include:
- The consolidation of the existing share capital of MUI on the basis of 1 share for every 50 shares currently held;
 - Change to the nature and scale of the Company's activities;
 - The name of the Company be changed to Skyland Petroleum Limited;
 - The current Board of Directors of MUI, with the exception of Mr Martino, will resign and be replaced by new Board members nominated by SPG;
 - The issue of up to 13,000,000 shares (post consolidation) at an issue price of \$0.10 per share to Roadhound Electronics Pty Ltd for conversion of a convertible note previously issued by the Company ("Conversion Shares").
- 2.4 The following tables show the effect on the share capital of MUI after the Transaction and Capital Raising:

Effect on Ordinary Shares	Number of Shares	SPG Shareholders
Ordinary shares currently on issue (pre consolidation)	3,693,857,804	
Ordinary shares currently on issue (post 1:50 consolidation)	73,877,160	
Consideration Shares issued to acquire SPG	798,647,010	798,647,010
Conversion Shares issued to Roadhound Electronics Pty Ltd	13,000,000	
Shares on issue immediately following Transaction Completion	885,524,170	90.2%
Shares issued pursuant to Capital Raising	140,000,000	
Ordinary shares on issue upon relisting	1,025,524,170	77.9%

- 2.5 When the Transaction is approved and completed, SPG Shareholders will be entitled to a combined relevant interest of 77.9% of MUI's issued ordinary shares, following completion of the Capital Raising.
- 2.6 MUI's existing shareholders voting interest will decrease from 100% to 7.2% as a result of the Transaction, prior to any existing shareholders participating in the Capital Raising.

STRUCTURE OF REPORT

Our report is set out under the following headings:

3	PURPOSE OF REPORT
4	OPINION
5	BASIS OF EVALUATION
6	OVERVIEW OF SPG
7	OVERVIEW OF MUI
8	VALUATION METHODOLOGIES
9	VALUE OF SPG
10	VALUE OF MUI
11	ADVANTAGES AND DISADVANTAGES OF THE TRANSACTION
12	CONCLUSION AS TO FAIRNESS AND REASONABLENESS

APPENDICES

I	SOURCES OF INFORMATION
II	OVERVIEW OF SPG PROJECTS
III	STATEMENT OF DECLARATION & QUALIFICATIONS
IV	FINANCIAL SERVICES GUIDE

3 PURPOSE OF REPORT

- 3.1 The purpose of this report is to advise the Non-Associated Shareholders of MUI of the fairness and reasonableness of the Transaction.
- 3.2 This report provides an opinion on whether or not the terms and conditions in relation to the transaction are fair and reasonable to the MUI shareholders whose votes are not to be disregarded in respect of the transaction (that is, the Non-Associated Shareholders).
- 3.3 The ultimate decision whether to accept the terms of the Transaction should be based on each shareholders' assessment of their own circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Transaction or matters dealt with in this report, shareholders should seek independent professional advice.
- 3.4 For the Transaction to be fair, the value of the SPG shares being acquired must be equal to or greater than the value of the consideration, being MUI shares. To be reasonable the shareholders must obtain an overall benefit if the transaction proceeds. In forming an opinion as to whether the Transaction is fair and reasonable, the following factors have been considered:
- the underlying value of MUI shares to be issued as consideration to SPG Shareholders;
 - the underlying value of SPG shares to be acquired by MUI;
 - the likely market price and liquidity of MUI shares if the Transaction is not implemented;
 - the likelihood of an alternative proposal that may realise better value for MUI Shareholders.
- 3.5 This report has been prepared to satisfy the requirements of the Corporations Act 2001 (Cth) ("Corporations Act") and the Australian Stock Exchange ("ASX") Listing Rules.

Corporations Act Requirements

- 3.6 If the Transaction is approved, SPG Shareholders will be entitled to a possible 77.9% voting interest in MUI's issued ordinary shares.
- 3.7 Section 606(1) of the Corporations Act states that a person must not acquire an interest in issued voting shares in a listed company if that person's or any other person's voting power increases to above 20%. Section 606(1) prohibits SPG shareholders from acquiring the issued ordinary shares in MUI under the Transaction, unless one of the exemptions set out in Section 611 of the Corporations Act applies.
- 3.8 Item 7 of Section 611 of the Corporations Act exempts an acquisition that is approved by a resolution of shareholders of MUI passed at a general meeting as per Section 611. This is the exception which is being relied upon by the MUI shareholders. At the general meeting of MUI no votes will be allowed to be cast by those persons (or their associates) acquiring shares under the Transaction (that is, the existing shareholders of SPG).

- 3.9 Australian Securities and Investments Commission (“ASIC”) Regulatory Guide 111 “Content of Expert Reports” requires, amongst other things, that directors of a company need to provide shareholders with an analysis of whether a proposed transaction is fair and reasonable, when considered in the context of the interests of the non-associated shareholders. Regulatory Guide 111 recommends that this analysis should include an independent expert’s report. The independent expert is required to state whether, in their opinion, the proposal is fair and reasonable having regard to the interests of non-associated shareholders and state the reasons for forming that opinion. This report provides such an opinion.

ASX Listing Rules

- 3.10 ASX Listing Rule 7.1 states that without the approval of holders of ordinary shares, an entity must not issue or agree to issue more equity securities than the number calculated according to the following formula:

$$(A \times B) - C$$

Where:

A = The number of fully paid ordinary securities on issue 12 months prior to the date of agreement;

- Plus the number of fully paid ordinary securities issued under an exception in ASX Listing Rule 7.2,
- Plus the number of partly paid ordinary securities that became fully paid in the 12 months,
- Plus the number of fully paid ordinary securities that become fully paid in the 12 months with approval of ordinary security holders under ASX Listing Rule 7.1,
- Less the number of fully paid ordinary securities cancelled in the 12 months.

B = 15%

C = The number of equity securities issued or agreed to be issued in the 12 months before the date of the issue or agreement to issue but under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.

- 3.11 The issue of ordinary securities under the Transaction will result in an issue of MUI ordinary securities greater than allowed under the above formula. Accordingly, under ASX Listing Rule 7.1 MUI must obtain approval from the holders of the ordinary shares.
- 3.12 The Transaction constitutes a significant change in the nature and scale of the Company’s activities. ASX Listing Rule 11.1 sets out the requirements an entity must adhere to when undergoing a change to the nature or scale of their activities. The entity must provide the ASX with information regarding the change and its effect on future potential earnings and must ensure approval is obtained from the shareholders to effect the change of activities. The Transaction is such a proposed change. ASX Listing Rule 11 does not specifically require the notice to include or be accompanied by a copy of an independent expert’s report commenting on the issue.

4. OPINION

4.1 In our opinion, the proposed Transaction to acquire all of the issued shares of SPG through the issue of MUI shares is fair and reasonable to the Non-Associated Shareholders of MUI.

4.2 Our opinion is based solely on information available as at the date of this report.

4.3 The principal factors that we have considered in forming our opinion are summarised below.

Fair

4.4 According to RG 111, for the Transaction to be fair, the value of the SPG shares being acquired must be equal to or greater than the value of the consideration, being MUI shares.

4.4.1 As detailed section 9 of this report, due to SPG's deficit in net assets and the inability to reasonably determine a value of its intangible assets, we are unable to attribute a value to SPG equity for the purpose of this report.

4.4.2 Based on the analysis contained in section 10 of this report, the value of MUI shares currently on issue to existing shareholders is **nil**, based on the Company currently being in a large net debt position.

4.4.3 Our valuation of MUI shares is based on a value prior to the Transaction on a controlling interest basis. In order to assess whether the Transaction is fair, we need to compare the pre-transaction values on a control basis with the post-transaction values on a minority basis, as the existing Non-Associated Shareholders of MUI will lose control of the Company to the SPG Shareholders after the Transaction. This is shown in the table below:

MUI Value and Opinion	Low	High	Midpoint
Control valuation of MUI, pre-Transaction	-	-	-
Valuation of SPG	-	-	-
Debt retired from Conversion of Convertible Notes	1,300,000	1,300,000	1,300,000
Proceeds from Capital Raising	14,000,000	14,000,000	14,000,000
Post-Transaction Value	15,300,000	15,300,000	15,300,000
Post-Transaction shares on issue	1,025,524,170	1,025,524,170	1,025,524,170
Value per share	0.015	0.015	0.015
Minority discount <small>refer section 8.3</small>	10%	10%	10%
Post-Transaction Valuation per share	0.014	0.014	0.014

4.5 A condition precedent of the Transaction is that MUI will raise \$14,000,000 by way of a Capital Raising from the issue of 140,000,000 shares at \$0.10 per share, which is above the current value of the MUI shares, which we have assessed at nil.

4.6 In our opinion the Transaction is **fair** as the valuation of the MUI shares held by Non-Associated Shareholders increases as a result of the Transaction.

Reasonable

- 4.7 ASIC Regulatory Guide 111 states that a transaction is reasonable if:
- The Transaction is fair; or
 - Despite not being fair the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.
- 4.7.1 We have concluded that the Transaction is reasonable. In forming our opinion we have considered the following relevant factors:
- Given the Company's limited capital and lack of income producing assets it will have difficulty in creating significant long-term value for shareholders in its current state. The Directors of MUI have determined that SPG has the potential to increase MUI shareholder value and provide the Company with a future business direction.
 - The Transaction will increase the market capitalisation of the Company and provide liquidity for the Company's Shares, subject to the Company meeting the requirements of Chapters 1 and 2 of the ASX Listing Rules.
 - The Capital Raising is a condition of the Transaction and will provide the necessary funds to invest in SPG's assets.
 - The MUI Board are of the opinion that the Transaction is in the best interests of the Company's Shareholders and in the absence of a superior alternative proposal is a strategic opportunity for the Company to continue as a going concern.
 - We are unaware of any alternative proposal at the date of this report that may realise better value for MUI shareholders.

Having considered that the Transaction is fair, the potential of the SPG assets, and the alternatives of not proceeding with the Transaction, in our opinion the Shareholders of MUI should benefit if the Transaction proceeds and therefore, in our opinion the Transaction is reasonable.

- 4.8 *Accordingly, in our opinion, the Transaction is fair and reasonable to the Non-Associated Shareholders of MUI.*

5 BASIS OF EVALUATION

- 5.1 In our assessment of whether the Transaction is fair and reasonable to MUI Non-Associated Shareholders, we have given due consideration to the Regulatory Guides issued by the ASIC, in particular, Regulatory Guide 74 “Acquisitions Approved by Members”, Regulatory Guide 111 “Content of Expert Reports” and Regulatory Guide 112 “Independence of Experts”.
- 5.2 ASIC Regulatory Guide 74 requires, amongst other things, that shareholders are provided with sufficient information to make an effective, informed decision on whether the proposed Transaction is fair and reasonable. Under Regulatory Guide 111, a transaction is “fair” if the value of the asset being acquired (in this case 100% of the equity in SPG) is equal to or greater than the value of the consideration being offered (in this case, MUI shares). Additionally, under Regulatory Guide 111 an offer is “reasonable” if it is fair. It is possible for an offer to be reasonable despite being unfair. This would be after the expert considers that, based on non-financial factors, the shareholders should still approve the Transaction in the absence of any alternative proposals.
- 5.3 Our report has compared the likely advantages and disadvantages to non-associated shareholders if the Transaction is agreed to, with the advantages and disadvantages to those shareholders if it is not. Comparing the value of the shares to be acquired under the Transaction and the value of the consideration to be paid is only one element of this assessment.
- 5.4 We have considered whether any shareholder will obtain a level of control in MUI as a result of the proposed Transaction. In the event that a change in control arises from the proposed transaction, proportionately greater benefits to non-associated shareholders must be demonstrated. In this case SPG Shareholders will obtain control of MUI and this issue needs to be considered in comparing the value received by Non-Associated Shareholders in comparison to the value being paid.
- 5.5 Normal valuation practice is to determine the fair market value of an asset assuming a counter party transaction between a willing and not anxious buyer and a willing but not anxious seller, clearly at arm’s length. We have adopted this approach in determining the market value of 100% of the equity of SPG and MUI.
- 5.6 In evaluating the Transaction, we have considered the value of the SPG shares being acquired and compared this to the amount of consideration to be paid through the issue of MUI shares for this acquisition. We consider that the Transaction will be reasonable if, on balance, the Non-Associated Shareholders in MUI will be better off if the Transaction is approved. We will also consider the Non-Associated Shareholder’s interests should the Transaction not proceed.
- 5.7 In our assessment of the Transaction we have considered, in particular the following:
- The operational and financial position of SPG and MUI;
 - The value of SPG shares, under various methodologies;
 - The value of MUI shares, under various methodologies;
 - Any control premium associated with the Transaction;

- The advantages and disadvantages associated with approving the Transaction;
 - Share trading history of MUI shares;
 - The likely value and liquidity of MUI shares in the absence of the acquisition;
 - Other qualitative and strategic issues associated with the Transaction.
- 5.8 The documents and information relied on for the purpose of this valuation are set out in Appendix I. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Transaction is fair and reasonable. However, in assignments such as this, time is limited and we do not warrant that our enquiries have identified or verified all of the matters which an audit or more extensive examination might disclose. None of these additional tasks have been undertaken.
- 5.9 We understand the accounting and other financial information provided to us has been prepared in accordance with generally accepted accounting principles.
- 5.10 An important part of the information used in forming an opinion of the kind expressed in this report is the opinions and judgement of management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 5.11 HCC are not the auditors of MUI or SPG. We have analysed and reviewed information provided by the Directors and management of MUI and made further enquiries where appropriate.
- 5.12 This report has been prepared after taking into consideration the current economic and market climate. We take no responsibility for events occurring after the date of this report which may impact upon this report or which may impact upon the assumptions referred to in the report. To the extent we become aware of a material change in circumstances since the date of our report, we will issue a supplementary report at the request of MUI if so required.

6. OVERVIEW OF SPG

6.1 Company Overview

- 6.1.1 SPG is an exploration and production company established in the Cayman Islands in February 2015. SPG also owns a 100% interest in Skyland Services Limited and Skyland (TAAS) Limited. SPG's major shareholder is Vazon Associates Limited, a company associated with Dr. David Robson and Ms. Elizabeth Landles, holding a 28.98% interest.
- 6.1.2 SPG's primary geographical focus is assets in the states of the former Soviet Union. SPG is also actively seeking suitable projects consistent with the company's mission of supplying the economies of East Asia. SPG is currently developing the following two key opportunities (collectively the "Projects"):
- 6.1.3 Tajikistan: SPG has an agreement to redevelop the Kyzyl-Tumshuk field in Tajikistan. The Kyzyl-Tumshuk field is a producing oil and gas field with the ability, through investment, to increase production and to exploit the remaining recoverable reserves within the structure. This field is held under an Investment and Operating Agreement with the state company, Naftugaz.
- 6.1.4 Georgia: SPG intends to explore and appraise the West Rustavi extension and Block XI^G in Georgia. Block XI^G is an exploration block with significant potential located on the outskirts of the capital city Tbilisi, close to the producing oil fields of Samgori, Teleti and West Rustavi and adjacent to the largest oil discovery in Georgia (Samgori-Patardzeuli). The majority of geological and geophysical work has been completed and the block has three drill ready structures, with a fourth requiring minimal additional work to pick a well location. SPG has agreed to conditionally acquire a 20% participating interest in a Production Sharing Contract pertaining to the XI^G block alongside Georgia Oil and Gas Limited ("GOG") as the Operator (80%). The Georgian Oil and Gas Corporation (a Georgian government entity) has been providing debt to GOG which may be converted into a 20% interest in the property.
- 6.1.5 SPG has a technical and commercial interest in Eastern Siberia, which has very significant world class untapped oil and gas potential. We are advised SPG management have developed good business relationships with Russian companies and Russian State bodies operating in the Sakha (Yakutia) Autonomous Republic of the Russian Federation. These interests have translated into Memorandum's of Understanding ("MOU's") with regional State owned and private companies, the most notable being in relation to the Srednebotuobinskoe field (Taas-Yuryakh project) where SPG have signed a Heads of Agreement with the Russian State oil company Rosneft to acquire between 10 to 29% of this large producing oil and gas field in which, we are advised, BP plc are also acquiring a 20% interest. We are advised that this deal is progressing and if closed would be a major project for SPG.
- 6.1.6 The strategic plan defined by SPG is as follows:
- To develop the remaining recoverable reserves and increase production from the Kyzyl-Tumshuk field in Tajikistan using more modern techniques and technologies;
 - To assist the operator of Block XI^G in Georgia with the drilling of exploration well

Kumisi #2 on the block;

- To complete the acquisition of the interest in the Taas-Yuryakh project in Sakha, Eastern Siberia, and to further advance potential projects in that area;
- To acquire additional exploration and production assets in the Middle East, the former Soviet Union (particularly focused on the areas in which SPG currently has interests) as well as other geographical areas, if appropriate; and
- To grow shareholder value by further acquisitions, divestments and exploration activities.

6.1.7 Included at Appendix II is a summary of the Tajikistan and Georgia Projects.

6.2 Financial Information

6.2.1 SPG was incorporated in February 2015 and has not earned any revenues to-date. From incorporation to 30 September 2015 SPG (consolidated group) has incurred accumulated losses of US\$1,658,496, predominantly comprising consulting fees, staff costs, travel and accommodation.

6.2.2 Detailed below is the audited consolidated balance sheet of SPG as at 30 September 2015, presented in U.S. dollars, the functional currency of SPG:

Balance Sheet as at 30 September 2015	
	US\$
<u>CURRENT ASSETS</u>	
Cash assets	88,041
	88,041
<u>NON-CURRENT ASSETS</u>	
Plant and equipment	23,062
	23,062
TOTAL ASSETS	111,103
<u>CURRENT LIABILITIES</u>	
Trade creditors	1,068,813
Accrued professional fees	144,624
Loans – related parties	276,294
Loan – Mancliff Investments	621,321
TOTAL LIABILITIES	2,111,052
NET ASSETS	(1,999,949)
<u>EQUITY</u>	
Issued capital	100
Accumulated losses	(2,000,049)
TOTAL EQUITY	(1,999,949)

6.2.3 The loan from Mancliff Investments Limited is due to be repaid on 31 December 2015. In the event that it is not repaid by the due date penalty interest will be due and payable commencing at 25% p.a. during the first three months of default, 35% during the fourth to sixth months of default, and 45% on any balances outstanding thereafter.

7 OVERVIEW OF MUI

7.1 Corporate Overview

- 7.1.1 MUI was officially listed on the ASX in May 1997 and has been involved in the licencing of copyright for feature films. However currently there is no revenue being generated by the Company's film library and Directors have been assessing suitable opportunities to provide future revenue streams and value to shareholders.

7.2 Financial Information

- 7.2.1 MUI has not earned revenues from its business for a number of years and has only incurred expenses associated with the administration of the company. MUI incurred net losses from operations of \$518,858 in FY2014 and \$3,908,328 for FY2015. The loss in FY2015 included an impairment of a loan owed by AusAsia Energy Pty Ltd totalling \$3,487,171.

- 7.2.2 Set out below is the Audited Balance Sheet of MUI as at 30 June 2015.

CONSOLIDATED BALANCE SHEET	
	30 June 2015
<u>CURRENT ASSETS</u>	
Cash and cash equivalents	45,584
Trade and other receivables	26,833
Other current assets	20,000
	<u>92,417</u>
TOTAL ASSETS	92,417
<u>CURRENT LIABILITIES</u>	
Trade and other payables	278,538
Convertible notes	616,384
	<u>894,922</u>
TOTAL LIABILITIES	894,922
NET ASSETS	(802,505)
<u>EQUITY</u>	
Issued capital	35,764,430
Options reserves	31,784
Accumulated losses	<u>(36,598,719)</u>
TOTAL EQUITY	(802,505)

- 7.2.3 Convertible Notes (and accrued interest) on issue in the Company shown in liabilities as at 30 June 2015 will convert into ordinary shares as part of the Transaction.
- 7.2.4 The Company had executed a Put and Call Option Deed to acquire all of the issued capital of AusAsia Energy Pty Ltd, which in turn owns 100% of Jems Exploration Pty Ltd ("JEMS"). JEMS holds the rights over coal mining tenements in Queensland. Given the sustained depressed market conditions for coal and their effect particularly on the junior coal sector, MUI agreed binding terms with AusAsia to relinquish MUI's call

option to purchase JEMS and for the repayment of MUI's loan to AusAsia. The loan to AusAsia is not shown in the balance sheet above as it has been fully provided for as a doubtful debt. To-date, \$160,000 of the agreed repayment of the loan has been received, with \$3,487,171 outstanding as at 30 June 2015. AusAsia has not made any further payment of the subsequent instalments and consequently the Directors believe that it is prudent for the Company to fully provide for the amount of the loan outstanding in the financial statements. We are advised that negotiations are being made between the relevant parties to satisfy repayment of the loan through the transfer of shares in a newly relisted ASX entity. However as at the date of this report the final terms of this arrangement and the value of any such shares to be received by MUI has not been confirmed.

8 VALUATION METHODOLOGIES

8.1 Selection of Methodology

- 8.1.1 In order to assess the fairness of the Transaction a value needs to be attributed to MUI shares and SPG shares.
- 8.1.2 In assessing the value of MUI and SPG we have considered a range of valuation methods. ASIC Regulatory Guide 111 *Content of Expert Reports* states that in valuing a company the expert should consider the following commonly used valuation methodologies:
- Market Value of Shares: the quoted price for listed securities in a liquid and active market;
 - Realisation of Assets: the amount that would be available for distribution to security holders on an orderly realisation of assets;
 - Capitalisation of Future Maintainable Earnings: the value of trading operations based on the capitalisation of future maintainable earnings;
 - Discounted Cash Flow: the net present value of future cash flows;
 - Comparable Market Transactions: the identification of comparable sale transactions.

We consider each of these valuation methodologies below.

8.1.3 *Market Value of Shares as Quoted on the ASX*

This method involves the valuation of an entity based on its actively traded equities, which represent the market capitalisation of the share capital of the entity, in a liquid and knowledgeable market.

Any assessment of the market value of the quoted equities needs to consider the following:

- The liquidity for the quoted equity based on the volume and frequency of trading;
- The number of ‘unusual’ and/or ‘abnormal’ trades that occur; and
- The timing and level of dissemination of information to the market.

If quoted ordinary equity is traded in an active, liquid and knowledgeable market, then the market price of the quoted ordinary equity should represent the ‘fair’ market value.

A premium may also need to be applied to the value of the quoted ordinary equity to determine the value of the equity holding in the circumstances where a party is acquiring or increasing a controlling equity position.

MUI shares are publicly listed however in the last 12 months their trading has only included \$500 in shares traded on 1 September 2015 at \$0.001 per share. Prior to that, \$500,000 in shares was traded on 20 November 2014, also at \$0.001 per share. Due to the nominal level of liquidity and the age of the last significant trade being greater than 12 months, the listed share price is not a reasonable representation of the current fair market value of MUI and therefore this method is not appropriate for the valuation of MUI.

This method is not appropriate for SPG as its shares are not publicly listed.

8.1.4 *Realisation of Assets*

The net assets or cost based approach to value is based on the assumption that the value of all assets (tangible and intangible) less the value of all liabilities should equal the value of the entity. The net asset value is determined by marking every asset and liability on and off the company's balance sheet to current market values.

This approach is generally not appropriate where assets are employed productively and are earning more than the cost of capital. It is often used as a cross check to assess the relative riskiness of the business.

As MUI has no income producing assets, the notional realisation of assets has been adopted to assess the value of MUI shares, inclusive of a control premium for the value of its public listing.

SPG is a start-up company with no history of earnings. The main assets of the company are the prospective oil and gas projects. The notional realisation of assets has been considered in assessing the value of SPG shares.

8.1.5 *Capitalisation of Future Maintainable Earnings*

Under the earnings based valuation method, the value of the business is determined by capitalising the estimated future maintainable earnings of the business at an appropriate capitalisation rate or multiple of earnings. The multiple is a coefficient, representing the risk that the business may not achieve forecast earnings. This method is appropriate in valuing a business when there is a history of earnings, the business is established and it is assumed the earnings are sufficiently stable to be indicative of ongoing earnings potential.

This method is not considered appropriate for the valuation of MUI as:

- MUI does not have any recent historical earnings on which to base a valuation;
- The company has previously been involved in activities which do not relate to the proposed business activity.

This method is not considered appropriate for the valuation of SPG as the assets it holds are not currently contributing to earnings. It therefore does not have any historical earnings on which to base a valuation.

8.1.6 *Discounted Cash Flow – Net Present Value*

Discounted cash flow valuations involve calculating the value of a business on the basis of the net cash flows that will be earned from the business over its life. The cash flows are discounted to reflect the risk involved with achieving the forecast cash flows.

This method is not considered appropriate for the valuation of MUI as it has no income producing assets on which to base forecast cash flows.

Management of SPG have prepared various technical reports on their Projects, as summarised at Appendix II, which include valuations based on estimations and assumptions made on the recoverable reserves for oil and gas, as the basis for discounted

cash flow (“DCF”) valuations. However given the early stage of these Projects and the nature of the valuation assumptions, there is not a sufficient reasonable basis on which to rely on these valuations for the purpose of our report.

8.1.7 *Comparable Market Transactions*

This methodology involves the identification of comparable sale or equity raising transactions for similar businesses to that being valued.

We have determined that this method is not considered appropriate for valuing MUI or SPG due to the following:

- i. Lack of historical or current results as a basis for applying a comparable multiple of revenues or earnings;
- ii. Lack of share transactions with non-related parties in either company on which to apply a comparable transactions approach.

8.1.8 *Financial information relied upon in applying selected valuation methods*

We have reviewed financial information for MUI and SPG to the extent available. Ultimately, the management of the respective companies are responsible for the preparation and presentation of the financial information provided. The purpose of our review is to establish that the financial information used is not materially misstated. This review does not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

8.2 Premium for Control

8.2.1 When considering transactions involving a substantial equity holding of a company, it is appropriate to address whether a premium for control should attach to the Transaction. A premium for control is the difference between the price for each share that a buyer would be prepared to pay to obtain a controlling interest in a company and the price per share that would be required to purchase a share that does not carry with it a controlling interest. In most cases, the value of a controlling interest in the shares in a company significantly exceeds the listed market value of the shares. This reflects the fact that:

- a) the owner of a controlling interest in the shares in a company obtains access to all free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder;
- b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds;
- c) the controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company;
- d) the entity taking over the company is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.

8.2.2 Empirical evidence indicates that the average premium for control (over and above the market price of the company’s shares) in successful takeovers in Australia generally range between 20% and 35% above the listed market price of the target company’s shares three months prior to the announcement of the bid (assuming no speculation of the

takeover is reflected in the pre-bid price). However, the appropriate premium for control depends on the specific circumstances and, in particular, the level of synergy benefits able to be extracted by potential acquirers and the degree of confidence about the level and achievability of potential synergies and their timing.

- 8.2.3 Caution must be exercised in assessing the value of a company or business based on the market rating of comparable companies or businesses. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations premiums may be minimal or even zero. It is inappropriate to apply a premium of 20-35% without having regard to the circumstances of each case. In some situations there is no premium. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through a capital raising.
- 8.2.4 A shareholder or group of associated shareholders are deemed to influence a company when they have control of more than 20% of the issued shares in a company. At this time a premium for control should normally be considered.
- 8.2.5 A premium for control is relevant to the Transaction, as it will result in SPG Shareholders being entitled to a voting interest of up to 77.9% of MUI's issued ordinary shares. We have considered a premium for control in valuing the Company's listing when applying the net realisation of assets method, as a proxy for the value of a public listed company.

8.3 Minority Interest Discount

- 8.3.1 The value of a minority shareholding is subject to a discount factor as the minority shareholder is not in a position to direct, and often not in a position to influence, the distribution of dividends, the investment of retained profits or the strategy or tactics of the company's operations.
- 8.3.2 The Transaction will result in the dilution of current Non-Associated Shareholders' ownership percentages from 100% to 7.2%. We have discounted the post-Transaction value per share on a control basis by 10% to arrive at a post-Transaction value on a minority basis. We believe this discount is reasonable after considering the following factors:
 - a) MUI will have no other business activity immediately prior to completion of the Transaction. There are no profitable operations for which Non-Associated shareholders are losing control;
 - b) The assessment of advantages and disadvantages associated with MUI entering into the Transaction as detailed at section 11.

9 VALUE OF SPG

9.1 General

- 9.1.1 This section sets out our assessment of the underlying value of SPG.
- 9.1.2 We have selected the realisation of assets as the valuation methodology for SPG as detailed in section 8.
- 9.1.3 We are of the opinion that a secondary valuation methodology for SPG is not required as none of the alternate methodologies are appropriate due to the fact that the assets held by SPG are not currently contributing to earnings.

9.2 Realisation of Assets

- 9.2.1 SPG is a start-up company with no history of earnings. The notional realisation of assets is therefore an appropriate valuation method for SPG.
- 9.2.2 As at 30 September 2015 the company had a deficit in net assets totalling US\$1,999,949, as shown in the balance sheet at section 6.2.
- 9.2.3 The company has agreements in place allowing it to acquire stakes in oil and gas fields, as detailed at section 6.1. No value has been attributed to these agreements in the financial statements of SPG.
- 9.2.4 The main assets of the company are its prospective oil and gas Projects. We have reviewed various technical reports prepared by SPG on their Projects as summarised at Appendix II, which include valuations based on estimations and assumptions on the recoverable reserves for oil and gas. However given the early stage of these Projects and the nature of the valuation assumptions, there is not a sufficient reasonable basis on which to rely on any discounted cash flow valuation for the purpose of our report.
- 9.2.5 Therefore, due to the deficit in net assets and the inability to reasonably determine a value of its intangible assets, we are unable to attribute a value to SPG's equity for the purpose of this report.

10 VALUE OF MUI

10.1 General

10.1.1 This section sets out our assessment of the underlying value of MUI shares.

10.1.2 We have selected the realisation of net assets as the valuation methodology for MUI as detailed in section 8. As the company has no current business operations and their shares have no trading liquidity there is no secondary valuation methodology available.

10.2 Realisation of Assets

10.2.1 MUI has no revenues from its historical business activities. The notional realisation of assets is therefore an appropriate valuation method for MUI.

10.2.2 As at 30 June 2015 the Company had a deficit in net assets totalling \$802,505, as shown in the balance sheet at section 7.2.

10.2.3 The value of a listed company varies depending on the subsequent regulatory requirements, including necessary compliance with ASX listing requirements. The ASX Listing Rules will require MUI to reapply for listing following completion of the Transaction, which will require MUI to meet ASX listing requirements. Considering the current position of the Company, the absence of other offers available, the relisting requirements should the Transaction proceed, and our experience concerning the values placed on listed shells, we have allocated a value range for the listed company shell of \$400,000 - \$500,000, which also represents a premium for control. The net asset value of MUI on a controlling interest basis is as follows:

	Low	High
Net assets	(802,505)	(802,505)
Value of listing	<u>400,000</u>	<u>500,000</u>
Net realisable value	(402,505)	(302,505)

10.2.4 Therefore the value of MUI shares currently on issue to existing shareholders is nil.

11 ADVANTAGES & DISADVANTAGES OF THE TRANSACTION

11.1 Approach to assessing Fairness and Reasonableness

HCC has followed the guidelines of ASIC Regulatory Guide 111 in assessing the fairness and reasonableness of the Transaction. In forming its conclusions in this report, HCC compared the advantages and disadvantages for Non-Associated Shareholders if the Transaction proceeds.

11.2 Advantages of the Transaction

- 11.2.1 Given the Company's limited capital and lack of income producing assets it will have difficulty in creating significant long-term value for shareholders in its current state. The Directors of MUI have determined that SPG has the potential to increase MUI shareholder value and provide the Company with a future business direction.
- 11.2.2 The Transaction will increase the market capitalisation of the Company and provide liquidity for the Company's Shares, subject to the Company meeting the requirements of Chapters 1 and 2 of the ASX Listing Rules.
- 11.2.3 The Capital Raising is a condition of the Transaction and will provide the necessary funds to invest in SPG's assets.
- 11.2.4 The MUI Board are of the opinion that the Transaction is in the best interests of the Company's Shareholders and in the absence of a superior alternative proposal is a strategic opportunity for the Company to continue as a going concern.

11.3 Disadvantages of the Transaction

- 11.3.1 There may be other opportunities MUI will not be able to undertake to increase the value of its listing if it accepts this Transaction due to the controlling interest being obtained by SPG Shareholders.
- 11.3.2 The Company will be changing its activities to those of SPG, being development of oil and gas projects and operation thereof, which may not be consistent with the objectives and risk profile of existing Shareholders.
- 11.3.3 MUI's existing shareholders voting interest will decrease from 100% to 7.2% as a result of the Transaction, prior to any existing shareholders participating in the Capital Raising.

12 CONCLUSION AS TO FAIRNESS AND REASONABLENESS

12.1 Fairness

- 12.1.1 According to RG 111, for the Transaction to be fair, the value of the SPG shares being acquired must be equal to or greater than the value of the consideration, being MUI shares.
- 12.1.2 As detailed section 9 of this report, due to SPG's deficit in net assets and the inability to reasonably determine a value of its intangible assets, we are unable to attribute a value to SPG equity for the purpose of this report.
- 12.1.3 Based on the analysis contained in section 10 of this report, the value of MUI shares currently on issue to existing shareholders is **nil**, based on the Company currently being in a large net debt position.
- 12.1.4 Our valuation of MUI shares is based on a value prior to the Transaction on a controlling interest basis. In order to assess whether the Transaction is fair, we need to compare the pre-transaction values on a control basis with the post-transaction values on a minority basis, as the existing Non-Associated Shareholders of MUI will lose control of the Company to the SPG Shareholders after the Transaction. This is shown in the table below:

MUI Value and Opinion	Low	High	Midpoint
Control valuation of MUI, pre-Transaction	-	-	-
Valuation of SPG	-	-	-
Debt retired from Conversion of Convertible Notes	1,300,000	1,300,000	1,300,000
Proceeds from Capital Raising	14,000,000	14,000,000	14,000,000
Post-Transaction Value	15,300,000	15,300,000	15,300,000
Post-Transaction shares on issue	1,025,524,170	1,025,524,170	1,025,524,170
Value per share	0.015	0.015	0.015
Minority discount <small>refer section 8.3</small>	10%	10%	10%
Post-Transaction Valuation per share	0.014	0.014	0.014

- 12.1.5 A condition precedent of the Transaction is that MUI will raise \$14,000,000 by way of a Capital Raising from the issue of 140,000,000 shares at \$0.10 per share, which is above the current value of the MUI shares, which we have assessed at nil.
- 12.1.6 In our opinion the Transaction is **fair** as the valuation of the MUI shares held by Non-Associated Shareholders increases as a result of the Transaction.

12.2 Reasonableness

ASIC Regulatory Guide 111 states that a transaction is reasonable if:

- The Transaction is fair; or
- Despite not being fair the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

We have concluded that the Transaction is fair and therefore also reasonable. In forming our opinion we have also considered the following relevant factors.

- Given the Company's limited capital and lack of income producing assets it will have difficulty in creating significant long-term value for shareholders in its current state. The Directors of MUI have determined that SPG has the potential to increase MUI shareholder value and provide the Company with a future business direction.
- The Transaction will increase the market capitalisation of the Company and provide liquidity for the Company's Shares, subject to the Company meeting the requirements of Chapters 1 and 2 of the ASX Listing Rules.
- The Capital Raising is a condition of the Transaction and will provide the necessary funds to invest in SPG's assets.
- The MUI Board are of the opinion that the Transaction is in the best interests of the Company's Shareholders and in the absence of a superior alternative proposal is a strategic opportunity for the Company to continue as a going concern.
- We are unaware of any alternative proposal at the date of this report that may realise better value for MUI shareholders.

Having considered that the Transaction is fair, the potential of the SPG business and the alternatives of not proceeding with the Transaction, in our opinion the Non-Associated Shareholders of MUI should benefit if the Transaction proceeds and therefore, in our opinion the Transaction is reasonable.

Yours faithfully
Hall Chadwick Corporate (NSW) Limited



DREW TOWNSEND

APPENDIX I - SOURCES OF INFORMATION

- MUI Corporation Limited audited financial statements for the years ended 30 June 2014 and 30 June 2015;
- Skyland Petroleum Group Limited unaudited financial statements from incorporation to 30 September 2015;
- Evaluation of Prospective Resources Technical Assessment Report on Skyland Petroleum Group Ltd.'s Interest in Block XI^G, Republic of Georgia, submitted by Gustavson Associates LLC
- Various technical reports on the assets in which SPG has an interest, prepared by SPG management;
- MUI Corporation Limited Notice of General Meeting and Explanatory Memorandum;
- Term Sheet between MUI and SPG;
- MUI registry details;
- Publicly available information on MUI, SPG and comparable companies, including media releases, ASX announcements and websites;
- ASIC Regulatory Guide 74 'Acquisitions Approved by Members';
- ASIC Regulatory Guide 111 'Content of Expert Reports';
- ASIC Regulatory Guide 112 'Independence of Expert's Reports';
- APES 225 'Valuation Services'.

APPENDIX II – OVERVIEW OF SPG PROJECTS

Tajikistan Project

Source: “Final Report of Reserves Estimation for the Kyzyl-Tumshuk Field in Tajikistan”, Prepared by Rudolf Kriechbaum, Vice President Subsurface, Skyland Petroleum Limited

Project Background

Skyland has an Investment Operating Agreement (“IOA”) for the Kyzyl-Tumshuk (also known as the Surkhsimo) oil and gas field in the Vaksh valley of south-east Tajikistan in the western part of the Vakhshmegasyncline near the town of Kurgan-Tube. This is a producing oil and gas field, which the Company believes has remaining potential for increasing both oil and gas production. Both oil and gas wells are currently flowing under natural pressure. Skyland has identified a potential oil rim which is believed to be between 50m and 100m in thickness. Under the terms of the IOA, Skyland shall be responsible for all operations and operating expenses on the field and shall in return receive a percentage of the oil and gas produced as a result of Skyland’s activities (70% whilst recovering costs and 50% thereafter). A 6% taxation royalty is applicable, but this is permitted for cost recovery purposes. Skyland will be liable for corporate profit tax at 15% and other minor taxes.

Skyland completed the Kyzyl-Tumshuk Investment and Operating Agreement in October 2015 and must commence works within 12 months. Initial works will include workovers and recompletions followed by drilling to target both oil and gas production.

The IOA is with the State oil and gas company Naftugaz and supported by the Ministry of Energy and Water Resources. Skyland expects to begin work on the field in early 2016 to re-establish/enhance gas production and investigate the potential for oil production from the reported oil rim.

The field was initially interpreted on seismic in the 1940’s, with the first discovery well drilled in 1959. Current production from the field is 6-7 MM3/d (212 – 247 MCF/d) of gas and 30 – 38 bopd of oil per day. This production is classified as “baseline production” and 100% of this is net to Naftugaz under the IOA. The main reservoir rock is the Bukhara Limestone of Paleocene age, and the source rock is the argillaceous limestone of the Eocene Suzak Formation. The main reservoir is shallow (650 metres) and offers low cost workovers and redevelopment opportunities. Initial oil production rates of up to 690 bopd have been reported. In total, 44 wells have been drilled on the structure, although only three are presently in production.

The field, which is shallow, is connected by pipeline to the capital city Dushanbe, which provides a market for the gas at regionally high prices. Nearby oil refineries are available as off-takers for the crude oil production.

In Skyland’s opinion, the Kyzyl-Tumshuk gas condensate field offers considerable additional potential, both in terms of increasing gas production and via the efficient development of the oil rim. Positive cash flows should be possible relatively quickly and at low cost.

Kyzyl-Tumshuk Oil and Gas Commercialisation

The Kyzyl-Tumshuk field is located in south Tajikistan, a country with a severe need for both oil and gas. The field itself is connected via pipeline to several local industrial facilities, such as brick factories, and the capital Dushanbe, where there is a strong demand for gas from residential users, fertiliser plants and TALCO (one of the world's largest aluminium plants). There is currently no significant gas supply in the country and it is estimated that the domestic market will consume all of the Kyzyl-Tumshuk field's production at relatively high prices.

Oil is currently sold to nearby mini-refineries at prices close to the world price. The ability to export oil to Afghanistan also exists, with the field being located close to the border. Oil prices in Tajikistan and northern Afghanistan are high and significant demand exists in the region. Transport infrastructure in the form of railways and roads is good and represents a route to many buyers.

Kyzyl-Tumshuk Reserves

Internal Skyland Reserves Estimates (non JORC compliant) shown in the tables below have been calculated using the following parameters:

Porosity: 17%

Gas Saturation: 85%

Recovery Factor (Gas): 70%

Expansion Factor (Gas): 85.6

Oil Saturation: 65%

Oil Density: 0.87 g/cc

Recovery Factor (Oil): 30%

Bo (Oil Volume Factor): 1.1

Gas Reserves:

	Volume (GVR, m3)	Porosity	Sg	Gas Expansion (E)	BCM to BCF	GIIP (BCF)	RF	Gas Recoverable (BCF)
1P	14,822,961.48	0.17	0.85	85.60	35.31	6.50	0.70	4.53
2P	197,715,061.20	0.17	0.85	85.60	35.31	86.40	0.70	60.45
3P	597,324,476.50	0.17	0.85	85.60	35.31	260.90	0.70	182.62

Oil Reserves:

	Area (m2)	Thickness (m)	So	Porosity	Bo	GVR (m3)	OIIP (BBL)	RF	Oil Recoverable (BBL)
1P	3,867,187.89	5.00	0.65	0.17	1.10	19,335,939.45	14,782,813	0.30	4,434,844
2P	3,867,187.89	10.00	0.65	0.17	1.10	38,671,878.90	29,565,626	0.30	8,869,688
3P	3,867,187.89	50.00	0.65	0.17	1.10	193,359,394.50	147,828,128	0.30	44,348,438

All values above for estimation of Recoverable Reserves for Oil and Gas are based on assumptions only.

BCF: Billion Cubic Feet

BBL: Barrel

Georgia Project

Source: SPG Management Prepared Summary

Project Background

The Georgian project comprises the further development of exploration Block XI^G. Block XI^G is located on the outskirts of Tbilisi, close to the producing oil fields of Samgori, Teleti and West Rustavi and on trend with the largest oil discovery in Georgia (Samgori-Patardzeuli). The Samgori fields alone have produced over 200 MMbbls of oil to date from the Middle Eocene formation. SPG is taking a 20% stake in the Block XI^G by agreeing to invest USD2 million into the block, alongside Georgia Oil and Gas (“GOG”) as the Operator with 80% ownership. In addition the Georgian Oil and Gas Corporation (a Georgian government entity) is providing debt to GOG which may be converted into a 20% interest in the property.

GOG, the majority owner and the operator of Block XI^G, has recently acquired a further 135 km of 2D seismic and over 500 km² of gravity survey over the area, and has now commenced drilling of the first new exploration well (Kumisi #2).

Following the collapse of the Soviet Union in 1991 funding for the oil and gas industry in Georgia ceased. This, combined with a civil war between 1991 and 1993 effectively destroyed the Georgian oil and gas industry. All exploration ceased, and many producing oil fields fell into disrepair and ultimately into abandonment.

In the early 1990's the territory of Georgia was divided into small license blocks. Today, the Georgian oil and gas industry is focused upon the rehabilitation of existing fields through the application of modern technologies, and exploration for new fields, both onshore and offshore.

The Georgian government actively promotes oil and gas exploration and production and operates a Production Sharing Contract (PSC) license system, whereby investors are guaranteed fiscal stability for the duration of the contract. PSCs are awarded after a competitive tender process. Taxes are not applicable, and instead oil and gas produced from the license area is shared between the investor and the state. Signature bonuses and commercial discovery bonuses are in effect on most licenses.

Block XI^G Production Sharing Contract and Commercial Terms

The Block XI^G license is held under a PSC issued in 2012 and acquired by GOG in 2014. The license expires in 2037 and contains an automatic 5-year extension period. The outstanding work commitment on the license is the drilling of one well by February 2016 (this will be the Kumisi 2 exploration well). The license covers an area of 289 km².

In terms of taxation, the license is held under a PSC. All taxes for the contracting parties (GOG & SPG) are paid for by the State from the production split. The cost recovery ceiling is 50%, and the profit oil split is 40% until all costs are recovered and 35% thereafter. A royalty of USD 2 per barrel is in effect and this royalty is stabilised for the duration of the contract. In addition, a commercial discovery bonus of USD 5.5 million (gross) is payable on the commencement of commercial production. No VAT is applicable on oilfield operations and no export taxes or duties are in effect.

The Block XI^G project will be acquired through SPG acquiring 100% of a GOG company which

currently owns part of GOG's interest in the PSC. This company is likely to be Tbilisi Petroleum Limited, a 100% subsidiary of GOG, which will on completion own a 20% interest in Block XI^G and is an official license holder of the PSC. Tbilisi Petroleum Limited will be acquired by SPG from its current owner, GOG, for an investment in the work programme and repayment of back costs to GOG of USD 2 million, with an effective carry for GOG of USD 1.160 million to gain a 20% working interest in the PSC. These funds will be used to partly fund the drilling and completion of the Kumisi 2 exploration well.

Block XI^G Overview

Block XI^G is located on the outskirts of the capital city of Tbilisi (population 1.2 million) and has excellent road and rail links nearby. Due to its location on a transit route from Azerbaijan, Georgia is well served with oil and gas export pipelines, rail corridors and deep-water ports. The Baku-Tbilisi-Ceyhan ("BTC") oil pipeline runs from the Caspian Sea to the Mediterranean, and has a capacity of 1 MMbopd, and there are plans to extend this pipeline into Europe. The BP operated Baku-Supsa pipeline has a capacity of 145,000 bopd and runs from Baku on the Caspian Sea to the deepwater port of Supsa on the Georgian Black Sea coast. The deepwater port of Supsa, close to the city of Batumi, is in itself a significant asset, permitting both the export of oil and the import of equipment to support any potential oil and gas development in Georgia.

Georgia offers significant opportunities for the commercialisation of oil and gas. Oil prices received are priced based upon Brent, and crude oil is in demand in the domestic market and export to world markets via the BTC pipelines and the Supsa deepwater port. In terms of gas commercialisation, gas prices in the country are high. There is a gas pipeline linking Georgia to Turkey, where prices are very high. Under the terms of the Block XI^G PSC, oil and gas can be freely exported to any buyer.

Block XI^G Forward Plans

The first well in the Block XI^G Work Programme will be Kumisi 2, targeting oil in the Middle Eocene (1450-1700m) and gas in the Lower Eocene. The proposed well plan may involve a horizontal well, targeting a conventional under-thrust play alongside a sealing fault. The aim of this horizontal well would be to break into a number of isolated reservoir compartments, and the well would be orientated so as to intersect the greatest number of fracture sets, which are understood to be running in a predominantly North/South orientation. As such, the well plan is designed to optimize both vertical and lateral reservoir connectivity. The Kumisi 2 well will also investigate a deeper (2000-2500m) Lower Eocene gas play. The nearby West Rustavi 30 well produced 26,000 M³/day of gas from a similar Eocene play.

In addition to the Kumisi 2 prospect, new gravity data also indicates the existence of up to three additional prospects in Block XI^G.

Evaluation of Prospective Resources Technical Assessment Report on Skyland Petroleum Group Ltd.'s Interest in Block XI^G, Republic of Georgia, submitted by Gustavson Associates LLC Independent Qualified Reserves Evaluators

Gustavson Associates LLC has also been retained by MUI to prepare a Report regarding the interest held by Skyland in Block XI^G. A full copy of this report has been annexed to the Notice of Meeting to Shareholders.

APPENDIX III - STATEMENT OF DECLARATION & QUALIFICATIONS

Confirmation of Independence

Prior to accepting this engagement HCC determined its independence with respect to MUI and SPG with reference to ASIC Regulatory Guide 112 (RG 112) titled “Independence of Expert’s Reports”. HCC considers that it meets the requirements of RG 112 and that it is independent of MUI and SPG.

Also, in accordance with s648 (2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with MUI, its related parties or associates that would compromise our impartiality.

Mr Drew Townsend and Mr David Kenney, directors of Hall Chadwick Corporate (NSW) Limited, have prepared this report. Neither they nor any related entities of Hall Chadwick Corporate (NSW) Limited have any interest in the promotion of the Transaction nor will Hall Chadwick Corporate (NSW) Limited receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this report. Our fee is not contingent upon the success or failure of the proposed transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, HCC does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.

HCC provided a draft copy of this report to the Directors and management of MUI for their comment as to factual accuracy, as opposed to opinions, which are the responsibility of HCC alone. Changes made to this report, as a result of the review by the Directors and management of MUI have not changed the methodology or conclusions reached by HCC.

Reliance on Information

The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this report HCC has relied upon information provided on the basis it was reliable and accurate. HCC has no reason to believe that any information supplied to it was false or that any material information (that a reasonable person would expect to be disclosed) has been withheld from it. HCC evaluated the information provided to it by MUI and SPG as well as other parties, through enquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base its report. Accordingly, we have taken no further steps to verify the accuracy, completeness or fairness of the data provided.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS). HCC does not imply and it should not be construed that it has audited or in anyway verified any of the information provided to it, or that its enquiries could have verified any matter which a more extensive examination might disclose.

The sources of information that we relied upon are outlined in Appendix I of this report.

MUI has provided an indemnity to HCC for any claims arising out of any mis-statement or omission in any material or information provided by MUI to HCC in preparation of this report.

Qualifications

Hall Chadwick Corporate (NSW) Limited ("HCC") carries on business at Level 40, 2 Park Street, Sydney NSW 2000. HCC holds Australian Financial Services Licence No. 227902 authorising it to provide financial product advice on securities to retail clients. HCC's representatives are therefore qualified to provide this report.

Consent and Disclaimers

The preparation of this report has been undertaken at the request of the Directors of MUI. It also has regard to relevant ASIC Regulatory Guides. It is not intended that the report should be used for any other purpose than to accompany the Notice of General Meeting to be sent to MUI shareholders. In particular, it is not intended that this report should be used for any purpose other than as an expression of HCC's opinion as to whether or not the proposed Transaction is fair and reasonable.

HCC consent to the issue of this report in the form and context in which it is included in the Notice of General Meeting to be sent to MUI shareholders.

Shareholders should read all documents issued by MUI that consider the proposed Transaction in its entirety, prior to proceeding with a decision. HCC had no involvement in the preparation of these additional documents, with the exception of our report.

This report has been prepared specifically for the Non-associated shareholders of MUI. Neither HCC, nor any member or employee thereof undertakes responsibility to any person, other than a Non-associated shareholder of MUI, in respect of this report, including any errors or omissions howsoever caused. This report is "General Advice" and does not take into account any person's particular investment objectives, financial situation and particular needs. Before making an investment decision based on this advice, you should consider, with or without the assistance of a securities advisor, whether it is appropriate to your particular investment needs, objectives and financial circumstances.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS).

Our opinions are based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. Furthermore, financial markets have been particularly volatile in recent times. Accordingly, if circumstances change significantly, subsequent to the issue of the report, our conclusions and opinions may differ from those stated herein. There is no requirement for HCC to update this report for information that may become available subsequent to this date.

APPENDIX IV - FINANCIAL SERVICES GUIDE

Dated 23 December 2015

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Hall Chadwick Corporate (NSW) Limited ABN 28 080 462 488, Australian Financial Services Licence Number 227902 (HCC).

This FSG includes information about:

- HCC and how they can be contacted
- the services HCC is authorised to provide
- how HCC are paid
- any relevant associations or relationships of HCC
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that HCC has in place.

This FSG forms part of an Independent Expert's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that HCC is authorised to provide

HCC holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of finance products.

HCC's responsibility to you

HCC has been engaged by the independent directors of MUI Corporation Limited ("MUI" or the "Client") to provide general financial product advice in the form of a Report to be included in the Notice of Meeting (Document) prepared by MUI in relation to the proposed transaction to acquire all of the issued shares in Skyland Petroleum Group Limited ("SPG") (the "Transaction").

You have not engaged HCC directly but have received a copy of the Report because you have been provided with a copy of the Document. HCC nor the employees of HCC are acting for any person other than the Client.

HCC is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As HCC has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

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HCC charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay HCC \$25,000 (excluding GST and out of pocket expenses) for preparing the Report. HCC and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

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From time to time HCC, the Hall Chadwick Sydney Partnership and related entities (HC entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

Over the past two years no professional fees have been received from the Client.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of the Client or has other material financial interests in the Transaction.

Complaints resolution

If you have a complaint, please let HCC know. Formal complaints should be sent in writing to:
The Complaints Officer
Hall Chadwick Corporate (NSW) Limited
GPO Box 3555
Sydney NSW 2001

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Drew Townsend, on 02 9263 2600 and he will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If HCC cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Financial Ombudsman Service Limited
GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 06
Facsimile (03) 9613 6399
Email: info@fos.org.au

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

HCC has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact HCC at:
Hall Chadwick Corporate (NSW) Limited
GPO Box 3555
Sydney NSW 2001
Telephone: 02 9263 2600
Facsimile: 02 9263 2800

Schedule 2**Independent Geologist's Report**

**Evaluation of Prospective Resources
Technical Assessment Report
Skyland Petroleum Group Ltd.'s Interest in
License Block XI^G
Republic of Georgia**

**Prepared on Behalf of
MUI Corporation**

03 December 2015

Submitted By:



GUSTAVSON ASSOCIATES

5757 CENTRAL AVE. SUITE D BOULDER, COLORADO 80301 USA

Independent Qualified Reserves Evaluators

**Evaluation of Prospective Resources
Technical Assessment Report
Skyland Petroleum Group Ltd.'s Interest in
License Block XI^G
Republic of Georgia**

**Prepared on Behalf of
MUI Corporation**

03 December 2015



A handwritten signature in black ink, appearing to read "Letha C. Lencioni", followed by a tilde symbol (~).

**Letha C. Lencioni
Registered Petroleum Engineer
State of Colorado #29506
State of Wyoming #8493**



GUSTAVSON ASSOCIATES

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Independent Qualified Reserves Evaluators

1. EXECUTIVE SUMMARY

Gustavson Associates, at the request of MUI Corporation Limited (“MUI”) has been retained to provide an estimate of the Prospective Oil and Gas Resources for the South Prospect in License Block XI^G in the Kura Basin and Achara-Trialet Thrust Belt of the Republic of Georgia.

Georgia Oil and Gas (GOG) owned 100 percent interest in a production sharing contract for License Block XI^G. On November 13, 2015, Skyland Petroleum entered into a Heads of Agreement to acquire a 20 percent interest in the Block. Skyland’s 20 percent interest in License Block XI^G is evaluated in this report.

The Prospective Oil and Gas Resource estimates provided in this Report are based on a review of a conventional oil and gas prospect presented by GOG. The prospective reservoirs are in Eocene-aged and Cretaceous-ages rocks. The methodologies used for the estimate presented herein were to review the available seismic data review well data and available analogous reservoir data, select parameters for likely distributions of reservoir parameters, and prepare a probabilistic resource estimate.

“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.”¹

Categorization for the range of uncertainty according to the Petroleum Resources Management System² corresponds to the key points in the resource distribution as follows: the 50 percent or P₅₀ point (Best Estimate), the 90 percent or P₉₀ point (Low Estimate) and 10 percent or P₁₀ point (High Case). The P₅₀ probability value for each distribution is considered the most likely estimate of potential resources.

¹ *Petroleum Resources Management System*, Society of Petroleum Engineers (SPE), March 2007, Page 3.

² *Petroleum Resources Management System*, Society of Petroleum Engineers (SPE), March 2007, Page 2.

Table 1-1 Gross Unrisked Prospective Resources, License Block XI^G, South Prospect

Reservoir	Parameter	Low Estimate	Best Estimate	High Estimate
Middle Eocene	Prospective Oil Resources, MMBbl	48	104	192
Middle Eocene	Prospective Solution Gas Resources, BCF	19	42	77
Lower Eocene	Prospective Gas Resources, BCF	146	319	600
Cretaceous	Prospective Gas Resources, BCF	112	674	1,979
Arithmetic Total Gas	Prospective Gas Resources, BCF	277	1,035	2,656

Table 1-2 Unrisked Prospective Resources Net to Skyland (20%), License Block XI^G, South Prospect³

Reservoir	Parameter	Low Estimate	Best Estimate	High Estimate
Middle Eocene	Prospective Oil Resources, MMBbl	9.7	20.7	38.4
Middle Eocene	Prospective Solution Gas Resources, BCF	3.9	8.3	15.3
Lower Eocene	Prospective Gas Resources, BCF	29.2	63.9	120.1
Cretaceous	Prospective Gas Resources, BCF	22.4	134.7	395.7
Arithmetic Total Gas	Prospective Gas Resources, BCF	55.5	206.9	531.1

³ Does not reflect PSC Terms, Section 4.4 of this Report

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3. INTRODUCTION

3.1 AUTHORIZATION

Gustavson Associates LLC (the Consultant) has been retained by MUI Corporation (MUI, the Client) to prepare a Report regarding the interest held by Skyland Petroleum Group Ltd. (hereinafter referred to as Skyland) in License Block XI^G located in the Republic of Georgia. This Report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, the 2005 edition of the VALMIN Code promulgated by Australasian Institute of Mining and Metallurgy (AusIMM).

3.2 INTENDED PURPOSE AND USERS OF REPORT

It is our understanding that our report will be used in support of a fairness opinion as a result of the acquisition of Skyland by MUI, and for inclusion in a notice of meeting and prospectus to be issued by MUI and also filed with the Australian Securities and Investment Commission.

3.3 OWNER CONTACT AND PROPERTY INSPECTION

This Consultant has had frequent contact with the Client and with Skyland. This Consultant has not personally inspected the subject property.

3.4 SCOPE OF WORK AND SOURCES OF MATERIAL INFORMATION

This Report is intended to describe and quantify the gross prospective oil and gas resources contained within License Block XI^G, located in Georgia.

Skyland provided us with the following information that was the basis for this report:

1. Various PowerPoint Presentations regarding oil and gas potential of License Block XI^G

2. Seismic database
3. Well logs
4. Well Correlation Diagrams
5. Structure Maps
6. AFE for Drilling Costs
7. West Rustavi Report prepared by CanArgo

In addition, Gustavson acquired technical papers in the public domain on analogous oil and gas fields.

3.5 APPLICABLE STANDARDS

This Report is a Technical Assessment Report, prepared in accordance with VALMIN code. It is also compliant with the Petroleum Resources Management System⁴ issued jointly by the Society of Petroleum Engineers (SPE), the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG), and the Society of Petroleum Evaluation Engineers (SPEE) as required by clause 75 of the VALMIN Code.

3.6 ASSUMPTIONS AND LIMITING CONDITIONS

The accuracy of any reserve or resource estimate is a function of available time, data and of geological, engineering, and commercial interpretation and judgment. While the interpretation and estimates presented herein are believed to be reasonable, they should be viewed with the understanding that additional analysis or new data may justify their revision. Gustavson Associates reserves the right to revise its opinions, if new information is deemed sufficiently credible to do so.

As of the writing of this report, the Kumisi #2 exploration well is being drilled on the prospect that is evaluated in this report. On November 24, 2015, the well was reported to be at a depth of 1,276 meters. A more recent update was not available as the operator has put the well on tight-

⁴ http://www.spe.org/spe-site/spe/spe/industry/reserves/Petroleum_Resources_Management_System_2007.pdf

hole status⁵. The results of this well will likely have a material impact on the findings of this report and will require an update incorporating those results.

3.7 INDEPENDENCE/DISCLAIMER OF INTEREST

Gustavson Associates LLC has acted independently in the preparation of this Report. The company and its employees have no direct or indirect ownership in the property appraised or the area of study described. Ms. Letha Lencioni is signing off on this Report, which has been prepared by her as a Competent Expert, with the assistance of others on Gustavson's staff.

Our fee for this Report and the other services that may be provided are not dependent on the amount of resources estimated.

To the best of our knowledge, full, accurate and true disclosure of all material information was provided to us by Skyland, and all necessary access to Skyland's records was assured.

⁵ Email communication with Skyland Petroleum on December 3, 2015. Tight-hole status means that information about well progress and results are held confidential by the operator.

4. PROJECT DESCRIPTION

4.1 LOCATION AND BASIN NAME

The subject exploration block is located in the Kura Basin (also referred to as the Kartli Basin) and the Achara-Trialet Thrust Belt in Georgia (Figure 4-1). The Kura Basin extends over approximately 95,000 square kilometers from the middle of Georgia to the Caspian Sea. The Achara-Trialet Thrust Belt is located to the south of the Kura Basin and extends from the Black Sea east to the Caspian Sea. This thrust belt is also known as the Lesser Caucasus.

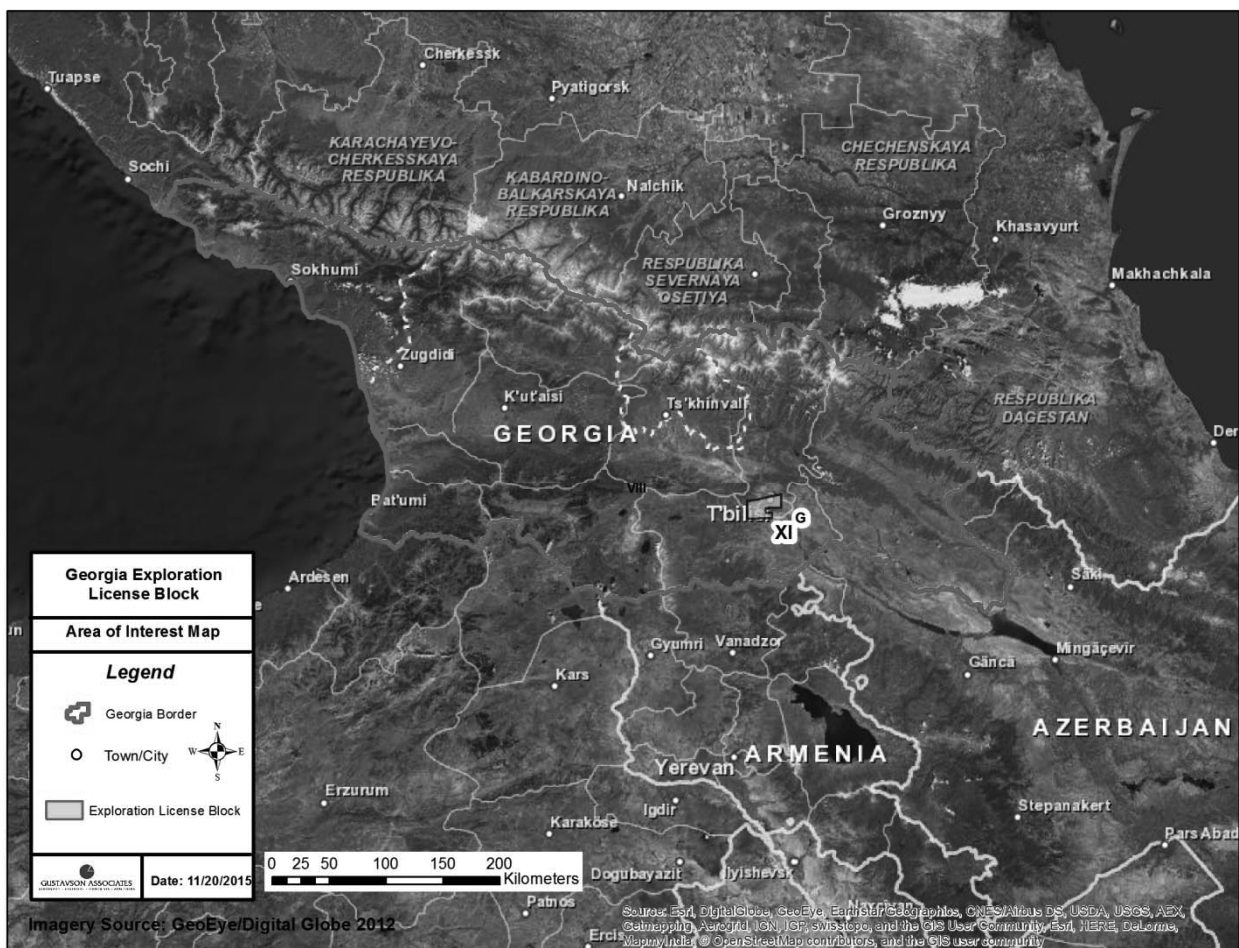


Figure 4-1 Location of Georgia and License Block XI^G

The Kura Basin and the Rioni Basin pass through Georgia from the Black Sea to the Caspian Sea (Figure 4-2). The Kura Basin is a narrow, asymmetric, and northwest-southeast elongate basin

with the deeper axis on the north which borders the Greater Caucasus while the shallower axis on the south runs along the Lesser Caucasus, which are also known as the Achara-Trialet Thrust Belt.

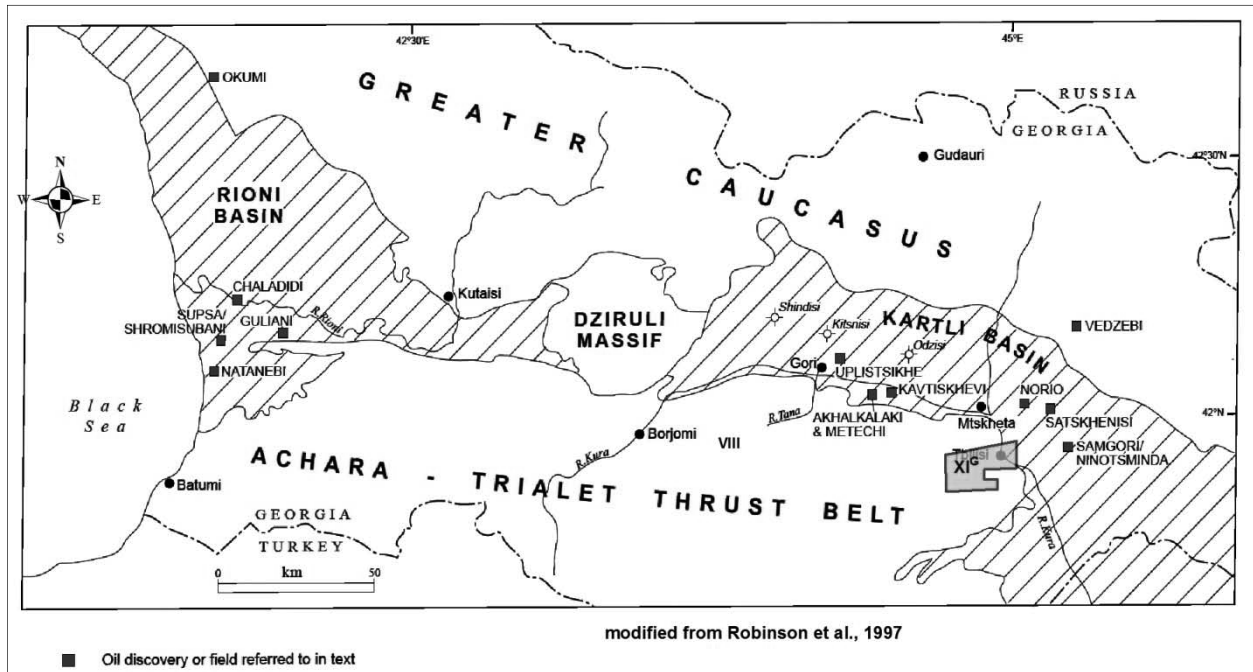


Figure 4-2 Tectonic Elements in Georgia with the Subject Block in Green

Maps of License Block XI^G are shown in Figure 4-3 and Figure 4-4. The XY map coordinates from the PSCs that define the Exploration License Block is shown in Table 4-1, presented using the Gauss-Kruger Zone 8, Krassovsky Spheroid.

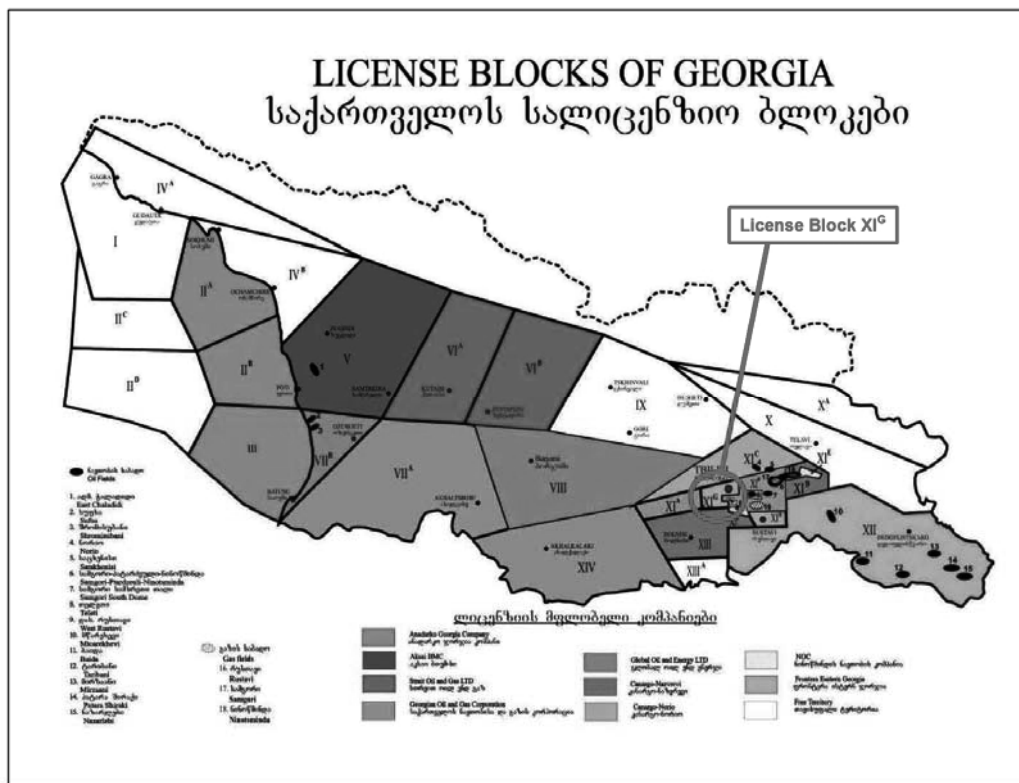


Figure 4-3 Location of XI^G License Block in Georgia
(modified from GOG, 2013)

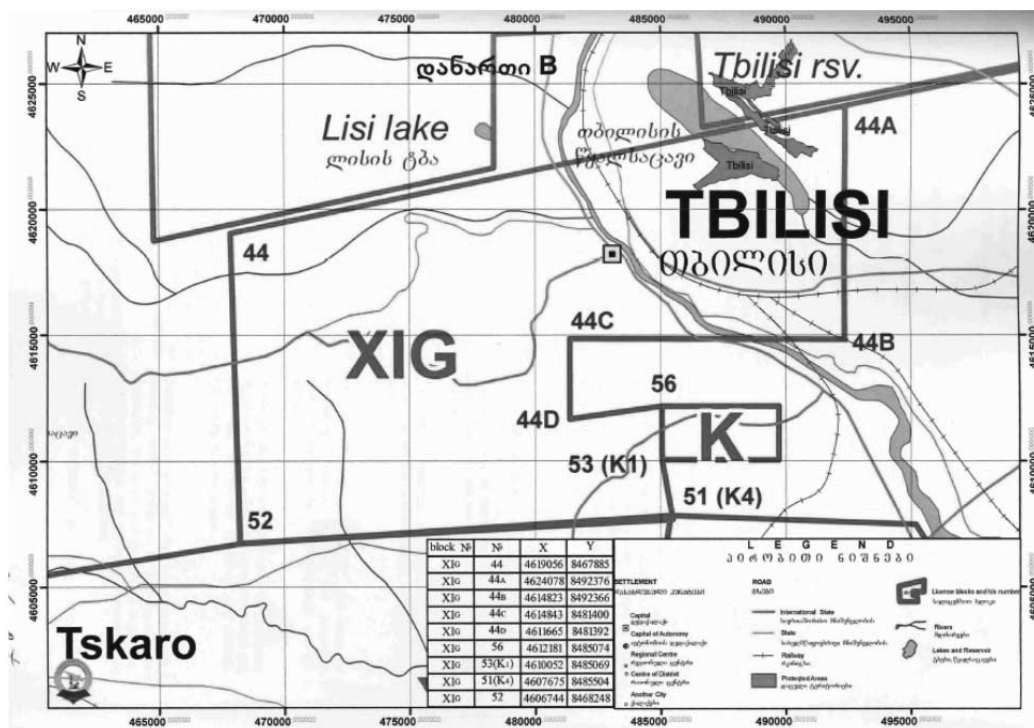


Figure 4-4 License Block XI^G Map
(showing the city of Tbilisi, major roads, rivers and forest areas)

Table 4-1 License Block XI^G Coordinates

Block No.	No.	X	Y
XI ^G	44	4619056	8467885
XI ^G	44 _A	4624078	8492376
XI ^G	44 _B	4614823	8492366
XI ^G	44 _C	4614843	8481400
XI ^G	44 _D	4611665	8481392
XI ^G	56	4612181	8485074
XI ^G	53(K ₁)	4610052	8485069
XI ^G	51(K ₄)	4607675	8485504
XI ^G	52	4606744	8468248

4.2 OVERVIEW OF PROSPECT

Gustavson Associates has reviewed the interpreted data that describes a prospect area contained within the License Block XI^G area.

The sub-thrust southern prospect in License Block XI^G is based on seismic data and is near the Teleti field, which produces oil from Middle Eocene reservoir rocks. The Samgori Field produces hydrocarbons from reservoirs in Middle Eocene volcanoclastic rocks, primarily tuffs, that are the model for reservoirs in the identified Middle Eocene thrust prospect on License Block XI^G. Volcanoclastic rocks can be good reservoir rocks when porosity and permeability is enhanced by fracturing and diagenetic alteration to laumontite as is the case in the Samgori Field area. Lower Eocene age sandstone, volcanoclastic, marl, and siltstone rocks are also target reservoirs. Cretaceous age carbonates are also a target reservoir for the prospect. Gas shows and gas production for these reservoirs is present in the Kura Basin in general and the adjacent W. Rustavi oil field.

Compressional tectonics dominate the region creating thrusting and anticlines that have been explored for hydrocarbons.

4.2.1 South Prospect Sub-Thrust Prospect

The South Prospect identified by GOG using 2D seismic data, gravity data, and well control, targets Middle and Lower Eocene reservoirs. This prospect is in the area of the Kumisi #1 well, where gas shows were encountered in Lower Eocene reservoirs, and the W. Rustavi #44 oil discovery. Exploratory drilling of the Kumisi #2 well on the prospect is underway and as of November 24, 2015, has penetrated to 1,276 meters. No additional information was available because as of the writing of this report, the well was on tight hole status.

The South Prospect Sub-Thrust prospect is shown in Figure 4-5 and Figure 4-6. This prospect is north of W. Rustavi #44, which produces oil from Eocene reservoirs and north of the Kumisi #1 well, which penetrated Upper Cretaceous rocks at 2,880 meters.

Three prospective reservoir intervals have been included in the resource estimates, Middle Eocene, Lower Eocene, and Cretaceous.

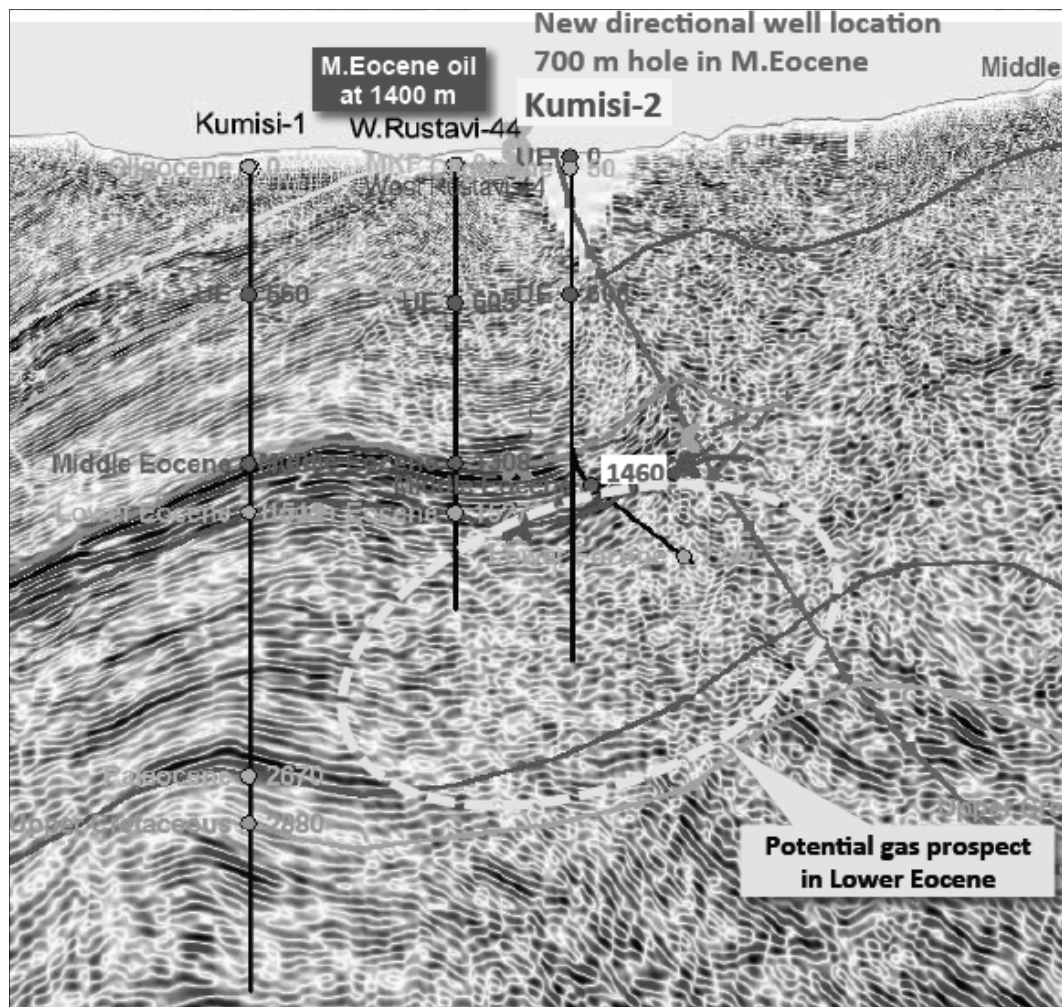


Figure 4-5 2D Seismic Line Showing Sub-Thrust Prospect, Kumisi #1 Well, W. Rustavi #44 Oil Well, and Location of Kumisi #2 Well

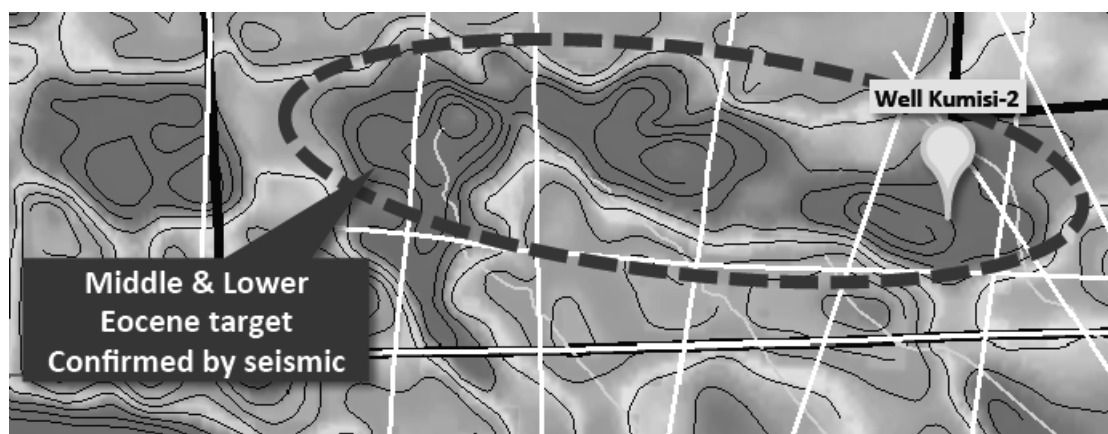


Figure 4-6 New Gravity Data Residual Anomalies Map Showing Potential Sub-Thrust Exploration Targets and Seismic Line Locations

4.3 SEISMIC INTERPRETATION

Skyland provided 2D seismic data, screen shots of interpreted seismic lines, and maps along with some well and horizon depth information. Gustavson loaded the depth versions of these data into the IHS Kingdom SMT software and created an interpretation based on the information Skyland provided. The Kumisi #1 and W. Rustavi #44 wells were used to correlate the Middle Eocene, Lower Eocene and Upper Cretaceous horizons to the seismic. The location of the wells and seismic data on License Block XI^G are depicted in Figure 4-7 below.

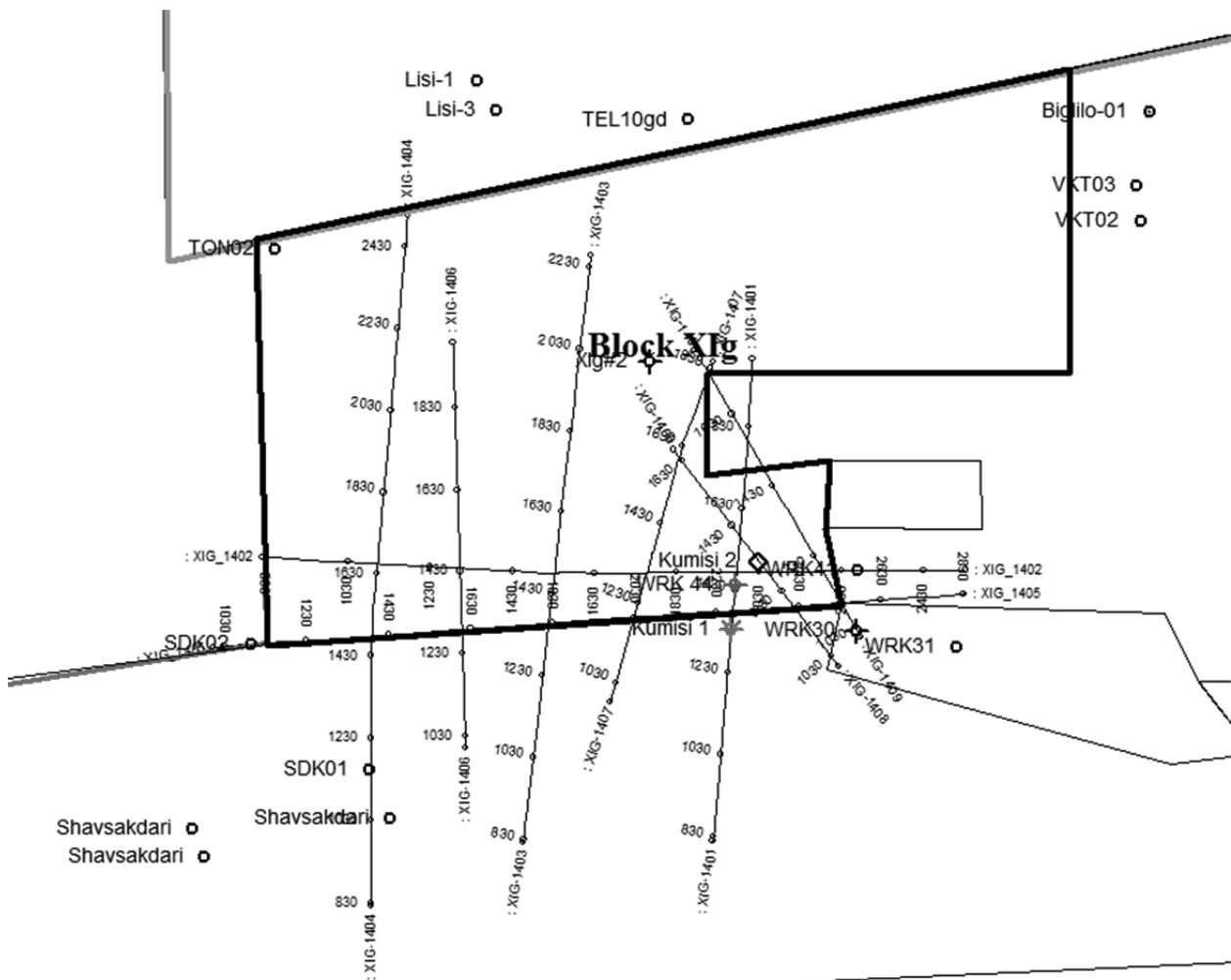


Figure 4-7 Seismic and well data location

Figure 4-8 and Figure 4-9 are depth structure maps based on the Gustavson interpretations for the Middle Eocene, Lower Eocene, and Cretaceous target intervals that were used to determine

the areas for input into the probabilistic resource estimates. The seismic data indicates that in general the section dips to the east and that this is a structurally complex tectonic and stratigraphic area with many faults and structural features.

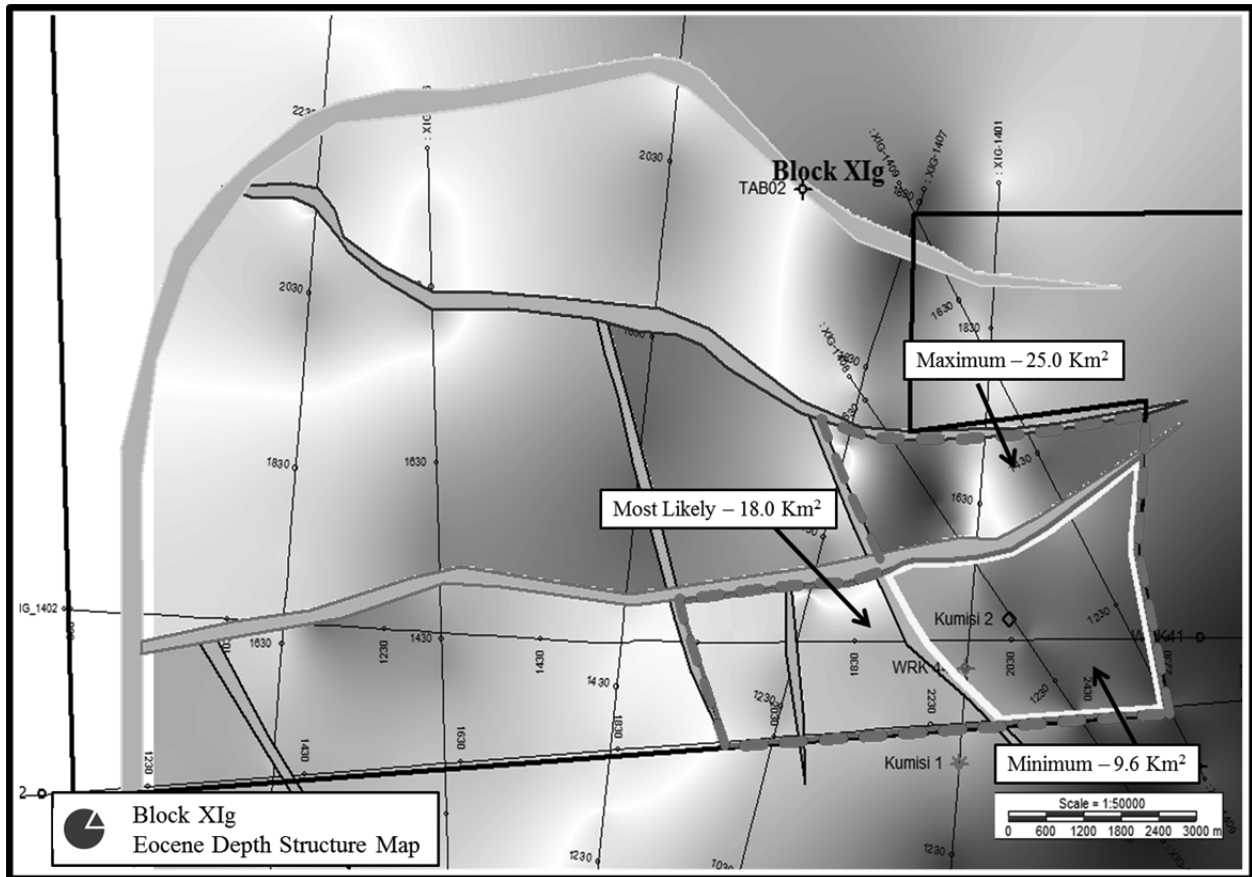


Figure 4-8 Middle and Lower Eocene Depth Structure Map with Area Used for Resource Estimates

The same areas were used for both the Middle and Lower Eocene for the purposes of resource estimates. The intervals are close together in a vertical sense and the structural interpretation was judged to be identical. The minimum area is estimated to be 9.6 square kilometers, most likely 18.0 square kilometers and maximum 25.0 square kilometers.

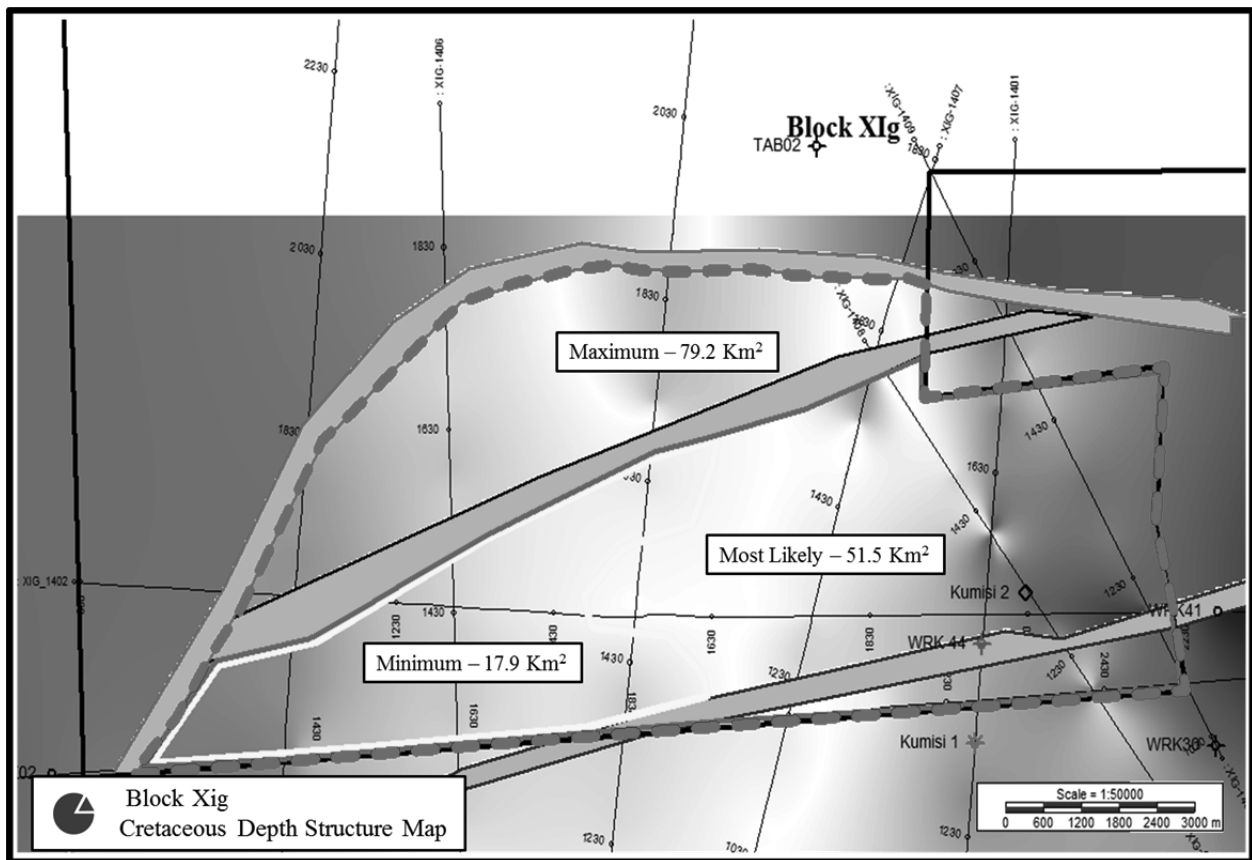


Figure 4-9 Upper Cretaceous Depth Structure Map with Area Used for Resource Estimates

The updip part of the Upper Cretaceous structure is to the west with a thrust fault assumed to form part of the trap. The interpretation was tied to a mappable event that is below the Kumisi 1 top. The minimum area is estimated to be 17.9 square kilometers, most likely 51.5 square kilometers and maximum 79.2 square kilometers.

4.4 GROSS AND NET INTEREST IN THE PROPERTIES

Georgia Oil and Gas (GOG) owned 100 percent interest in a production sharing contract for License Block XI^G. On November 13, 2015, Skyland Petroleum entered into a Heads of Agreement to acquire a 20 percent interest in the Block. Skyland's 20 percent interest in License Block XI^G is evaluated in this report.

License Block XI^G is subject to a production sharing contract with the Georgian government. The PSC states that the profit oil from any oil and gas operations will be allocated in the following manner:

- Sixty percent of Profit Oil to the State
- Forty percent of Profit Oil to the Contractor

Profit Oil is defined as the amount of production, after deducting cost oil production allocated to costs and expenses, that will be divided between the participating parties and the host government under the production sharing contract.⁶

4.5 PRODUCT TYPES REASONABLY EXPECTED

Medium to light crude oil and associated gas are the product types expected in the Middle Eocene target reservoirs and natural gas in the Lower Eocene and Cretaceous target reservoirs.

4.6 ESTIMATED DRILLING AND TESTING COSTS

Skyland has provided us with an AFE that has the following costs for the Kumisi #2 well:

- Near vertical well to 2,300 meters - USD3.2 million
- Sidetrack of 600 – 700 meters - USD1 million
- Total Cost - USD4.2 million

Skyland reported that if the Kumisi #2 well is successful in the deeper main target, then a sidetrack will not be necessary. If the deeper target is unsuccessful, then the sidetrack is planned for a total cost of up to \$1 million.

In addition, Stage 3 of the Work Commitment may require the drilling of a second exploratory well and an option for acquiring additional seismic data. Skyland reports that there are no firm plans to drill a second well and the impetus to do so will depend on the results of the Kumisi #2

⁶ http://www.glossary.oilfield.slb.com/en/Terms/p/profit_oil.aspx

well. If there is a second well, the target would be to a similar depth and have a similar cost to the Kumisi #2 well.

In regards to the shooting of additional seismic, Skyland reports that about 135 km² of 2D seismic data were just acquired in 2014 – 2015. Future acquisition of a 3D survey would likely occur if the Kumisi #2 well is successful.

4.7 EXPECTED TIMING OF DRILLING AND COMPLETION

As described previously, the Kumisi #2 is currently being drilled on the subject block on the prospect that is evaluated in this report. The exact timing of TD, logging, testing and completion is not known at this time.

4.8 EXPECTED PRICES

If hydrocarbons are discovered on the subject block, there will likely be revenue from oil and natural gas production. Research on crude oil prices in Georgia indicates that Brent pricing is referenced minus marketing and transportation. Exact figures are not available but another operator reports that the price differential is about \$12.00 per barrel⁷.

Natural gas will likely be sold domestically as Georgia imports gas from neighboring countries. The pricing of domestic gas in Georgia is complex and would depend on several factors. Information on pricing could only be found at the retail level where residential and industrial customers pay 0.17 to 0.23 euro/m³.

4.9 EXPECTED MARKETING AND TRANSPORTATION ARRANGEMENTS

The Baku-Supsa Oil Pipeline (also known as the Western Route Export Pipeline and Western Early Oil Pipeline) runs 833 kilometers (518 miles) from Sanagachal Terminal in Azerbaijan to the Supsa Terminal in Georgia. With a capacity of 145 MBOPD, it is operated by BP and passes

⁷ Iskander Energy Corporate Presentation October 2014

through Block XI^M. The Baku-Tbilisi-Ceyhan Oil Pipeline (BTC) runs 1,768 kilometers (1,099 miles) from the Caspian Sea to the Mediterranean Sea. The pipeline is owned and operated by a consortium of eleven energy companies called BTC Co. Its capacity is 1 MMBOPD. The South Caucasus Gas Pipeline (SCP) runs 692 kilometers (430 miles) from the Azerbaijan offshore gas field Shah-Deniz to Erzurum, Turkey. Its capacity is 8.8 BCMPY. Both the BTC and SCP lines run to the immediate south of Block XI^A.

Figure 4-10 depicts the oil and gas pipelines in and around Georgia.



Figure 4-10 Oil and Gas Pipelines in and around Georgia
(economist.com, 2008)

4.10 IDENTITY AND RELEVANT EXPERIENCE OF THE OPERATOR

GOG is an oil and gas exploration, development, and production company and is organized and existing under the laws of British Virgin Islands.

The registered address and other pertinent information for the company is the following:

- Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands;
- Registration No: 1473418;
- The Date of Incorporation: 08 April, 2008.

5. GEOLOGY

5.1 STRUCTURE

The subject block is located in a tectonically complex area to the south of the Greater Caucasus and across the Lesser Caucasus. Oil and gas production has been established primarily from the Rioni Basin near the Black Sea and the Kartli Basin (also referred to as the Kura Basin) on the eastern side of Georgia (also known as the Karthaliny or Western or Upper Kura basin) which are flexural foreland basins formed in Neogene time by loading of the Achara-Trialet Thrust Belt (Lesser Caucasus) (Figure 5-1). Both basins are bounded on the north by the Greater Caucasus fold and thrust area, which is composed of shallow marine carbonate rocks. The Achara-Trialet Thrust Belt is composed of Paleogene age strata formed in a rifted extensional basin (Robinson et al., 1997). This area is characterized by large anticlines and associated faulting involving Cretaceous through Paleogene rocks. The pre-rift basement rocks include the Dziruli Massif that now separates the Rioni Basin from the Kartli Basin. The basin complex extends through Azerbaijan to the Caspian Sea.

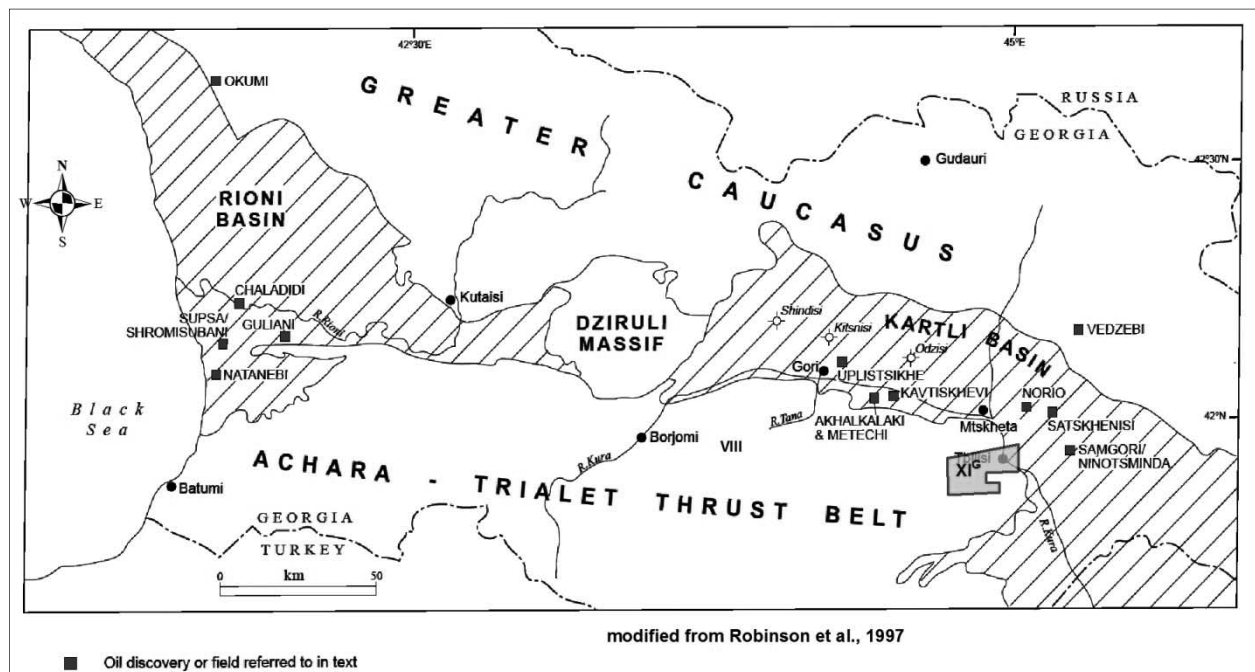


Figure 5-1 Exploration License Block XI^G, Basins, and Mountain Areas

(from Robinson et al., 1997)

The region of Georgia and Azerbaijan between the Black Sea and the Caspian Sea (roughly located in the red oval in Figure 5-2) is composed of accreted terranes⁸. These terranes include island arcs and continental fragments that moved from Gondwana to be accreted to the Eurasian Plate in several stages (Adamia et al., 2011; Zakariadze et al., 2007; Robinson et al., 1997; Zonenshain, et al., 1990). The paleogeographic maps included in Figure 5-2 trace the process through time. The Cretaceous carbonate rocks and the Cenozoic age clastic rocks that are exploration targets in Georgia were deposited in rift basins, back-arc and foreland style basins that were formed in the area of the Black Sea and Caspian Sea over and between these terranes during the Mesozoic and Cenozoic (Figure 5-2) (Adamia, et al., 2011).

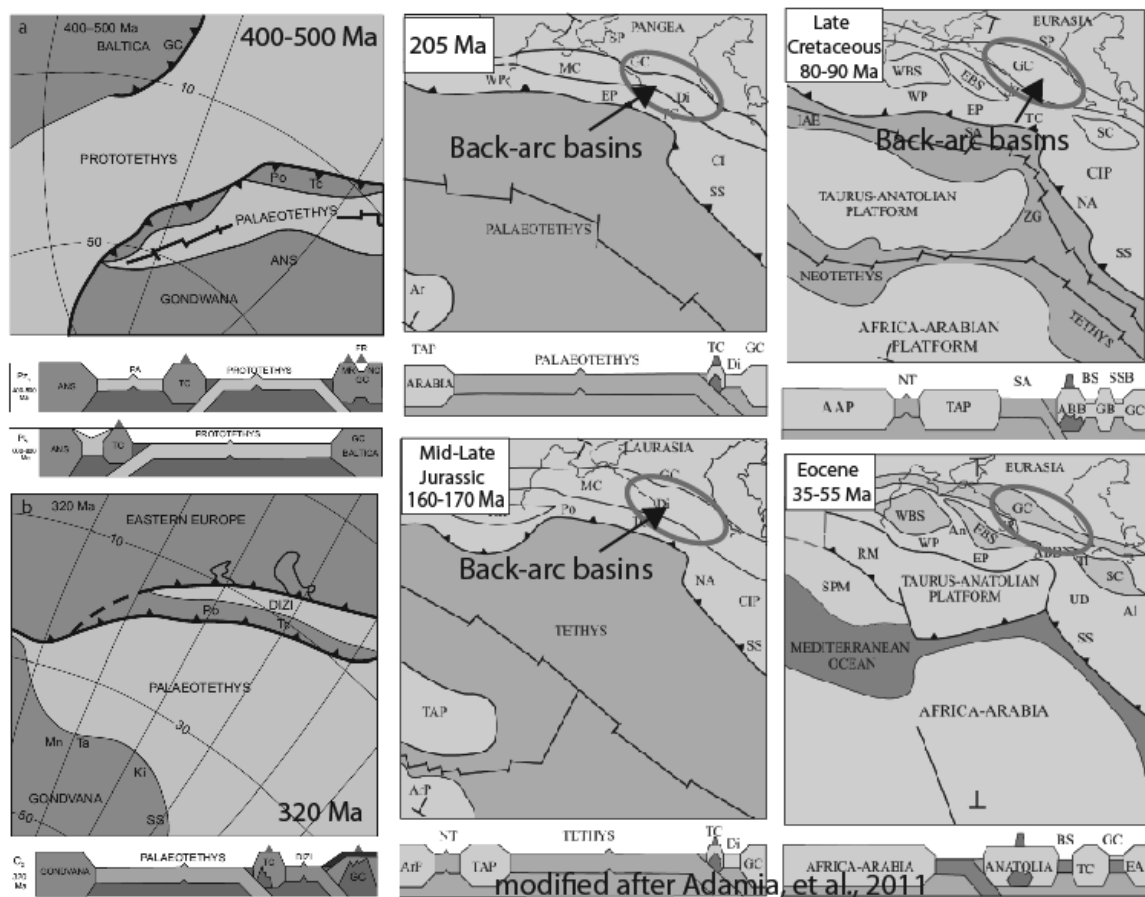


Figure 5-2 Paleogeographic Reconstructions of the Area
(during Paleozoic, Mesozoic and Cenozoic times)

⁸ A continental or oceanic plate fragment added to the margin of another tectonic plate by collision and welding.

The collision and rotation of the Africa-Arabian plate with the Eurasian Plate resulted in the Alpine Orogeny, which formed the Rioni and Kartli basins and the folded and thrust structural traps that are being explored for hydrocarbons. The structural complexity of the area is shown in Figure 5-3.

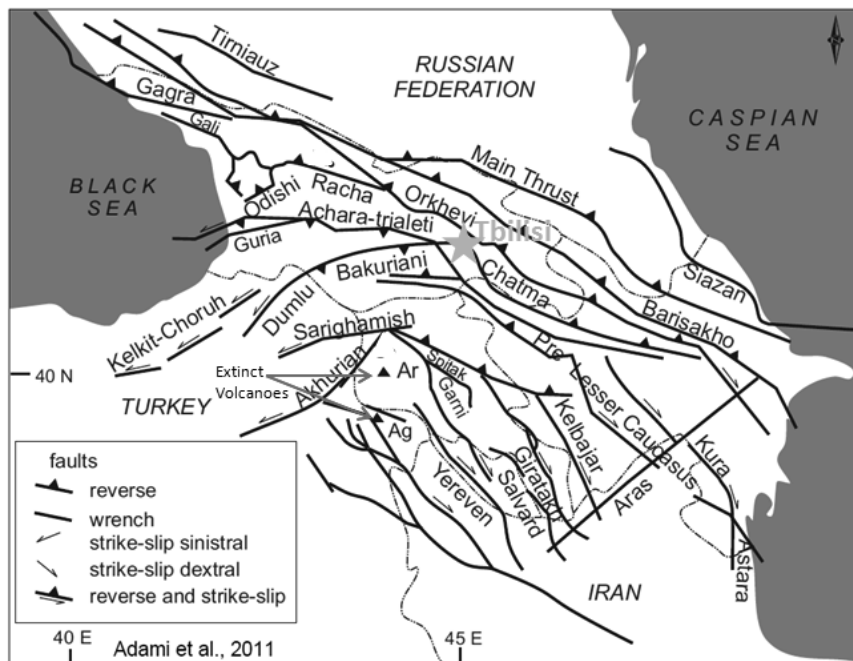


Figure 5-3 Regional Structural Fault Map

5.2 STRATIGRAPHY

Paleozoic and Mesozoic rocks in the Kartli (Kura) Basin are dominated by marine carbonates. This interval includes volcanic and volcanoclastic rocks and marls.

The Cretaceous strata consist of platform carbonates, sandy limestones, marls, and volcanoclastic rocks of back-arc and continental shelf origin. Cretaceous rocks are important hydrocarbon reservoirs in the North Caucasus region. The Manavi 11 well discovered oil in fractured Cretaceous carbonate rocks in Block XI^E in Georgia to the east of the subject block. The Manavi structure is a faulted anticline that is along strike to the Ninotsminda Field. Before mechanical

failures, the well tested 40.5 degree API oil from a 148 meter hydrocarbon column⁹. The Manavi 11 well could be used as an analog for new exploration plays in Georgia (Morariu and Noual, 2009). Cretaceous age reservoir rocks include rocks encountered in the Manavi 11 well.

Marine carbonates give way to marine sandy limestones and clastics during the Paleocene (Figure 5-4). The Eocene was characterized by the advent of submarine volcanic eruptions that deposited lava, tuffs and tuffaceous turbidites interbedded with marine clastic and marine carbonate deposits. Reservoirs of Middle Eocene age are characterized as volcanoclastic interbedded with siltstones and some volcanic andesitic flows. The volcanoclastic sandstones were deposited as gravity flows, or turbidites, in deep marine settings. The reservoir quality of these volcanoclastic sandstones has reportedly been improved by diagenetic alteration to laumontite and by fracturing (Robinson et al., 1997). Volcanism decreased as shallow marine clastic and carbonate deposits dominated the Late Eocene.

Oligocene age rocks contain interbedded sandstone and shale deposited in shallow marine depositional settings in restricted basins. The Oligocene succession of sandstones and gypsiferous clays continues into the Miocene. Miocene age deposits range from marine turbidites to fluvial and deltaic deposits indicating a change from marine to shallow marine to continental setting. The Maikop Series of Oligocene to Early Miocene age contains both source rocks and reservoir rocks that produce oil in the Kura Basin.

Jurassic age sedimentary rocks consisting of volcanoclastic sandstone, shale, limestone and marl unconformably overly basement are present in the Block VIII region. Here approximately 1,500 meters of lower Cretaceous rocks, which consist of volcanoclastic sandstones, limestone, and shale, transgressively overly the Jurassic. Similar rocks comprise the 1,800 meter thick upper Cretaceous interval. Cenozoic age sedimentary rocks consist of marine sandstone, clay, and limestone that can total approximately 9,000 meters of section where present. Igneous intrusions are also present on the surface as well as basement highs.

⁹ Blakeoilandgas.com

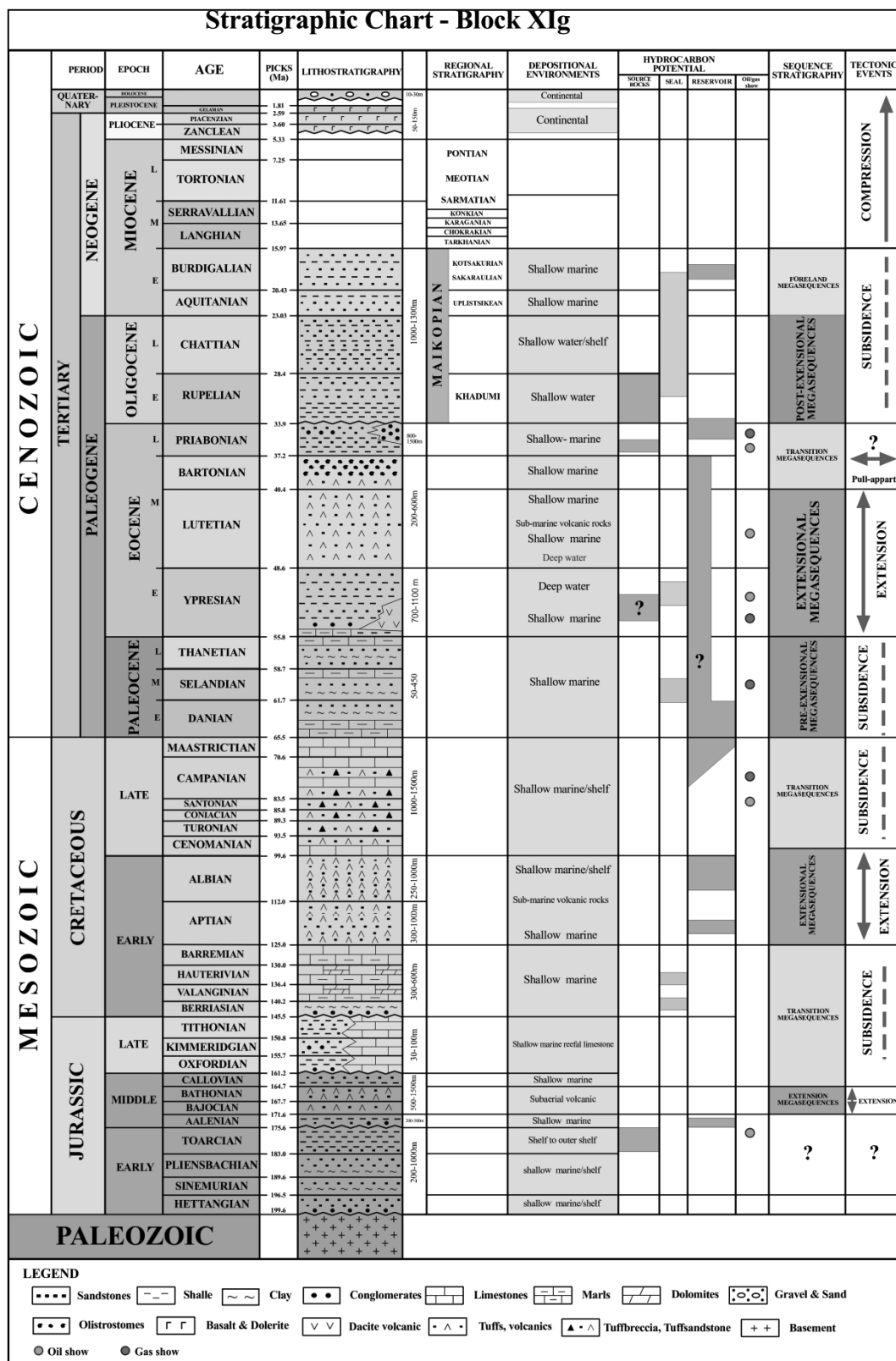


Figure 5-4 Stratigraphic Column of the Kura Basin Region
(showing source rocks and tectonics)

5.3 PETROLEUM SYSTEM

The aspects of a petroleum system include mature source rock, reservoir rock, and trapping of the reservoir rock where hydrocarbons migrated from the mature source rock can accumulate.

5.3.1 Source Rocks

Numerous source rocks have been investigated for the oils found in the Kura Basin and the Lesser Caucasus. These consist of shale, chalkstone, and mudrock of Cretaceous, Paleogene and Neogene age (Gudushauri and Sanishvili, 2000) (Table 5-1). Cretaceous Aptian and Albian age marl source rocks have also been identified. Jurassic rocks are also potential source rocks.

Much of the historic production from wells in eastern Georgia is considered to be sourced from the Oligocene-Miocene age Maikop Series. The total organic carbon content typically ranges between 0.3-1.6% (Strait and Georgian, 2011). Table 5-1 shows the organic content of some rocks of Neogene (N), Paleogene (P), and one Cretaceous (K) sample. These were reported in the scheme of katagenetic stages, protokatagenesis (PK), mezokatagenesis (MK), and apokatagenesis (AK) (Gudshauri and Sanishvili, 2000; Trofimuk et al., 1984). Protokatagenesis roughly compares to immature to submature source rocks up to vitrinite reflectance values of Ro 0.50 % (Trofimuk et al., 1984). Mezokatagenesis begins Ro 0.50 % just before the beginning of the oil window and ends at Ro 2.00 % at the base of the wet gas window (Dow, 1977). Apokatagenesis begins at Ro 2.00 % and ranges to Ro 6.00 %, past the dry gas preservation limit (Dow, 1977).

Table 5-1 Kura Basin Source Rock Maturity, TOC, and Age

Tectonic Zone	Rock's Age	Lithology	Maturity of the Source Rock	Vitrinite Reflectance Ro %	Content of C organic, %	Content of HC, gr/cm ³
Kura depression	N ₁ ³ -N ₁ ²	Clay, siltstone	PK ₂₋₃ -MK ₂₋₃	0.30-0.50-- 0.65-1.15	0.1-1.0	50-320
Kura depression	N ₁ ¹ -P ₃	Clay	PK ₃ -MK ₂	0.40-0.85	0.3-1.4	150-730
Kura depression	P ₂ ³	Clay	PK ₃ -MK ₂	0.40-0.85	0.3-1.5	240-500
Kura depression	P ₂ ¹ -P ₁	Mudstone	MK ₅	1.55-2.00	0.2-0.7	70-95
Kura depression	K ₁ ap-al	Marl	MK ₃₋₅	0.85-2.00	0.2-1.7	150
Modified from Gudushauri and Sanishvili, 2000			Katagenesis to Vitrinite Reflectance comparison based on Trofimuk et al., 1984			

Oil typing was done on produced oils (and well head seeps) and natural oil seep samples from the Shromisubani, Natanebi, Guliani, and Okumi fields in West Georgia, the Uplistsikhe field and the surface at Akhalkalaki in the Kartli Basin and Vedzebi North and Ninotsminda fields in East Georgia (Robinson, et al., 1997). These oils were compared with extracts from upper Eocene rocks in two wells in the Kavtiskhevi field in the Kartli basin indicating these upper Eocene rocks were the source for the oil (Robinson, et al., 1997). Other oils were considered as of mixed multi-migration origin but interpreted as from source rocks of Tertiary to Late Cretaceous in age (Robinson, et al., 1997). An analysis of oil from the Vedzebi North discovery suggests a Late Cretaceous age source rock for this oil.

5.3.2 Reservoir Rocks

Miocene age rocks are the oil reservoirs in the Norio and Satskhenisi fields, which are to the north of License Block XI^G in the Kartli Basin (Robinson, 1997). They include the Sarmatian, Chokrak, and Maikop reservoirs.

Middle Eocene age reservoir rocks account for more than 90% of historic production within the other fields in the Kartli Basin. Clastic rocks of this age are proven reservoirs in the Samgori-Patardzeuli, South Dome, Ninotsminda and Teleti fields. These reservoirs are predominately volcanoclastic rocks. Reservoir properties are good where tuffaceous rocks have been partially altered to laumontite by hydrothermal solutions, which has increased average porosity to 12 percent and average permeability to 15 millidarcies (Robinson, 1997). Microfractures within the altered laumontite intervals and tectonic fractures also enhance reservoir permeability. Much of the information about this reservoir comes from studies on samples from the Samgori oil fields (Vernik, 1990). In addition to fracturing enhancing permeability of these reservoirs, where the tuffs are altered to Laumontite tuffs secondary permeability and porosity increases (Vernik, 1990). Grynberg et al (1993) state that oil production from the Samgori Field is from fractured bodies of laumontized tuff sealed by andesite-basalt tuffs and tuffites.

Cretaceous reservoir rocks are productive in the North Caucasus, particularly the Terek-Caspian Basin of Russia (Ulmishek, 2001). In the North Caucasus Cretaceous carbonate reservoirs

produce at rates from 3,000 to 15,000 barrels of oil per day. Recovery factors in these reservoirs are reportedly 50 percent (Morariu and Noual, 2009). Cretaceous reservoir rocks have been encountered in the Manavi 11 well in Block XI^E along strike to the Ninotsminda oil field of Georgia. The Cretaceous reservoirs consist of carbonate rocks where the normally low porosity and permeability have been enhanced by fracturing due to tectonic movement (Ulmishek, 2001).

Jurassic sandstone potential reservoirs are characterized by porosity of up to 10% and permeability of approximately 15 millidarcies (mD). Potential reservoir rocks of Cretaceous age have porosity of up to 21% and permeability of 35mD. Eocene age sandstone reservoirs are characterized by porosity of up to 20% and permeability of 11 mD. Porosity in reservoir rocks of the Maikop interval is approximately 18% with permeability of 122 mD. Potential reservoir rocks of Miocene age exhibit porosity of 27% to 32% with permeability of 121 mD to 554 mD (Strait and Georgian, 2011).

5.3.3 Traps

There are anticlines present that have been defined by surface mapping and have been drilled. Some of these structures may also have exploration potential in deeper Cretaceous and Jurassic age strata. Additional traps include sub-thrust anticlines and other thrust related traps that are not detectable from surface geologic mapping. Seismic data are necessary to delineate these traps and find exploration targets. Many traps suggested by the seismic data are unconfirmed and closure is not evident. These traps may require 3D seismic data to better define the targets.

6. EXPLORATION HISTORY

Many of the discoveries in Georgia have been in the foreland basins and fold and thrust belts. To date, eighteen discoveries have been made, of which fifteen of those are in Georgia's portion of the Kura Basin (Tethys, 2013). The historic exploration targets in Georgia have been traps involving Eocene strata (Robinson et al., 1997).

Exploration in the country began in the late 19th century with shallow drilling beneath surface seeps. By 1866, more than 100 shallow wells (less than 100 meters (328 feet)) had been drilled in eastern Georgia. After World War II, drilling targets were anticlines identified on seismic. More than 1,300 deep wells were drilled during the Soviet Era and small discoveries were made (Tethys, 2013).

The state company GruzNeft was the only license holder in the country between 1930 and 1994, during which time 197 MMBBL were produced. Peak production was achieved in 1981 with rates around 70 MBOPD. Also during this time, seventeen oil fields were discovered, but only 5 were commercially successful (Tethys, 2013).

Only two large discoveries were made in the Kura Basin, the Samgori-Patardzeuli-South Dome (Samgori) Field and its eastwards extension, the Ninotsminda Field. The Samgori Field was discovered in 1974. It has a cumulative production of 210 MMBBL and is still producing. Initial flow rates in the field were as high as 5,000 BOPD per well. The Ninotsminda Field has produced 12 MMBBL of oil and 8.5 BCF of gas to date and is still being developed. Well performance in this field is dependent on fractures and well flow at rates around 700-800 BOPD (Tethys, 2013) have been achieved.

Approximately fifteen companies have held licenses in Georgia since 1994, with nine companies at present. Between 1994 and 2012, 10.7 MMBBL of oil was produced from existing fields, but no new commercial discoveries have been made. In 2006, Frontera Resources started to acquire 80 square kilometers (31 square miles) of 3D seismic in Block XII in eastern Georgia (Tethys, 2013) (Figure 6-1).

Block VIII has been tested to Jurassic age rocks. Exploration activity focused primarily on Cretaceous age targets of the Ahalkalaki and East Kavtiskhevi anticlines, which have some surface expression on the northeastern border of the block. The map in Figure 6-1 shows oil flow or oil shows in wells as black triangles. Gas flow or gas shows are shown as red triangles (Strait and Georgian, 2011).

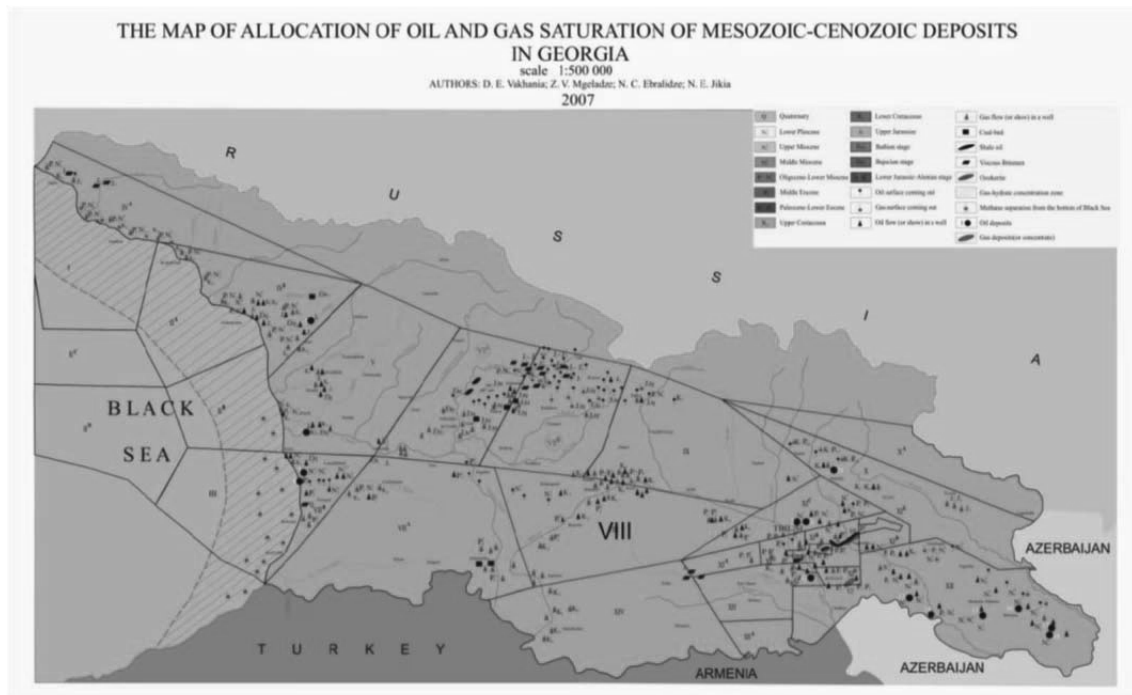


Figure 6-1 Map of Oil and Gas Occurrences in Georgia

Oil and gas seeps are present and oil and gas shows have been encountered in numerous wells on Block VIII. These occurrences have been found in Cretaceous sedimentary rocks and carbonate rocks, and Eocene age clastic rocks. Oil and gas shows from the Maikop and a nine day test of 40 tonnes of oil from Maikop at 1,032 meters in the #13 well also were reported (Strait and Georgian, 2011).

There are a number of wells shown on Figure 6-1 and the geologic map that fall on License Block XI^G. The status of these wells is largely unavailable for this Report.

7. **RISKS**

The risk of finding commercial quantities of hydrocarbons is significant for this area. The 2D seismic dataset provided is widely spaced, especially for the apparent structural complexity here. There are numerous apparent faults that could either enhance the fracturing of the reservoir rock or cause compartmentalization of the hydrocarbons. The Kumisi #1 well reportedly tested water with non-commercial quantities of gas from the Middle and Lower Eocene with the Cretaceous results unknown. The principle risk here is in finding reservoir quality rock or a fracture density sufficient to provide storage and productivity of hydrocarbons.

8. PROBABILISTIC RESOURCE ESTIMATE

8.1 GENERAL

A probabilistic resource analysis is most applicable for projects such as evaluating the potential resources of an exploratory area like these exploration licenses, where little data are available as to the values of the reservoir parameters. The range of the expected reservoir data is quantified by probability distributions, and an iterative approach yields an expected probability distribution for potential resources. This approach allows consideration of most likely resources for planning purposes, while gaining an understanding of what volumes of resources may have higher certainty, and what potential upside may exist for the project.

This method involves estimating probability distributions for uncertain reservoir parameters and performing a statistical risk analysis involving multiple iterations of reserve calculations generated by random numbers and the specified distributions of reservoir parameters. To do this, each parameter incorporated in our resource calculations was evaluated for its expected probability distribution. The parameters for these input distributions were selected based on a review of all available data.

The analysis for this project was carried out considering the range of values for all parameters in the volumetric resource equations. All prospects identified by Gustavson's analysis of the seismic and surface data were analyzed in detail.

8.2 INPUT PARAMETERS

This method involves estimating probability distributions for the range of reservoir parameters and performing a statistical risk analysis involving multiple iterations of resource calculations generated by random numbers and the specified distributions of reservoir parameters. To do this, each parameter incorporated in our resource calculation was evaluated for its expected probability distribution.

The input parameters used were based on a combination of the data provided by Skyland and engineering experience. The porosity estimates are a blend of matrix and fracture porosity as these types of reservoirs typically have very low matrix porosity but are enhanced by fractures. The gross thicknesses were counted up from the available logs. The net to gross ratios were based on literature provided as well as independent verification from available logs. Reservoir depths and areas were calculated from our independent seismic interpretation of the prospect. Summaries of input parameters are shown in Table 8-1 through Table 8-3.

Due to the paucity of data that are available about the likely distribution of the reservoir parameters, simple triangular distributions with specification of minimum, most likely, and maximum values were used for most of the parameters. For reservoir area, P_{90} , most likely or mode, and P_{10} values were specified for the triangular distributions. The exception to this is the Cretaceous reservoir area and net thickness, for which cumulative distributions with specification of P_{90} , P_{50} , and P_{10} values were used.¹⁰ Note that these parameters represent average parameters over the entire prospect. So, for example, the porosity ranges do not represent the range of what porosity might be in a particular well or a particular interval, but rather the reasonable range of the average porosity for the whole prospect. Gustavson is of the opinion that this is a reasonable approximation, and has used the same methodology.

¹⁰ The original intention was that the low values specified would represent P_{90} values; however, this assumption resulted in some negative values. Truncation of the distributions at zero caused the resulting distribution to differ from the intended parameters; therefore, the cumulative distribution was used to specify the desired parameters.

Table 8-1 Summary of Input Parameters for Middle Eocene

	Source of Parameter	Min	Most Likely	Max
Oil Gravity, API	CanArgo report for West Rustavi field	35	36	40
Gas Oil Ratio, scf/bbl	Patton paper	350	400	450
Gas Gravity		0.65	0.7	0.75
Reservoir Depth, ft.	Seismic interpretation	4,856	5,840	6,100
Temperature Gradient, °F/100ft	Patton paper	1.38	1.54	1.69
Pressure Gradient, psi/ft.	Patton paper	0.38	0.395	0.41
Porosity, %	Rustavi field	6	12	20
Water Sat., %	Rustavi field	30	35	40
Productive Area, acres	Seismic interpretation	2,372	4,448	6,178
Gross Thickness, ft	logs	492	738	951
Net to Gross, frac	Grynberg, et al. paper, and Kumisi 1 well	0.10	0.25	0.35
% Recovery	Experience with similar reservoirs	25	30	35

Table 8-2 Summary of Input Parameters for Lower Eocene

	Source of Parameter	Min	Most Likely	Max
Gas Gravity	CanArgo report on West Rustavi Field	0.65	0.7	0.75
Fraction N ₂	Gas sample	0.112		
Fraction CO ₂	Gas sample	0.0025		
Reservoir Depth, ft.	Seismic interpretation	5,578	6,562	6,900
Temperature Gradient, °F/100ft	Patton paper	1.38	1.54	1.69
Pressure Gradient, psi/ft.	Patton paper	0.38	0.395	0.41
Porosity, %	Rustavi field	6	13	20
Water Sat., %	Skyland	20	25	30
Productive Area, acres	Seismic interpretation	2,372	4,448	6,178
Gross Thickness, ft	logs	492	525	886
Net to Gross, frac	Kumisi 1 well	0.10	0.20	0.40
% Recovery	Experience with similar reservoirs	75	80	85

Table 8-3 Summary of Input Parameters for Cretaceous

	Source of Parameter	Min	Most Likely	Max
Gas Gravity	Can Argo report on West Rustavi Field	0.65	0.7	0.75
Fraction N ₂	Gas sample	0.112		
Fraction CO ₂	Gas sample	0.0025		
Reservoir Depth, ft.	Seismic interpretation	7,809	9,614	10,000
Temperature Gradient, °F/100ft	Patton paper	1.38	1.54	1.69
Pressure Gradient, psi/ft.	Patton paper	0.38	0.395	0.41
Porosity, %	Previous report	5	10	13
Water Sat., %	Previous report	30	40	50
Productive Area, acres	Seismic interpretation	4,423	12,726	19,571
Net Thickness, ft	Previous report	49.2	164.1	328.1
% Recovery	Experience with similar reservoirs	75	80	85

In a probabilistic analysis, dependent relationships can be established between parameters if appropriate. For example, portions of a reservoir with the lowest effective porosity generally may be expected to have the highest connate water saturation, whereas higher porosity sections have lower water saturation. In such a case, it is appropriate to establish an inverse relationship between porosity and water saturation, such that if a high porosity is randomly estimated in a given iteration, corresponding low water saturation is estimated. The degree of such a correlation can be controlled to be very strong or weak. This type of dependency, with a medium strength of -0.7, was used in this study for porosity with water saturation.

8.3 PROBABILISTIC SIMULATION

Probabilistic resource analysis was performed using the Monte Carlo simulation software called “@ Risk”. This software allows for input of a variety of probability distributions for any parameter. Then the program performs a large number of iterations, either a large number specified by the user, or until a specified level of stability is achieved in the output. The results include a probability distribution for the output, sampled probability for the inputs, and

sensitivity analysis showing which input parameters have the most effect on the uncertainty in each output parameter.

After distributions and relationships between input parameters were defined, a series of simulations were run wherein points from the distributions were randomly selected and used to calculate a single iteration of estimated potential resources. The iterations were repeated until stable statistics (mean and standard deviation) result from the resulting output distribution. This occurred after 5,000 iterations.

8.4 RESULTS

The output distributions were then used to characterize the Prospective Resources. Graphs of cumulative probability versus prospective resources were constructed. Results are summarized in Table 8-4 and Table 8-5. There is no certainty that it will be commercially viable to produce any portion of the resources. The distribution graphs for the resource estimates can be found in the Appendix to this Report.

Table 8-4 Gross Unrisked Prospective Resources, License Block XI^G, South Prospect

Reservoir	Parameter	Low Estimate	Best Estimate	High Estimate
Middle Eocene	Prospective Oil Resources, MMBbl	48	104	192
Middle Eocene	Prospective Solution Gas Resources, BCF	19	42	77
Lower Eocene	Prospective Gas Resources, BCF	146	319	600
Cretaceous	Prospective Gas Resources, BCF	112	674	1,979
Arithmetic Total Gas	Prospective Gas Resources, BCF	277	1,035	2,656

**Table 8-5 Unrisked Prospective Resources Net to Skyland (20%), License Block XI^G,
South Prospect**

Reservoir	Parameter	Low Estimate	Best Estimate	High Estimate
Middle Eocene	Prospective Oil Resources, MMBbl	9.7	20.7	38.4
Middle Eocene	Prospective Solution Gas Resources, BCF	3.9	8.3	15.3
Lower Eocene	Prospective Gas Resources, BCF	29.2	63.9	120.1
Cretaceous	Prospective Gas Resources, BCF	22.4	134.7	395.7
Arithmetic Total Gas	Prospective Gas Resources, BCF	55.5	206.9	531.1

Note that these estimates do not include consideration for the risk of failure in exploring for these resources. Prospective Resources are defined as “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.”¹¹ There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. The Low Estimate represents the P₉₀ values from the probabilistic analysis (in other words, the value is greater than or equal to the P₉₀ value 90% of the time), while the Best Estimate represents the P₅₀ and the High Estimate represents the P₁₀.¹²

¹¹ *Petroleum Resources Management System*, Society of Petroleum Engineers (SPE), March 2007, Page 3.

¹² *Petroleum Resources Management System*, Society of Petroleum Engineers (SPE), March 2007, Page 2.

It should be noted that the shape of the probability distributions all result in wide spacing between the minimum and maximum expected resources. This is reflective of the high degree of uncertainty associated with any evaluation such as this one prior to actual field discovery, development, and production. Also note that, in general, the high probability resource estimates at the left side of these distributions represents downside risk, while the low probability estimates on the right side of the distributions represent upside potential. These distributions do not include consideration of the probability of success of discovering commercial quantities of oil, but rather represent the likely distribution of oil discoveries, if successfully found.

9. COMPETENT EXPERT'S CONSENT FORM

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on the information compiled by and under the supervision of Letha Chapman Lencioni, who is a Professional Engineer. Ms. Lencioni is employed by Gustavson Associates. She has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Expert as defined in the 2005 Edition of the VALMIN Code. Ms. Lencioni consents to the inclusion of the report of the matters based on her information in the form and context in which it appears.

Gustavson Associates LLC and Letha Lencioni hereby consent to the use of all or any part of this Resource Evaluation Report for Skyland's leaseholds in the Republic of Georgia, as of 18 November, 2015, in any document filed with any Australian Securities Commission by MUI.

I, Letha Chapman Lencioni, Professional Engineer of 5757 Central Avenue, Suite D, Boulder, Colorado, 80301, USA, hereby certify:

- I am an employee of Gustavson Associates, which prepared a detailed analysis of the properties of MUI Corp. The effective date of this evaluation is November 18, 2015.
- I do not have, nor do I expect to receive, any direct or indirect interest in the securities of MUI Corporation or its affiliated companies, nor any interest in the subject properties.
- I have read and understood the requirements of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, the 2005 Edition of The VALMIN Code.
- I am a Competent Person as defined by clause 20 of the 2005 VALMIN Code. I attended the University of Tulsa and I graduated with a Bachelor of Science Degree in Petroleum Engineering in 1980; I am a Registered Professional Engineer in the States of Colorado and Wyoming, and I have in excess of 30 years' experience in the conduct of evaluation and engineering studies relating to oil and gas fields.
- I have reviewed the Report to which this Consent Statement applies.

I verify that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in my supporting documentation relating to Petroleum Resources.

CONSENT

I consent to the release of the Report and this Consent Statement by the directors of:

.....
Gustavson Associates, LLC



Signature of Competent Person:

Registered Professional Engineer, State of Colorado
Registered Professional Engineer, State of Wyoming


Professional Membership:

December 3, 2015

Date:

29506
8493

Membership Number:



Signature of Witness:

Michele Bishop
Boulder, CO USA

Print Witness Name and
Residence (e.g. Town/Suburb):

Additional Deposits covered by the Report for which the Competent Person signing this form is accepting responsibility:

None.

Additional Reports related to the deposit for which the Competent Person signing this form is accepting responsibility:

None.



Signature of Competent Person:

Registered Professional Engineer, State of Colorado
Registered Professional Engineer, State of Wyoming
Professional Membership:



Signature of Witness:

December 3, 2015

Date:

29506

8493

Membership Number:

Michele Bishop
Boulder, CO USA

Print Witness Name and
Residence (e.g. Town/Suburb):

10. CERTIFICATE OF QUALIFICATION

I, Letha Chapman Lencioni, Professional Engineer of 5757 Central Avenue, Suite D, Boulder, Colorado, 80301, USA, hereby certify:

1. I am an employee of Gustavson Associates, which prepared a detailed analysis of the oil and gas properties of Skyland. The effective date of this evaluation is December 3, 2015.
2. I do not have, nor do I expect to receive, any direct or indirect interest in the securities of MUI Corp. or its affiliated companies, nor any interest in the subject property.
3. I attended the University of Tulsa and I graduated with a Bachelor of Science Degree in Petroleum Engineering in 1980; I am a Registered Professional Engineer in the States of Colorado and Wyoming; I have been a member of the Society of Petroleum Evaluation Engineers since 1998; and I have in excess of 30 years' experience in the conduct of evaluation and engineering studies relating to oil and gas fields, including estimating quantities of reserves and resources.
4. As a Registered Professional Engineer in the States of Colorado and Wyoming and a member of the Society of Petroleum Evaluation Engineers, I am subject to the codes of ethics / rules of conduct of all these associations/boards.



A handwritten signature in black ink, appearing to read "Letha C. Lencioni", written over a horizontal line.

Letha Chapman Lencioni
Vice-President, Petroleum Engineering
Gustavson Associates, LLC
Colorado Registered Engineer #29506
Wyoming Registered Engineer #8493

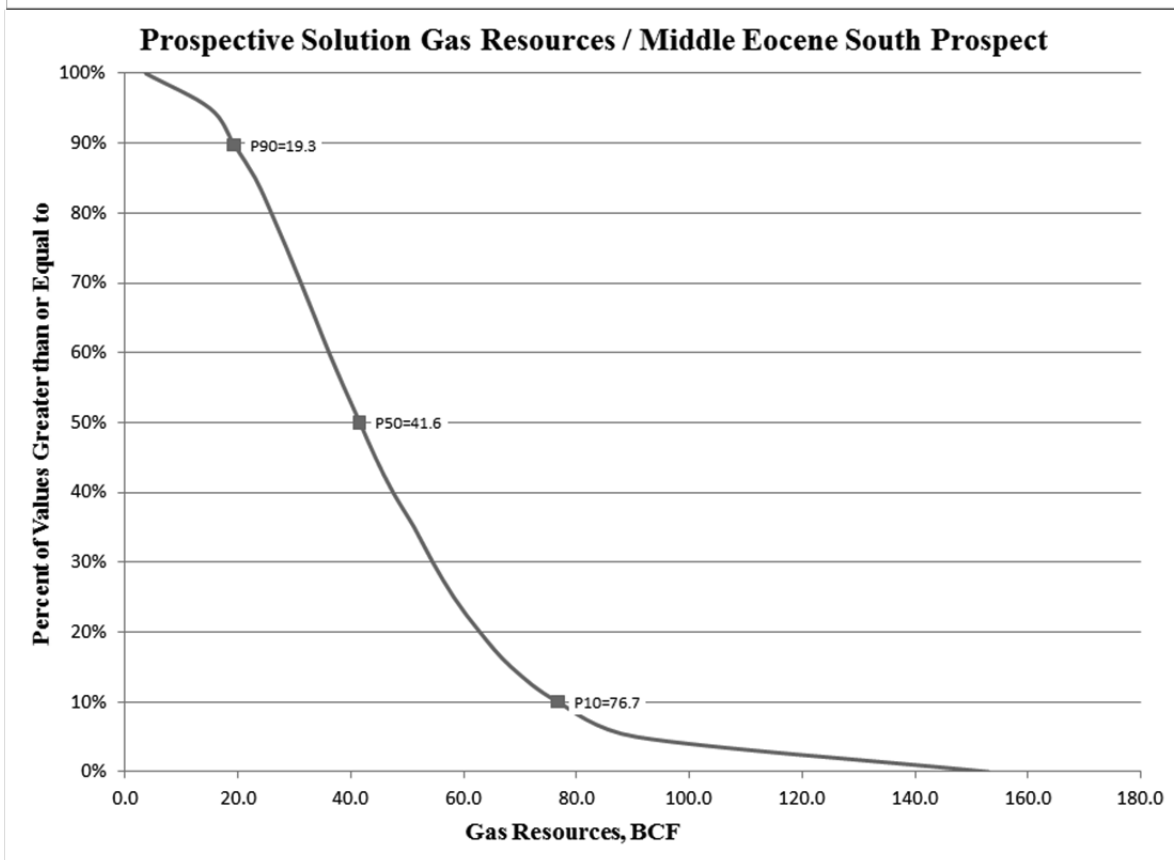
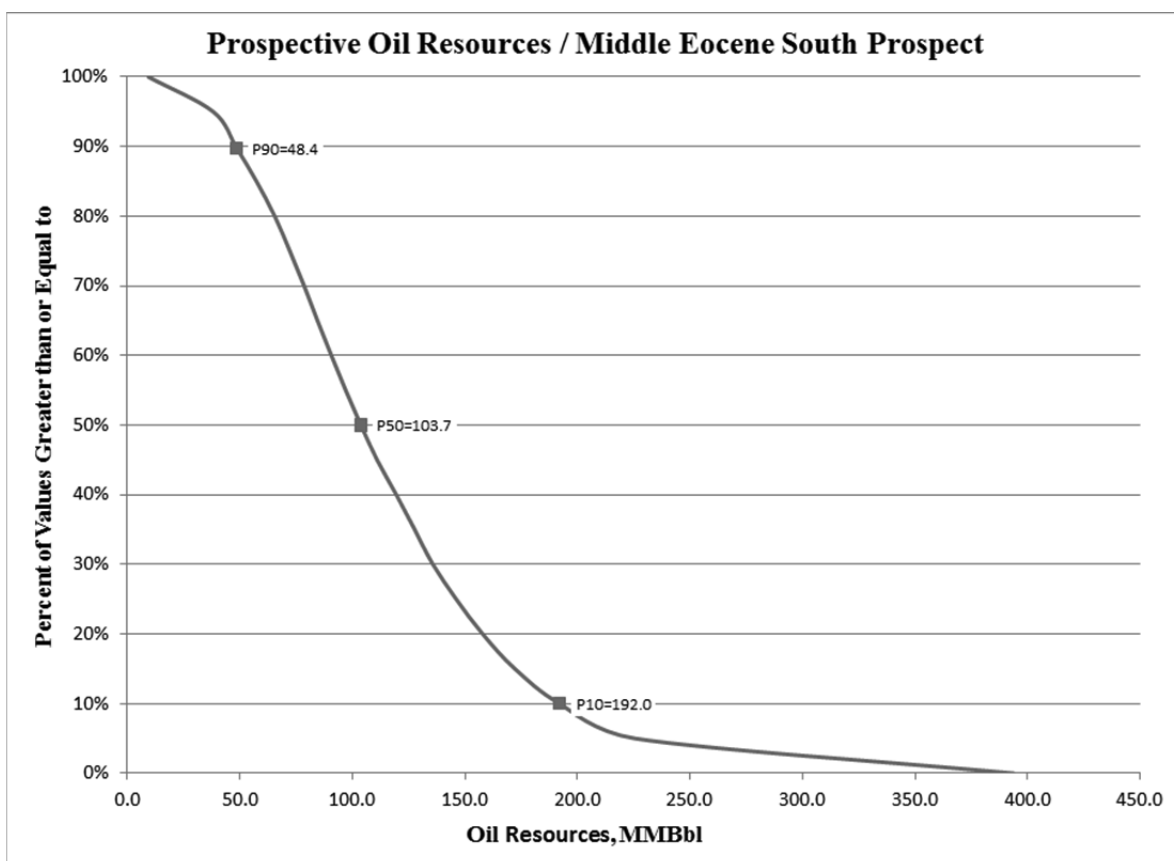
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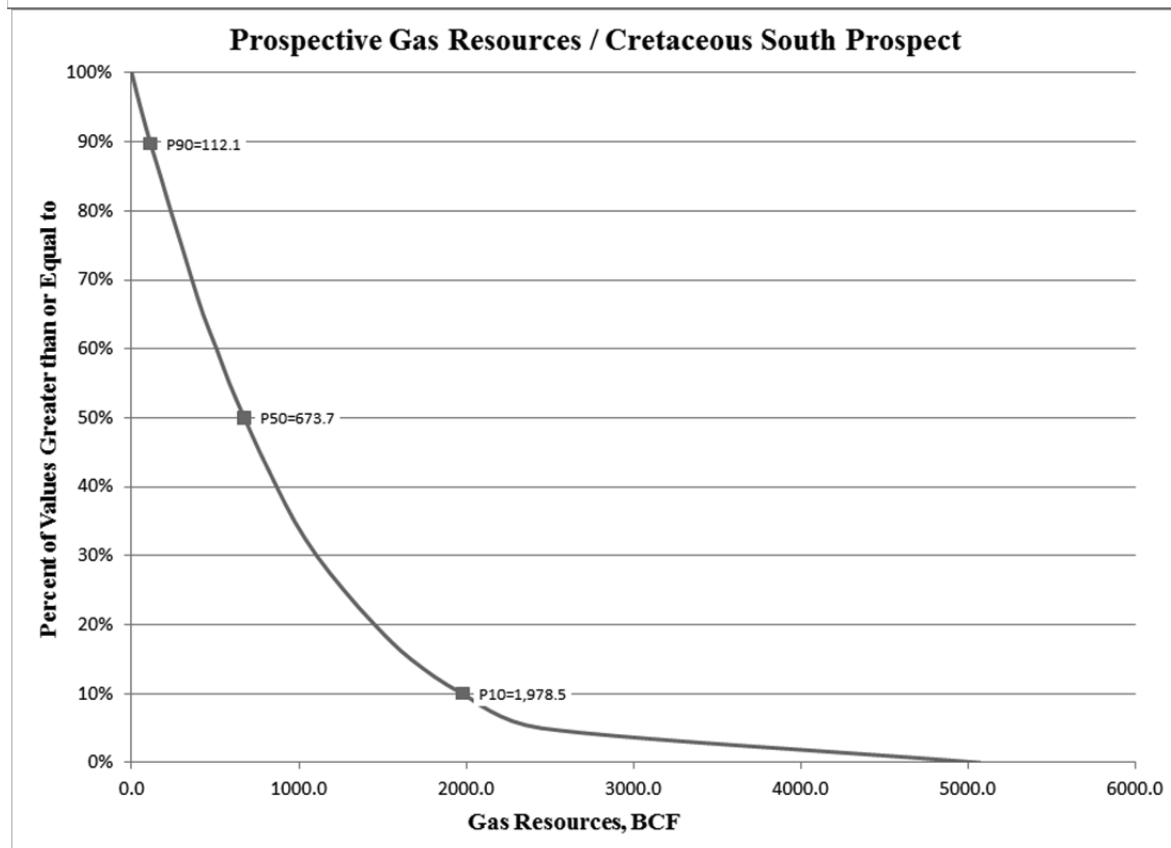
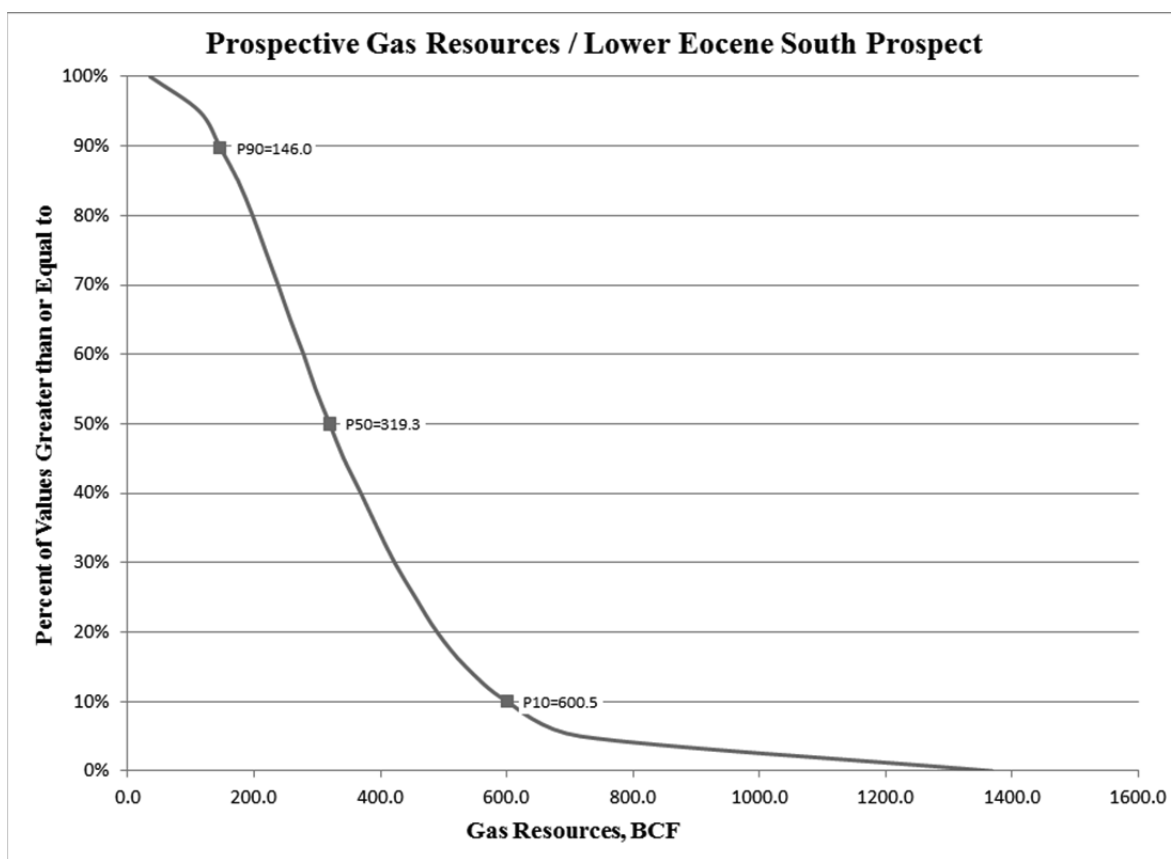
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APPENDIX A

Resource Distributions





Schedule 3

Significant Accounting Policies

The following significant accounting policies set out below have been applied in the preparation and presentation of the financial information presented in Section 5 of the Explanatory Statement.

The following significant accounting policies set out below, which are consistent with the recognition and measurement requirements of Australian Accounting Standards and Interpretations, have been applied in the preparation and presentation of the financial information presented in this special purpose financial report.

The date of report referred to below is in reference to the date at which the review was carried out. This date is 11 December 2016.

1. *Basis of preparation*

This financial information has been prepared on an accruals basis and is based on historical costs, applying the going concern basis of accounting. All amounts are presented in Australian dollars, unless otherwise noted.

2. *Going Concern*

The financial information has been prepared on a going concern basis, notwithstanding the fact that for the period ended 30 September 2015:

- MUI generated a loss after tax of \$117,567. As at 30 September 2015 MUI had available cash reserves of \$25,710 and negative working capital of \$920,072; and
- As at 30 September 2015 SPG had available cash reserves of \$125,593 and its current liabilities exceeded its total assets by \$2,365,755.

For the 12 months from the date of this report, the Directors have determined that MUI is a going concern based upon a cash flow budget prepared by management. The cash flow budget incorporates a control of costs, as and where appropriate, including the potential to place payments on hold as well as no long term leases, commitments or employee contracts. The Company has, at its discretion, the ability to convert its convertible note to equity and the ability to exercise its security relating to its AusAsia loan (with a cost value of \$3,487,780) and liquidate the asset, thereby creating a cash flow. The Company also has the ability of a listed entity to raise capital in the public market.

The Company also has the support of a director and shareholder that will ensure it has adequate working capital for at least 12 months from the date of this report. In addition to this, the Company has received an undertaking in relation to trade and other payables totalling \$343,092 as at 30 September 2015 owing to Directors and director related parties confirming that repayment of these amounts will not be required for a period of 12 months from the date of this report unless the Company has sufficient cash flows available.

For the 12 months from the date of this report, the Directors of SPG have determined that SPG is a going concern based upon the following: a) SPG has received written letters of support from its shareholders and investors that they will continue to ensure that SPG will have adequate levels of working capital for a period of at least 12 months from the date of this report, irrespective of whether or not the proposed transaction with MUI Corporation Limited proceeds. The proposed transaction with MUI Corporation Limited, which is currently in a due diligence phase, will enable the raising of \$10m through a Prospectus on the Australian Securities Exchange.

These financial statements do not include any adjustments in relation to the recoverability or classification of recorded assets or liabilities that might be necessary should the Company not be able to continue as a going concern.

3. *Principles of consolidation, including reverse acquisitions of entities that do not meet the accounting definition of a business*

When a transaction involves the transfer of consideration through the issue of share capital, the directors make an assessment of who is the accounting acquirer in the transaction by examining the following

indicators of control, post-transaction, including a) the proportion of shareholder representation in the newly merged group from each transacting entity; and b) the ability of that shareholder group to influence control through its power over the governance and operations of the newly merged entity.

When the accounting acquiree does not satisfy the definition of a business, as set out in AASB 3, the acquisition by the acquirer of the non-business entity is treated as a share-based payment and any dilution in the value of equity of the accounting acquirer, plus any further consideration paid for the acquisition including related transaction costs, less the written-down book values of its assets and liabilities consolidated into the merged entity is charged to the profit and loss as a transaction cost. The value of the dilution of equity is calculated at its fair value as at the date of the transaction (when the transaction is contractually completed – its grant date), being the quoted its quoted market value.

Upon consolidation in the newly merged entity, all inter-group balances and transactions between entities in the pro-forma consolidated group, including any unrealised profits or losses, are eliminated.

4. *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with banks, other and short-term highly liquid investments with original maturities of three months or less.

5. *Loans and receivables*

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables”. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

6. *Oil and gas exploration and evaluation*

Exploration and evaluation expenditures are accounted for under the successful efforts method. All other exploration and evaluation expenditures including directly attributable general administration costs, geological and geophysical costs, exploration, seismic and new venture activity expenditures are expensed in the statement of comprehensive income as incurred, except where the expenditure relates to an exploration discovery that a) at balance date, an assessment of the existence or otherwise of economically recoverable reserves is not yet complete; or where: b) a decision on additional major capital expenditure is pending; or c) additional exploration wells or appraisal work is underway or planned; or d) the expenditure is expected to be recouped by future exploitation or sale.

Exploration licence acquisition costs are initially capitalised. For exploration and appraisal wells costs directly associated with drilling the wells are initially capitalised pending evaluation of whether potentially economic reserves of hydrocarbons have been discovered.

When an oil or gas field has been approved for development, the accumulated exploration and evaluation costs are transferred to Oil and Gas Assets — Assets in Development.

7. *Trade and other payables*

Trade payables and other payables are carried at amortised cost, and represent liabilities for goods and services provided prior to the end of the period that are unpaid and arise when there is an obligation to make future payments in respect of the purchase of these goods and services.

8. *Convertible notes*

Convertible notes are recognised when the Company is contractually bound to the instrument.

Convertible notes where the option to convert to equity is in the hands of the note holder are classified as a liability in the statement of financial position and following initial recognition at fair value are accounted for at amortised cost.

Convertible notes where the option to convert to equity is at the discretion of the Company are classified into their debt fair value, with the residual fair value in equity. Where there is no reliable fair value for the debt component, due to a lack of a deep and liquid market for similar debt instruments in the market, all of the convertible note is recorded as a liability at transaction date value and then subsequently measured at amortised cost.

9. *Foreign currency translation and balances*

1) Functional and presentation currency

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

2) Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when the fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of comprehensive income.

3) Group companies

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at the reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Exchange rate differences arising on translation of foreign operations are transferred directly to the foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed

10. *Tax losses*

Deferred tax assets relating to carry-forward losses are only recognised to the extent that the Company has satisfied all legal and jurisdictional requirements that qualify for their recognition and that the Company can prove that the earning of assessable income to recoup those losses is probable.

11. *Share-based payments*

Equity-settled share-based compensation benefits may be provided to contractors or employees in exchange for the rendering of services. The cost of equity-settled transactions is measured at fair value on grant date. Grant date is the date that both contracting parties have a clear understanding of the terms and conditions attached to the share-based payment arrangement.

Fair value is independently determined using quoted market prices, or in the case of unlisted options, using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The cost of the payment is charged to the profit or loss over its vesting period, being the period in which the service (for which consideration is given) is rendered. Where non-market based vesting conditions are not satisfied and the underlying equity instrument lapses, is cancelled or is forfeited, the value of the amount previously charged to the profit or loss is credited back.

Schedule 4

Summary of Stock Incentive Plan

Eligibility	<p>“Eligible Person” means any director, employee or consultant of MUI or any Subsidiary of Vazon Energy Limited.</p> <p>The Remuneration and Nomination Committee (the Committee) shall have the power to determine to which Eligible Persons Options are to be granted and to grant such Options.</p>
Administration	<p>The Plan shall be managed by the Committee which shall have the power to determine the appropriate procedures for the administration of the Plan.</p> <p>The Board shall appoint the Committee and where the Committee is not established for the purposes of the Plan the Board shall be responsible for the administration of the Plan.</p>
Grant	<p>MUI may grant Options to any Eligible Persons on the basis of recommendations of grant by the Committee.</p>
Option Price	<p>The Option Price on Shares that are the subject of any Option shall in no circumstances be lower than the Market Price of the Shares at the date of the grant of the Option.</p> <p>The “Market Price” shall be the price of the Shares (being the ordinary shares of MUI or, in the event of an adjustment due to any subdivision, consolidation or reclassification of the ordinary shares of MUI, the payment of stock dividends by MUI (other than dividends in the ordinary course) or other relevant changes in the capital stock of MUI) on any stock exchange on which MUI’s Shares are listed (to be determined by where the majority of the trading volume and value of the Shares occurs) on the last Business Day preceding the date of the grant of the Option.</p> <p>The Committee shall have the power to determine the Option Price.</p>
Exercise Period	<p>Options may be exercised from time to time before the expiry date and the exercise period shall be determined by the Committee.</p>
Lapse	<p>To be determined by the Committee.</p>
Shares Issued	<p>A share issued on the exercise of an Option shall be a fully paid ordinary share in MUI ranking equally with, and having the same rights and entitlements attaching to it as, other ordinary shares in MUI on issue at the date of the allotment of the option share.</p>
Restrictions On Transfer	<p>Options may only be transferred, assigned or charged to Permitted Assigns (being any person/entity entitled to have the options assigned thereto under securities laws current in that jurisdiction and at that time current and permitted) or otherwise with SPL’s prior written consent.</p>
Regulatory Approval	<p>If required by any stock exchange on which MUI’s shares are listed, the Plan shall be subject to the approval of the shareholders of SPL to be given by a resolution of such shareholders of MUI at a General Meeting. Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless and until such approval is given.</p>

Schedule 5

Option Terms

- a) The Options will not be quoted on the ASX;
- b) The Options will be exercisable at any time prior to 5.00pm AEST, five years from the date of issue. Options not exercised on or before the Expiry Date will automatically lapse;
- c) the Options may be exercised wholly or in part by completing an application form for Shares (Notice of Exercise) delivered to the Company's share registry and received by it any time prior to the Expiry Date;
- d) each Option will entitle the holder to subscribe (in respect of each Option held) for a Share with an exercise price of \$0.125 per Share;
- e) upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking pari passu with the then issued Shares. The Company will apply to ASX to have the Shares granted Official Quotation;
- f) a summary of the terms and conditions of the Options, including the Notice of Exercise, will be sent to all holders of Options when the initial holding statement is sent;
- g) any Notice of Exercise received by the Company's share registry on or prior to the Expiry Date will be deemed to be a Notice of Exercise as at the last Business Day of the month in which such notice is received;
- h) there will be no participating entitlements inherent in the Options to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Prior to any new pro rata issue of securities to Shareholders, holders of Options will be notified by the Company and will be afforded 7 Business Days before the record date (to determine entitlements to the issue), to exercise Options;
- i) in the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Option Holder are to be changed in a manner consistent with the ASX Listing Rules. Subject to the Corporations Act, the ASX Listing Rules and the Constitution, the Options may be transferred at any time prior to the Expiry Date; and
- j) Shares issued pursuant to the exercise of an Option will be issued not more than 14 days after the date of the Notice of Exercise.

Lodge your vote:



By Mail:

MUI Corporation Ltd
Level 5
56 Pitt Street,
Sydney NSW 2000
Australia

Alternatively you can fax your form to
(within Australia) 02 8823 3188
(outside Australia) +61 2 8823 3188

For all enquiries call:

(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form

XX

For your vote to be effective it must be received by 11:00am (EDT) Tuesday 16 February 2016

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- ☒ Review your securityholding
- ☒ Update your securityholding

Your secure access information is:

SRN/HIN:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.


Please mark  to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of MUI Corporation Ltd hereby appoint

☐ the Chairman of the Meeting **OR**

 **PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of MUI Corporation Ltd to be held at Level 5, 56 Pitt Street, Sydney, NSW 2000 on **Thursday, 18 February 2016 at 11:00am (EDT)** and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 15 & 17** (except where I/we have indicated a different voting intention below) even though **Items 15 & 17** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 15 & 17** by marking the appropriate box in step 2 below.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain		For	Against	Abstain
1 Adoption of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 Change of Name to Skyland Petroleum Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval of Acquisition Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14 Conversion of Convertible Note	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15 Approval to Set Non-Executive Directors' Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Share Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16 Approval of Stock Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of Change of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17 Issue of Options to Domenic Martino	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Election of Dr. David Robson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18 Issue of Options to Timothy Hargreaves	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Election of Elizabeth Landles as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	19 Issue of Options to Piers Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Election of Mark Sarssam as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	20 Issue of Options to Dr. Raden Sukhyar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Election of Piers Johnson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	21 Issue of Options to Ghassan Zok	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 Election of Dr. Raden Sukhyar as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	22 Issue of Options to Dr. David Robson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 Election of Ghassan Zok as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	23 Issue of Options to Mark Sarssam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 Election of Timothy Hargreaves as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	24 Issue of Options to Elizabeth Landles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /