THIS PROSPECTUS IS BEING DISPLAYED IN THE WEBSITE TO MAKE THE PROSPECTUS ACCESIBLE TO MORE INVESTORS. THE PSE ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THE PROSPECTUS. FURTHERMORE, THE STOCK EXCHANGE MAKES NO REPRESENTATION AS TO THE COMPLETENESS OF THE PROSPECTUS AND DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM OR IN RELIANCE IN WHOLE OR IN PART ON THE CONTENTS OF THE PROSPECTUS.

TRANS-ASIA PETROLEUM CORPORATION

Distribution of 123,161,310 Common Shares
of the Capital Stock of
Trans-Asia Petroleum Corporation as
Property Dividends to the Stockholders of Trans-Asia Oil and Energy Development Corporation

and

Listing By Way of Introduction of
250,000,000 Common Shares
of the Capital Stock of Trans-Asia Petroleum Corporation on
the Main Board of The Philippine Stock Exchange, Inc.
with an Initial Listing Price of ₱4.60 Per Share

THE SECURTIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION

This Final Prospectus is dated 14 August 2014

This Prospectus is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

TRANS-ASIA PETROLEUM CORPORATION
11th Floor, The PHINMA Plaza, 39 Plaza Drive
Rockwell Center, Makati City 1210
Telephone No.(+632) 870-0100; Fax No. (+632) 870-0433
Corporate Website: http://www.transasia-petroleum.com

This prospectus relates to the common shares of the capital stock ("Shares") of Trans-Asia Petroleum Corporation ("TA Petroleum", "TAPET" the "Registrant", "Issuer" or "Company"), a corporation organized under Philippine law and incorporated on 28 September 1994, in connection with (a) the distribution by Trans-Asia Oil and Energy Development Corporation ("TA Oil") of 123,161,310 Shares of the Company as property dividends("Dividend Distribution") to all stockholders of record of TA Oil as of 5 August 2013, which represent approximately 49% of the issued and outstanding Shares ("Dividend Distribution"), and (b) the registration with the Securities and Exchange Commission ("SEC"), and the listing by way of introduction of the Company and its 250,000,000 Shares on the Main Board of The Philippine Stock Exchange, Inc.(PSE) representing 100% of the issued and outstanding Shares of the Company("Listing").

As of the date of this Prospectus, the Issuer has an authorized capital stock of 1,000,000,000 Shares, each with a par value of ₱ 1.00, and its issued and outstanding share capital consists of 250,000,000 Shares.

TA Oil, a Philippine corporation listed on the PSE, is the parent company of the Issuer. At the time of declaration and prior to the Dividend Distribution, TA Oil was the legal or beneficial owner of 100% of the Issuer's outstanding Shares. On 22 July 2013, the Board of Directors of TA Oil approved the dividend declaration, which resulted in the distribution to TA Oil shareholders of record as of 5 August 2013 of 2.55 Shares for every 100 shares in TA Oil provided that no fractional shares shall result and any resulting dividend with fractional shares shall be rounded down to the nearest whole number, and cash in the amount of ₱0.013 per share to all stockholders of record of TA Oil as of 5 August 2013, subject to the approval by the SEC and other regulatory agencies. U.S based stockholders of TA Oil shall receive cash in the amount of ₱0.0385 per TA Oil share, in lieu of TA Petroleum shares, and the cash dividend of ₱0.013 per share, in view of the requirements under U.S. securities laws and regulations. A Registration Statement covering 250,000,000 Shares was filed by the Company on 22 November 2013. The Shares subject of the Registration Statement are covered by (a) the application for the approval of the Property Dividend, which was filed by TA Oil on 17 September 2013 and approved by the SEC on 7 October 2013, and (b) the application for listing by way of introduction, which was filed by TA Petroleum with the PSE on 05 December 2013, and approved by the PSE on 11 June 2014. In an Order dated 14 August 2014, the SEC declared effective the Registration Statement of TA Petroleum.

The Company has decided to apply for listing by way of introduction as a cost-effective means to gain access to the capital market, even without an immediate need to raise funds, and thereby enable TA Petroleum to time the conduct of future fund raising activities when market conditions are attractive. It would also enable the company to establish a market-based price for its shares, as well as provide liquidity and tax advantages for both present and future shareholders.

The Dividend Distribution will increase the number of TA Petroleum's stockholders from twelve, including eleven individuals holding only one Share each, to 3,275 stockholders (excluding TA Oil), 1,734 of whom will hold at least 1,000 Shares. It will also enable TA Petroleum to apply for Listing pursuant to Section 1(b), Part H, Article III of the Amended Rules on Listing by Way of Introduction of the PSE which allow listing based on distribution of shares by way of property dividend by a listed issuer to its shareholders.

TA Petroleum and its stockholders will not be offering Shares to the public for subscription or sale in connection with the Dividend Distribution or Listing. The Company believes that the price of the Shares is of such amount, and the Shares would be so widely held, that their adequate marketability when listed can be assumed. Consequently, there will be no change in the total number of issued and outstanding common shares as a result of the Dividend Distribution and Listing. There will be no underwriter for, and no proceeds from, the Dividend Distribution and Listing. Nonetheless, the indicative reference opening price ("Initial Listing Price") of the Shares upon Listing shall be ₱4.60 per share. Such price is based on the Updated Valuation Report and Fairness Opinion issued by PricewaterhouseCoopers on 8 August 2014, which is annexed to this Prospectus. (Please refer to Determination of Initial Listing Price on page 24 of the Prospectus)

All of the Shares are unclassified and have identical rights and privileges. Each holder of the Shares will be entitled to such dividends as may be declared by the Company's Board of Directors (the "Board"), provided that any stock dividend declaration requires the approval of shareholders holding at least two-thirds of the Company's total outstanding capital stock. Dividends may be declared only from the Company's unrestricted retained earnings. Currently, the Company does not have a dividend policy; however, the Board may decide to declare cash dividends in the future. (Please refer to Dividends and Dividend Policy on page 77 of the Prospectus.)

The Company is subject to foreign ownership restrictions under the Philippine Constitution which limits the right to participate in the exploration for and/or utilization of natural resources to Filipino citizens and to Corporations at least 60 percentum of whose capital is owned by Filipino citizens. (Please see extended discussion at page 40 of this Prospectus.)

TA Petroleum, having made all reasonable inquiries, confirms that (a) this Prospectus contains all information with respect to the Company, which is material in the context of the Dividend Distribution and Listing; (b) the statements contained in it relating to the Company are in every material respect true and accurate and not misleading; (c) there are no other facts in relation to the Company or the Shares which would make any statement in this Prospectus misleading in any material respect; and (d) reasonable inquiries have been made by the Company to ascertain facts, information and statements in this Prospectus. The Company accepts full responsibility for the accuracy of the information contained in this Prospectus.

Information relating to entities other than the Company's subsidiaries and affiliates in this Prospectus was obtained from publicly available sources that are believed to be reliable but such information has not been independently verified. TA Petroleum does not make any representation as to the accuracy of such information regarding such entities.

References to TA Petroleum, the Company, the Registrant and the Issuer are references to Trans-Asia Petroleum Corporation and its subsidiary as the context requires. However, for the avoidance of doubt, please see the table in pages 46-47 of this Prospectus, which sets out the actual interest of the Company, its affiliates and subsidiaries in the contracts held by them and the business described in this Prospectus.

Before making an investment decision, investors should carefully consider the risks associated with an investment in the Common Shares. These risks include:

- **Risks relating to the Company's Business**
    - **Failure to discover oil and gas resources that can be developed for commercial production**
    - **Failure to fund expenditures and investments for exploration and development activities**
    - **Operating risks resulting in losses**
    - **Laws, regulations and contingencies adding to the cost and effort of doing business**

- **Price fluctuations and substantial or extended decline in prices**
- **Estimates used in the business may be unreliable or incorrect**
- **Compliance with laws, regulations and contracts, failing which the Company may lose its contracts, licenses and approvals from the Government or otherwise be penalized**
- **Competition in securing exclusive rights may hamper the company's growth and expansion**

- **Risks relating to the Philippines**

    - **Any political instability in the Philippines may adversely affect the Company's business, results of operations and financial condition**
    - **Terrorist activities in the Philippines could destabilize the country, adversely affecting the Company's business environment**
    - **Risk of any downgrade in the sovereign credit rating of the Philippines may adversely affect the Company's business**
    - **The occurrence of natural catastrophes may materially disrupt the Company's operations**

- **Risks related to the shares**

    - **The market price of securities can and does fluctuate. The Shares have not been publicly traded and the relative volatility and illiquidity of the Philippine securities market may substantially limit investors' ability to sell the Shares at a suitable price or at a time they desire.**
    - **Future sales of Shares in the public market could adversely affect the prevailing market price of the Shares and shareholders may experience dilution in their holdings.**
    - **The Company's investment structure may impede the Company's ability to pay dividends.**

Please refer to the section entitled "Risk Factors" beginning on page 17 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares.

Forward Looking Statements and Use of Estimates

This Prospectus includes forward-looking statements and information that involve risks and uncertainties. These statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- the performance of the oil and gas market in the Philippines;
- the global economic environment and industry outlook generally;
- the availability of and changes to bank loans and other forms of financing;
- changes in political, economic, legal and social conditions in the Philippines;
- changes in competitive conditions and the Company's ability to compete under these conditions;
- the Company's ability to manage its growth and diversified businesses;
- the performance of the obligations and commitments of the Company's joint venture partners under existing service contracts, operating contracts and future agreements; and
- other factors beyond the Company's control.

In some cases, one can identify forward-looking statements by terms such as "may," "might," "objective," "intend," "should," "could," "can," "would," "expect," "believe," "estimate," "predict," "potential," "plan," or the negative of these terms, and similar expressions intended to identify forward-looking statements.

These statements reflect the Company's current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, one should not place undue reliance on these forward-looking statements. Many of these risks are discussed in greater detail in this Prospectus under the heading "Risk Factors." Also, these forward-looking statements represent estimates and assumptions only as of the date of this Prospectus. Unless required under Philippine law, the Company does not intend to update any of these forward-looking statements to reflect circumstances or events that occur after the statement is made.

One should read this Prospectus and the documents referenced in this Prospectus and filed as exhibits to the registration statement, of which this Prospectus is a part, completely and with the understanding that actual future results may be materially different from what the Company expects. Forward-looking statements contained herein are qualified by these cautionary statements.

This Prospectus includes estimates made by the Company and third parties of oil and gas reserves and resources. Estimates of reserves and resources should be regarded only as estimates that may change as additional technical and commercial information becomes available. Not only are such estimates based on information which are currently available, but such estimates are also subject to the uncertainties inherent in the application of judgmental factors in interpreting such information. The quantities that might actually be recovered should they be discovered and developed may differ significantly from the estimates presented herein.

As of the date of this Prospectus, the Company has conducted an internal review of the Operators' estimates and deemed them reasonable. Consistent with industry practice on the treatment of contingent resources, the estimates provided were not subjected to independent verification by third parties. As estimates of reserves and resources change over time, the Company may have to adjust its business plans and strategies accordingly. Any significant downward revision in the estimates of reserves and resources may adversely affect the Company's financial condition, future prospects and market value.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. Persons who come into possession of this Prospectus should inform themselves with and comply with any such restrictions.

Investor Relations

The Company's investor relations program covers its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general.

Objectives	To provide investors and the general public with sufficient and timely access to relevant information on the Company and apprise them of recent developments to enable such investors and the public to make informed investment decisions. To provide timely response to clarifications requested by existing or prospective shareholders on disclosed information.
Principles	Accurate information, timely disclosure/ availability of information, relevance of information, timely response to request for clarification on disclosed information.
Modes of Communications	Information on Company including financial information and other disclosures should available for download on the Company's own website. Investors should also be able to send electronic communication to investor relations directly through the Company website. Company office address, telephone trunkline, and fax number are also available on the Company website. Investor Relations Officer name, telephone number, and email address are also available on the Company website.

Structure	Initially, investor relations function will be carried out by the Investor Relations Officer [who is also concurrently the Company Information Officer], working in coordination with other departments including Operations, Finance, Accounting, and Legal. Additional personnel in Investor Relations may be hired on an as needed basis moving forward.
Investors Relations Officer / [Company Information Officer]	Giles R. Katigbak Tel +632 8700130 Fax +632 870 0456 grkatigbak@phinma.com.ph
Company website	http://www.transasia-petroleum.com

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN IS TRUE AND CURRENT.

TRANS-ASIA PETROLEUM CORPORATION
By:

FRANCISCO L. VIRAY
President& CEO

SUBSCRIBED AND SWORN to before me this 4 AUG 2014 day of August 2014, affiant exhibiting to me his Passport No. EB0308400 issued on 2 June 2014 at DFA Manila, bearing his photograph and signature, in accordance with Rule II, Section 12 and Rule IV Section 2 (b) of the 2004 Rules on Notarial Practice.

Doc. No.: 5;
Page No.: 2;
Book No.: II;
Series of 2014.

MA. CONCEPCION Z. SANDOVAL
NOTARY PUBLIC FOR AND IN THE CITY OF MAKATI
APPOINTMENT NO. M-210 (2014-2015)
COMMISSION EXPIRES ON DECEMBER 31, 2015
7th Floor, The PHINMA Plaza, 39 Plaza Drive
Rockwell Center, Makati City 1210
PTR No. 4232822; 1-7-14; MAKATI CITY
IBP O.R. No. 950635; 1-6-14; RIZAL
TIN 908-983-782
ROLL NO. 54717, MAY 2007

TABLE OF CONTENTS

GLOSSARY OF TERMS

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

GENERAL AND TECHNICAL TERMS

Acreage	-	an area explored for a particular resource. For petroleum, it may also be called "concession", "lease" or “service contract area.”
Articles of Incorporation	-	The Articles of Incorporation of the Company, as amended on 28 November 2012.
Bbl	-	a barrel, or a trading unit used in connection with the production of oil. One barrel equals 42 US gallons or approximately 159 liters
bcf	-	billion cubic feet
Block	-	a petroleum contract area or a portion thereof categorized under a block reference system established by the DOE. Older contract blocks may not conform to the DOE reference system.
Board	-	the board of directors of the Company, Trans-Asia Petroleum Corporation.
Book Value per Common Share	-	the result of dividing the total equity account of the Company by the total number of Common Shares issued and outstanding
Carried Interest	-	A participating interest in a petroleum exploration or energy project that does not share in the costs up to a certain agreed point (e.g., a carry up to the first exploratory well), but shares in the costs attributable to such interest thereafter
Corporation Code	-	Batas Pambansa Bilang 68, otherwise known as the Corporation Code of the Philippines
Crude Oil	-	oil in its natural state before the same has been refined or otherwise treated. It does not include oil produced through destructive distillation of coal, bituminous shales or other stratified deposits, either in its national natural state or after the extraction of water, and sand or other foreign substances
Exploration	-	geoscientific and technical studies and activities undertaken to establish the presence of a natural resource
Farm-in	-	an agreement wherein one company agrees to drill wells or performs other activities on another company's acreage in order to earn an interest in that acreage
Farm-out	-	an agreement wherein a company agrees to assign interest in its acreage to another company in exchange for the latter’s performance of certain activities in that acreage.
Geophysical	-	Concerning geophysics, which is the study of the earth by quantitative physical methods, especially by seismic reflection and refraction, gravity,

magnetic, electrical, electromagnetic, and radioactivity methods

GIIP	-	Gas Initially in Place
Hydrocarbons	-	complex chemical compounds containing carbon and hydrogen regardless of whether they are in gaseous, liquid or solid state; are of prime economic importance because they encompass the constituents of the major fossil fuels (i.e., coal, petroleum, natural gas, etc.), plastics, paraffin, waxes, solvents and oils
Lead	-	a geologic feature or structure which when subjected to additional technical studies may develop into a Prospect
Listing By Way of Introduction	-	an application for listing of securities that are already issued or securities that will be issued upon listing, where no public offering will be undertaken because the securities for which listing is sought would be of such an amount and would be so widely held that their adequate marketability when listed can be assumed, or when listing in an exchange or public offering is mandated by law or by the Securities and Exchange Commission ("SEC") or other government agencies, in the exercise of their powers under the law in accordance with the Amended Rules on Listing By Way of Introduction dated 9 March 2011 of The Philippine Stock Exchange, Inc.
Mean Recoverable	-	average estimate of amount that may be recovered
mmbbls	-	million barrels
Natural Gas	-	gas obtained from boreholes and wells and consisting primarily of hydrocarbons
Participating Interest	-	a generic term for equity in a petroleum contract
Philippine Peso, Peso or ₱	-	the lawful currency of the Philippines
PFRS	-	the Philippine Financial Reporting Standards
Power station/plant	-	a facility for the generation of electric power
Prospect	-	a geologic feature or structure whose attributes are deemed favorable for the accumulation of petroleum
PSA	-	Philippine Standards on Auditing
Royalty Interest	-	interest which does not share in costs, but derives benefits in the event of success, usually pegged to a certain revenue item (e.g. a gross overriding royalty is a percentage of the gross proceeds from petroleum production)
Service Contract or SC	-	agreement entered into by the Government and a company which grants the latter the exclusive right to undertake petroleum exploration, development and production over a certain area. The company provides the necessary services, financing and technology and fully assumes all exploration risk. In the event of commercial production, the company gets a share of sales proceeds as service fee, and is allowed to recover its investments

Seismic exploration	-	The search for commercially economic subsurface deposits of crude oil, natural gas, and minerals by the recording, processing, and interpretation of artificially induced shock waves in the earth
SRC	-	Republic Act No. 8799 or the Securities Regulation Code
STOOIP	-	Stock Tank Oil Originally in Place
Trading Day	-	any day on which trading is allowed in the PSE
USD or US$	-	United States dollar
Working Interest	-	an interest that fully participates in the costs and derives benefits corresponding to such interest in the event of success

CORPORATE AND GOVERNMENT ENTITIES

BIR	-	Bureau of Internal Revenue
CIPP	-	CIP II Power Corporation
DENR	-	the Philippine Department of Environment and Natural Resources
DOE	-	the Philippine Department of Energy
External Auditor; Independent Accountant; SGV	-	SyCip Gorres Velayo & Co.
Government	-	the Government of the Republic of the Philippines
Maybank ATRKE	-	Maybank ATR Kim Eng Capital Partners Inc., the financial adviser to Trans-Asia Petroleum Corporation
One Subic; OSPGC	-	One Subic Power Generation Corporation
Oriental	-	Oriental Petroleum and Minerals Corporation
Palawan55	-	Palawan55 Exploration & Production Corporation, 69.35% owned by TA Petroleum
PCD	-	Philippine Central Depository, Inc.
PDTC	-	the Philippine Depository and Trust Corporation, the central securities depository of, among others, securities listed and traded on the PSE
PetroEnergy	-	PetroEnergy Resources Corporation
Philex Mining	-	the Philex Mining Corporation
Philex Petroleum	-	the Philex Petroleum Corporation

Philodrill	- The Philodrill Corporation
PHN	- PHINMA Corporation
PHINMA	- the Philippine Investment Management Inc.
PHINMA Group	- The group of companies comprised of PHINMA, its subsidiaries and affiliate companies
PNOC	- Philippine National Oil Company
PNOC - EC	- PNOC Exploration Corporation
PSE	- The Philippine Stock Exchange, Inc.
SCCP	- Securities Clearing Corporation of the Philippines
SEC	- the Philippine Securities and Exchange Commission
TA Gold	- Trans-Asia Gold and Minerals Development Corporation
TA Oil	- Trans-Asia Oil and Energy Development Corporation, parent company
TA Petroleum, the Company	- Trans-Asia Petroleum Corporation (formerly Trans-Asia (Karang Besar) Petroleum Corporation)
TA Power	- Trans-Asia Power Generation Corporation
TAREC	- Trans-Asia Renewable Energy Corporation
TAWPC	- Trans-Asia Wind Power Corporation
Transfer Agent	- Stock Transfer Services Incorporated

SUMMARY

The following summary is qualified in its entirety by more detailed information, including the Company's consolidated financial statements and notes relating thereto, beginning on page 40 of this Prospectus.

OVERVIEW OF THE COMPANY

TA Petroleum is a Philippine corporation organized on 28 September 1994 as a wholly-owned subsidiary of TA Oil. The Company's Articles of Incorporation and By-laws were amended on 28 August 2012, to focus its primary purpose to engaging in the business of oil and gas exploration, development, and production and to change the name of the Company from "Trans-Asia (Karang Besar) Petroleum Corporation" to "Trans-Asia Petroleum Corporation".

The Company has interests in four (4) oil and gas service contracts (SC), namely: (a) a 6.82% gross interest in SC 55 West Palawan (through its 69.35% share in its subsidiary, Palawan55 Exploration & Production Corporation (Palawan55)), (b) 6.67% interest in SC 51 East Visayas, (c) 6.00% in SC 69 Camotes Sea, and (d) a 2.334% in SC 6 Block A and 14.063% in SC 6 Block B Northwest Palawan.

An independent estimate of reserves and resources of the petroleum and gas assets held by the Company and its subsidiary are as follows:

ASSET	Gross 100%	Net Attributable to Company	Classification	Source of Figure
OIL RESERVES (mmbbls)				
1. SC 6A (Octon)	379.5	8.857	mean recoverable	Pitkin Petroleum (Technical Committee Meeting) - Dec 2012
2. SC 6B (Bonita)	13.02	1.831	STOOIP	Raisama Farm-In Study Report - Apr 2011
3. SC 51	46	3.068	mean recoverable	OTTO Energy Disclosure - 25 July 2013 / AREX Energy Report - 2012
4. SC 69	503	30.18	STOOIP	OTTO Energy Disclosure - 4 July 2013
GAS RESERVES (bcf)				
1. SC 55	2452	167.2	STOOIP	BHP Billiton (Technical Committee Meeting) - July 2013
2. SC 69	720	43.2	GIIP	OTTO Energy Disclosure - 4 July 2013

(NOTES: 1. mmbbls - million barrels
2. bcf - billion cubic feet
3. STOOIP - Stock Tank Oil Originally in Place
4. GIIP - Gas Initially in Place
5. Companies use STOOIP and GIIP when data is insufficient to derive mean recoverable
6. Data for SC 69 indicate resource can be either oil or gas)

A more detailed discussion of the various SC and operating contracts held by the Company and its subsidiary is set out in the section "Description of Business – Statement of Active Business Pursuits".

The Philippine Department of Energy ("DOE") awards petroleum contracts to technically and financially capable companies on a competitive bidding basis. While there is competition in the acquisition of exploration rights, the huge financial commitments associated therewith also provide opportunities for partnership, especially between local and foreign companies. Under an SC, a substantial financial incentive is given to consortia with at least 15% aggregate Filipino equity. Thus, many foreign firms invite local exploration companies to join their venture to take advantage of said benefit and vice versa.

The Company leverages its key strengths which include: (a) its participating interest in SC 55, through its 69.35% equity in Palawan55, (b) its minority interests in a number of SCs which present opportunities to and have attracted farm-in interest from other foreign oil companies, (c) its recognition as one of the pioneers in the local petroleum industry, with the technical expertise of its staff recognized by its foreign partners and the DOE, and (d) its strong principal shareholders, which make the Company an ideal joint venture partner of foreign oil and gas companies in petroleum and gas SCs. The Company remains a strong competitor in the local petroleum exploration and production industry.

The Company's strategy for creating long-term value is to:(a) continue to create and pursue a spread of upstream opportunities covering various risk-reward scenarios, success which would lead to a significant, sustained contribution to the revenue stream of the Company; and (b) forge new partnerships and expand existing alliances with foreign and local companies that share its investment strategy and who can provide capital and technical expertise. By joining exploration consortia as a minority partner, the Company reduces the inherent risks in the business while maintaining any potential from the projects and increases its portfolio of petroleum and gas assets.

TA Petroleum has the right to actively participate in the exploration for and/or extraction of natural resources through adequate control over the assets, or through adequate rights which give the applicant company sufficient influence in decisions over the exploration for and/or extraction of natural resources.(Please see discussion under Description of Business at page 40).

RISKS OF INVESTING

Before making an investment decision, investors should carefully consider the risks associated with an investment in the Shares. These risks include:

- **Risks relating to the Company's Business**
    - **Failure to discover oil and gas resources that can be developed for commercial production**
    - **Failure to fund expenditures and investments for exploration and development activities**
    - **Operating risks resulting in losses**
    - **Laws, regulations and contingencies adding to the cost and effort of doing business**
    - **Price fluctuations and substantial or extended decline in prices**
    - **Estimates used in the business may be unreliable or incorrect**
    - **Compliance with laws, regulations and contracts, failing which the Company may lose its contracts, licenses and approvals from the Government or otherwise be penalized**
    - **Competition in securing exclusive rights may hamper the company's growth and expansion**

- **Risks relating to the Philippines**

    - **Any political instability in the Philippines may adversely affect the Company's business, results of operations and financial condition**
    - **Terrorist activities in the Philippines could destabilize the country, adversely affecting the Company's business environment**
    - **Risk of any downgrade in the sovereign credit rating of the Philippines may adversely affect the Company's business**
    - **The occurrence of natural catastrophes may materially disrupt the Company's operations**

- **Risks related to the shares**

    - **The market price of securities can and does fluctuate. The Shares have not been publicly traded and the relative volatility and illiquidity of the Philippine securities market may substantially limit investors' ability to sell the Shares at a suitable price or at a time they desire.**
    - **Future sales of Shares in the public market could adversely affect the prevailing market price of the Shares and shareholders may experience dilution in their holdings.**
    - **The Company's investment structure may impede the Company's ability to pay dividends.**

Please refer to the section entitled "Risk Factors" on page 17 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with an investment in the Shares.

SUMMARY FINANCIAL INFORMATION

The selected consolidated financial information set forth in the following tables have been derived by the Company from its audited interim consolidated financial statements as at 31 March 2014 and for the three months ended 31 March 2014 and 2013 comprising the interim consolidated balance sheet as at 31 March 2014 and interim consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the three months ended 31 March 2014 and 2013 and its audited consolidated financial statements as at and for the years ended 31 December 2013, 2012, and 2011 comprising consolidated balance sheets as at 31 December 2013, 2012 and 2011 and consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, which have been audited by independent auditors, SyCip Gorres Velayo & Co. (“SGV”) in accordance with Philippine Standards on Auditing (“PSA”). These financial data should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this Prospectus.

The information below is not necessarily indicative of the results of future operations and does not purport to project the results of the Company’s operations or financial condition for any future period or date.

TRANS-ASIA PETROLEUM CORPORATION
Consolidated Financial Statements

	For the three months ended March 31	For the years ended December 31		
(Amounts in Pesos)	**2014**	**2013**	**2012**	**2011**
CONSOLIDATED STATEMENTS OF INCOME				
Interest income	23,251	798,288	263,418	32
Costs and expenses	3,375,054	9,380,729	3,294,285	36,750
Other charges	(207,194)	(4,739,255)	-	-
Loss before income tax	3,558,997	13,321,696	3,030,867	36,718
Income tax	(320)	320	-	-
Net loss	**3,558,677**	**13,322,016**	**3,030,867**	**36,718**
Attributable to:				
Equity holders of the Parent Company	3,541,851	12,877,179	3,005,090	36,718
Non-controlling interests	16,826	444,837	25,777	-
	3,558,677	**13,322,016**	**3,030,867**	**36,718**
Basic/diluted loss per share*	0.0142	0.052	0.100	0.004

* Restated to show effects of the reverse stock split in 2013.

TRANS-ASIA PETROLEUM CORPORATION
Consolidated Financial Statements

(Amounts In Pesos)	As at March 31	As at December 31		
	2014	**2013**	**2012**	**2011**
CONSOLIDATED BALANCE SHEETS				
Current Assets				
Cash and cash equivalents	18,397,629	21,029,901	165,897,557	7,993
Investments held for trading	138,203,543	138,411,121	-	-
Advances to a related party	-	-	8,666,268	-
Other receivables	20,259	3,033	8,778	-
Total Current Assets	**156,621,431**	**159,444,055**	**174,572,603**	**7,993**
Noncurrent Assets				
Deferred exploration costs	74,736,195	74,736,195	72,218,898	-
Total Noncurrent Assets	**74,736,195**	**74,736,195**	**72,218,898**	**-**
TOTAL ASSETS	**231,357,626**	**234,180,250**	**246,791,501**	**7,993**
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and other current liabilities	1,493,753	757,700	46,935	-
Total Liabilities	**1,493,753**	**757,700**	**46,935**	**-**
Capital stock	250,000,000	250,000,000	250,000,000	10,000,000
Subscription receivables	-	-	-	(6,702,543)
Deficit	(22,713,584)	(19,171,733)	(6,294,554)	(3,289,464)
	227,286,416	**230,828,267**	**243,705,446**	**7,993**
Non-controlling interests	2,577,457	2,594,283	3,039,120	-
TOTAL EQUITY	229,863,873	233,422,550	246,744,566	7,993
TOTAL LIABILITIES AND EQUITY	**231,357,626**	**234,180,250**	**246,791,501**	**7,993**

TRANS-ASIA PETROLEUM CORPORATION
Consolidated Financial Statements

(Amounts In Pesos)	For the three months ended March 31 2014	For the years ended December 31 2013	2012	2011
CONSOLIDATED STATEMENTS OF CASH FLOWS				
Cash flows from operating activities	(2,632,656)	(2,445,875)	(11,658,978)	(36,718)
Cash flows from investing activities	-	(142,422,849)	(72,218,898)	-
Cash flows from financing activities	-	-	249,767,440	36,251
Effect of exchange rate changes on cash and cash equivalents	384	1,068	-	-
Net increase (decrease) in cash and cash equivalents	(2,632,272)	(144,867,656)	165,889,564	(467)
Cash and cash equivalents, beginning of period	21,029,901	165,897,557	7,993	8,460
Cash and cash equivalents, end of period	**18,397,629**	**21,029,901**	**165,897,557**	**7,993**

RISK FACTORS

Investors should carefully consider the risks described below, in addition to other information contained in this Prospectus (including the Company's consolidated financial statements and notes relating thereto which are included herein), whenever making any investment decision relating to the Shares. This section does not purport to disclose all the risks and other significant aspects of an investment in the Shares. The Company's past performance is not an indication of its future performance. Investors deal in a range of investments, each of which may carry a different level of risk. The occurrence of any of the events discussed below and any additional risks and uncertainties not presently known to the Company or that are currently considered immaterial could have a material adverse effect on the Company's business, results of operations, financial condition and prospects, and cause the market price of the Shares to fall significantly and investors may lose all or part of their investment.

An investor should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to be invested in or the nature of risks involved in holding and trading of such securities, especially in the trading of high-risk securities. Investors should undertake independent research regarding the Company and the trading of securities before commencing any trading activity, and may request all publicly available information regarding the Company and the Shares from the SEC. Each investor should consult its own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of an investment in the Shares.

The following risks are listed in the order of importance to the Issuer.

RISKS RELATING TO THE COMPANY'S BUSINESS

There are uncertainties inherent in the business of petroleum exploration and development. It is vulnerable to contingencies such as:

- **Failure to discover oil and gas resources that can be developed for commercial production**

The Company's ability to sustain itself depends on the discovery of oil and gas resources that can be developed for commercial production. There is no assurance that exploration activities of the Company and the corporations in which it has invested (collectively with the Company, the "Group") will result in the discovery of oil or gas deposits because of the uncertainties in locating and estimating the size of subsurface deposits of oil or gas despite advances in exploration technology. Even if a substantial oil or gas deposit is discovered, there are other factors that may prevent or delay its commercial development, such as drilling and production hazards; political, social and/or environmental issues; and insufficient market demand and/or infrastructure, particularly for a natural gas development. If exploration and development activities of the Group are not successful, the Company's ability to generate future cash flow and obtain additional financing to continue operations may be adversely affected.

The Company mitigates exploration and development risks mainly by investing in a portfolio of exploration assets, working with partners and contractors with proven track records, and undertaking phased exploration with exit options.

- **Failure to fund expenditures and investments for exploration and development activities**

The exploration and development of oil and gas resources are capital intensive. The Company's ability to fund such expenditures and investments depends on numerous factors, including the ability to generate cash flow from the Group's production, availability and terms of external financing, and the extent to which work commitments can be adjusted under the relevant SCs and similar agreements. If the Group is unable to obtain the required funding, the Group will have to adjust its business plans and strategies, which may adversely affect the Company's future prospects, market value and results of operations.

The Company mitigates the foregoing risks by sharing the costs and risks of exploration and development with suitable joint venture partners and undertaking phased exploration with exit options. Where funding is insufficient, the Company may adjust its business plans and strategies.

- **Operating risks resulting in losses**

Exploration and production of oil and gas are subject to various operating risks such as fires, explosion, spills, gas leaks, collisions, mechanical failures, and natural disasters that may result in injuries, loss of lives, suspension of operations, and damage to property and the environment. As a result, losses and liabilities arising from the occurrence of any of these risks may have a material adverse effect on the Company's business and results of operations.

The Company addresses operating risks by ensuring that the consortium where it has participation employs good oil field practices consistent with the international oil and gas industry standards.

The foregoing risk is also mitigated by insurance coverage; however, please note that insurance coverage applies against some, but not all, potential losses and liabilities. The Company will assess the acceptability of residual risks not covered by insurance policies, and if the Company deems that such risks are not within the levels that the Company is willing to accept, the Company may decide to avoid the risk by either terminating or forgoing the activity, project or investment.

- **Laws, regulations and contingencies adding to the cost and effort of doing business**

The petroleum industry is highly regulated. In addition to complying with the laws and regulations for doing business in the Philippines and in the other jurisdictions where the Group operates, the nature of the Group's business also subjects the Group to laws and regulations regulating the industry, as well as those on environment, occupational health and safety standards. Despite efforts to comply with all such laws and regulations, the Company's business may be exposed to significant liabilities and restrictions due to accidents and unforeseen circumstances. Furthermore, such laws and regulations are subject to changes which may result in delays or restrictions on exploration, development or production activities as well as increased cost of compliance. There is no assurance that these costs will not have a material adverse effect on the Company's business and results of operations.

The foregoing risk is mitigated by the Group's respective policies, which are geared towards compliance with laws and regulations, as well as with good industry practice relating to health, safety and environment. Some of the risks and potential losses and liabilities arising therefrom may not be covered by insurance. The Company will assess the acceptability of residual risks not covered by insurance policies, and if the Company deems that such risks are not within the levels that the Company is willing to accept, the Company may decide to avoid the risk by either terminating or forgoing the activity, project or investment.

- **Price fluctuations and substantial or extended decline in prices**

Prices of oil and gas have demonstrated significant volatility in the past. Historically, prices of oil and gas are influenced by a number of factors, including global and regional supply and demand, geopolitical uncertainty, market speculation, domestic and foreign governmental regulations and actions, global and regional economic conditions, weather conditions and natural disasters. It is not possible to accurately forecast future oil and gas price movements and trends. Declines in crude oil and gas prices will adversely affect the Company's business, prospects, and results of operations.

The Company mitigates price risks by evaluating the economic sensitivity of investment opportunities to low product prices and taking this into consideration when making investment decisions.

- **Estimates used in the business may be unreliable or incorrect**

This Prospectus includes estimates made by third parties of oil and gas reserves and resources. Estimates of reserves and resources should be regarded only as estimates that may change as additional technical and commercial information becomes available. Not only are such estimates based on information which is currently available, but such estimates are also subject to the uncertainties inherent in the application of judgmental factors in interpreting such information. The quantities that might actually be recovered should they be discovered and developed may differ significantly from the estimates presented herein.

As of the date of this Prospectus, the Company has not independently verified the estimates provided by third parties. As estimates of reserves and resources change over time, the Company will have to adjust its business plans and strategies. Any significant downward revision in the estimates of reserves and resources may adversely affect the Company's financial condition, future prospects and market value.

- **Compliance with laws, regulations and contracts, failing which the Company may lose its contracts, licenses and approvals from the Government or otherwise be penalized**

Substantially all of the Company's revenues are or will be derived from SCs, which give the Group and their respective joint venture partners exclusive rights to conduct exploration and development operations over certain blocks covered by SCs. The Group and their joint venture partners are also expected to secure business licenses and permits in relation to their operations. The Group and their joint venture partners' operations may be restricted, suspended or terminated if the Group, their joint venture partners or any of their respective contractors and assignees fail to satisfy its contractual obligations under the contracts, and the laws, rules and regulations governing such contracts, or to secure and maintain required licenses and permits. This may prevent the Group and their joint venture partners from further exploration and development activity within the relevant concession areas which in turn could materially and adversely affect the Company's business, financial condition, results of operations and prospects.

The foregoing risk is mitigated by the Group's respective policies, which include compliance with laws, regulations and contracts, and exerting all reasonable efforts to secure and maintain licenses and permits required for its business and undertakings. The Group also adopts provisions in their agreements with their joint venture partners to address defaults and non-compliance with laws, regulations and contracts.

- **Competition in securing exclusive rights may hamper the company's growth and expansion**

The Government has been taking steps to attract investments in the exploration and development of oil and gas in the Philippines, particularly with respect to the application and award of petroleum SCs, which is done through competitive public bidding. The Company's competitors may have greater financial, technical, and organizational capabilities than the Company, particularly international oil and gas companies. Significant competitive pressure could result in the failure or increased costs to acquire additional exploration and production assets, thereby causing a material adverse effect on the Company's business and results of operations.

The Company intends to remain competitive by leveraging the strengths discussed in "Description of Business."

RISKS RELATING TO THE PHILIPPINES

- **Any political instability in the Philippines may adversely affect the Company's business, results of operations and financial condition**

The Philippines has from time to time experienced political instability. In the last few years, there has been political instability in the Philippines, including public and military protests arising from alleged misconduct by the former administration. No assurance can be given that the political environment in the Philippines will remain stable and any political or social instability in the future could result in inconsistent or sudden changes in regulations and policies that affect the Group or any member of the Group, which could have an adverse effect on the Company's business, results of operations and financial condition.

- **Terrorist activities in the Philippines could destabilize the country, adversely affecting the Company's business environment**

The Philippines has been subject to sporadic terrorist attacks in the past several years. The Philippine military has been in conflict with the Abu Sayyaf organization, which has been identified as being responsible for kidnapping and terrorist activities in the country, and is also alleged to have ties to the Al-Qaeda terrorist network. There can be no assurance that the Philippines will not be subject to further acts of terrorism in the future, and violent acts arising from, and leading to, instability and unrest may have a material adverse effect on the Company's business, results of operations and financial condition.

- **Risk of any downgrade in the sovereign credit rating of the Philippines may adversely affect the Company's business**

In March 2013, Fitch Ratings raised the Philippines' sovereign credit rating to BBB-, the first time that the country has received an investment grade rating from a major credit rating agency. An investment-grade rating could lower the country's cost of borrowing and widen its base of potential investors, as some funds have restrictions on holding sub-investment grade debt. Other major credit rating agencies such as Moody's Investors Service and Standard & Poor's have rated the Philippines as one notch below investment grade with a positive outlook. The sovereign credit ratings of the Government directly affect companies residing in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that Moody's, Standard & Poor's or any other international credit rating agency will not in the future downgrade the credit ratings of the Government and, therefore, Philippine companies, including the Company. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing will be made available.

- **The occurrence of natural catastrophes may materially disrupt the Company's operations**

The Philippines has experienced a number of major natural catastrophes in recent years, including typhoons, volcanic eruptions, earthquakes, mudslides, droughts, floods and other weather-related events. Natural catastrophes may disrupt the Company's business operations, lead to disruptions in the electrical supply to the Company's project sites and impair the economic conditions in the affected areas, as well as the Philippine economy. The Company cannot assure prospective investors that the insurance coverage it maintains for these risks will adequately compensate the Company for all damages and economic losses resulting from natural catastrophes, including possible business interruptions.

RISKS RELATED TO THE SHARES

- **The market price of securities can and does fluctuate. The Shares have not been publicly traded and the relative volatility and illiquidity of the Philippine securities market may substantially limit investors' ability to sell the Shares at a suitable price or at a time they desire.**

The market prices of securities can and do fluctuate, and it is impossible to predict whether the price of the Shares will rise or fall. Securities may experience upward or downward movements, and may even lose all value. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. There may be a substantial difference between the buying price and the selling price of such securities. Trading prices of the Shares will be influenced by, among other things:

- variations in the Company's operating results;
- success or failure of the Company's management team in implementing business and growth strategies;
- gain or loss of an important business relationship;
- changes in securities analysts' recommendation, perceptions or estimates of the Company's financial performance;
- changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;
- differences between the Company's actual financial operating results and those expected by investors and analysts;
- additions or departures of key personnel;
- changes in general market conditions and broad market fluctuations; and
- involvement in litigation.

These fluctuations may be exaggerated if the trading volume of the Shares is low.

Prior to the listing of the Shares at the Philippine Stock Exchange (PSE), there has been no public market for the Shares in the Philippines. There can be no assurance that even after the Shares have been approved for listing on the PSE, an active trading market for the Shares will develop or be sustained after the listing, or that the Initial Listing Price will correspond to the price at which the Shares will trade in the Philippine public market subsequent to the listing. There is no assurance that investors may sell the Shares at prices or at times deemed appropriate.

- **Future sales of Shares in the public market could adversely affect the prevailing market price of the Shares and shareholders may experience dilution in their holdings.**

In order to finance the Company's business and operations, and any expansion thereof, the Board will consider funding options available to the Company, which may include the issuance of new Shares. The market price of the Shares could decline as a result of future sales of substantial amounts of the Shares in the public market or the issuance of new shares, or the perception that such sales, transfers or issuances may occur. This could also materially and adversely affect the prevailing market price of the Shares or the Company's ability to raise capital in the future at a time and at a price that the Company deems appropriate.

In addition, if additional funds are raised through the issuance of new equity or equity-linked securities by the Company other than on a *pro rata* basis to existing shareholders, the percentage ownership of existing shareholders may be diluted. Such securities may also have rights, preferences and privileges senior to those of the Shares.

- **The Company's investment structure may impede the Company's ability to pay dividends.**

The Company may hold interests in petroleum and gas contracts through corporations that it has invested in. Thus, the availability of funds to pay dividends to its shareholders and to service debt obligations depends in part upon dividends that may be received from the Company's subsidiary and affiliates. If the Company's subsidiary and affiliates incur debt or losses, such indebtedness or losses may impair their ability to pay dividends or other distributions to the Company. As a result, the Company's ability to pay dividends and to service the Company's indebtedness may be restricted.

The Company's ability to declare dividends in relation to the Company's Shares will also depend on the Company's future financial performance, which, in turn, depends on successfully implementing the Company's strategy, and on financial, competitive, regulatory, and other factors, general economic conditions, demand and prices for the Company's petroleum and other future products, costs of raw materials and other factors specific to the Company's industry or specific projects, many of which are beyond the Company's control. The receipt of dividends from the Company's subsidiary and affiliates may also be affected by the passage of new laws, adoption of new regulations or changes to, or in the interpretation or implementation of existing laws and regulations and other events outside the Company's control. Philippine law requires that dividends be paid only out of unrestricted retained earnings calculated according to Philippine accounting principles. In addition, restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that the Company or its subsidiary may enter into in the future may also restrict the ability of the Company's subsidiary to make contributions to the Company and the Company's ability to receive distributions or distribute dividends.

Finally, there is no assurance that the Company will maintain and increase its holdings in its subsidiary and various affiliates. The Company evaluates each additional investment in its subsidiary, and may choose to waive its right to invest in these entities, which could result in the dilution of its interest therein.

USE OF PROCEEDS

TA Petroleum and its stockholders will not be offering Shares for subscription or sale in connection with the Dividend Distribution or the Listing. Consequently, there will be no proceeds from the Dividend Distribution or the Listing.

DETERMINATION OF INITIAL LISTING PRICE

Upon Listing, the Initial Listing Price for the Shares shall be ₱4.60 per share.

The Initial Listing Price is supported by the Updated Fairness Opinion dated 8 August 2014 prepared by Isla Lipana & Co. PricewaterhouseCoopers, a firm accredited by the PSE in accordance with the PSE Guidelines for Fairness Opinions and Valuation Reports, as required under Article III, Part H, Section 3 of the Amended Rules on Listing by Way of Introduction. A copy of the Updated Fairness Opinion is attached to this Prospectus.

The initial listing price is within the valuation range per share (at 250 million outstanding TA Petroleum shares, post-property dividend distribution), of ₱3.79 to ₱6.34 per share based on the Updated Valuation Report in Support of the Updated Fairness Opinion prepared by Isla Lipana & Co. PricewaterhouseCoopers.

TA Petroleum chose to set the said initial listing price at the relatively lower end of the valuation range in order to encourage the general investing public's investment and trading in the TA Petroleum shares, post listing, and provide existing and post-listing investors potential share price upsides should the exploratory activities on the Service Contracts, as well as any subsequent SC participations, result in confirmed reserves and high potential for commercial operations.

Further, based on the number of TA Petroleum shares to be distributed to non-related parties, the minimum price that would result to a public float of at least 20% or ₱250 million is ₱4.57 per share (rounded up to P4.60 per share).

Summary of Valuation Report and Fairness Opinion

Based on the data provided by the Company, Isla Lipana & Co. PricewaterhouseCoopers calculated that the estimated equity value of the Company ranges from ₱936.4 million to ₱1,620.1 million as of 31 March 2014 (the “Valuation Date”). Isla Lipana & Co. PricewaterhouseCoopers adopted both the joint venture method and multiples of exploration expenditure method.

Using 250 million shares, the table below summarizes the estimated price per Share using the two methodologies adopted in the valuation:

Valuation Methodology (₱ per Share)		
	Low	**High**
Multiples of Exploration Expenditure Method	5.78	5.78
Joint Venture Method	3.79	6.34

Basis of Valuation

The basis of our valuation is fair value. We define fair value as the amount that would be negotiated at the Valuation Date, in an open and unrestricted market, between a knowledgeable, willing, but not anxious buyer, and a knowledgeable, willing, but not anxious seller, acting at arm’s-length basis.

Valuation Approaches Adopted

Isla Lipana & Co. PricewaterhouseCoopers considered the use of the following methodologies to calculate a range of estimated values for the shares of the Company:

- Multiples of exploration expenditure method (“MEE”) – This approach uses as basis the historical cost of exploration, plus warranted future exploration expenditures already committed to the project. The total exploration cost is then multiplied to a prospective enhancement multiplier (“PEM”), which is determined based on the prospectivity of the area where the SC is located.

- Joint venture method (“JV”) – The JV method uses as basis the amount paid or amount to be spent by a joint venture partner on exploration to earn a given percentage of interest in the project.

Note that a valuation exercise is not a precise science and the conclusions arrived at, in many cases, will of necessity be subjective and dependent on the exercise of individual judgment.

Among the sources of information relied upon by Isla Lipana & Co. PricewaterhouseCoopers for the Fairness Opinion was a technical report prepared by add ips pty ltd. (“Add Energy”) dated 22 March 2013, which estimated the current risked values of TA Petroleum’s interests in each of the four (4) service contracts as shown in the table below. All values are in millions of US dollars.

Service Contract	TA Petroleum Holding	Estimated Current Risked Value (USD millions)	Comment
SC 6A	2.334%	2.8	
SC 6B	14.063%	0.4	
SC 51 North	6.67%	5.5	
SC 51 South	6.67%	0.0	
SC 55	6.82%	32.9	
SC 55	5% Option	2.3	TA Petroleum has sold the option to Frontier Gasfields Ltd.
SC 69	6%	4.6	
Total		48.5	

Valuation of Service Contracts

Introduction

The valuation of service contracts currently held by the Company, as summarized in subsequent discussions below, is lifted from the independent valuation report prepared by Add Energy, an established company based in Western Australia whose expertise, among others, is to conduct independent and unbiased assessment and evaluation of petroleum properties of exploration companies.

Add Energy was engaged by TA Oil to conduct valuation of the four service contracts, namely: Service Contract 6 Block A and Block B (SC 6 Block A and SC 6 Block B), Service Contract 51 (SC 51), Service Contract 55 (SC 55), and Service Contract 69 (SC 69). The objective was to attach likely monetary values to these service contracts.

The said valuation was prepared by Mr. Rob Marshall and Mr. Brad Girdwood, who are qualified reserves and resource evaluators (“QRRE”)[1] under the Australian Stock Exchange (“ASX”) Listing Rules. The ASX

[1] A QRRE is defined under Section 19.12, Chapter 19 of the ASX Listing Rules as follows:

“A person is a QRRE if he or she:

Listing Rules require reports of listed companies on estimates of petroleum reserves, contingent resources and prospective resources to be prepared by or under the supervision of a QRRE. Mr. Marshall and Mr. Girdwood meet the requirements to be considered as QRREs. Mr. Marshall, the author of the Report, has a Bachelor of Science (Hon) in Applied Chemistry from Kingston Polytechnic, United Kingdom, and a Master of Engineering in Petroleum Engineering from Heriot-Watt University, United Kingdom. Mr. Marshall has more than 30 years of senior technical and management experience in the international upstream oil and gas sector. Mr. Girdwood, the reviewer of the Report, has a Bachelor of Engineering (Mechanical) from Curtin, West Australia. Mr. Girdwood has more than 21 years of senior technical and management experience in the international upstream oil and gas sector.[2] Moreover, both are members of the Society of Petroleum Engineers ("SPE"), a professional organization of engineers and geologists with the power to suspend or expel members, in accordance with the requirements for qualification of QRREs under the ASX Listing Rules.

The SPE, a global and American-based organization, has been a leader in developing the technical definitions that have become the industry standard for evaluating petroleum reserves and resources. The SPE is a resource for technical knowledge related to the oil and gas exploration and production industry.

Oil and gas reserves and resources are defined as volumes that will be commercially recovered in the future. Unlike the inventory of a manufacturing company, reserves are physically located in reservoirs deep underground and cannot be visually inspected or counted. The reserves are estimated based on the evaluation of data that provides evidence of the amount of oil and gas present.

The SPE, in alliance with the American Association of Petroleum Geologists, the Society of Exploration Geophysicist, the Society of Petroleum Evaluation Engineers (all U.S.-based) and the World Petroleum Council, formulated the Petroleum Resource Management System ("SPE-PRMS"). The SPE-PRMS contains the globally-accepted guidelines specific for Petroleum evaluation which SPE members are bound to strictly follow in their assessment and reporting of petroleum resources/reserves. The SPE-PRMS incorporates a framework that categorizes reserves and resources according to the level of certainty associated with their recoverable volumes, and classifies them according to the potential for reaching commercial producing status. A copy of the SPE-PRMS Definitions and Guidelines is annexed to this Prospectus.

The ASX Listing Rules require that an entity publicly reporting petroleum resources must use the SPE-PRMS[3].

The Philippine Department of Energy ("DOE") had issued a certification dated 30 September 2013 stating that the valuation report prepared by Add Energy was made in accordance with globally acceptable standards acceptable to the DOE and that the SPE-PRMS is the most widely used international reporting standard for the classification of petroleum assets.

All technical, legal, financial and economic data or information germane to the service contracts were furnished by TA Oil to Add Energy for proper evaluation and examination. A high degree of unbiased and objective determination of the parameters resulting from these various types of data were carried out by

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(a) has obtained a bachelors or advanced degree in petroleum engineering, geology, geophysics or other discipline of engineering or physical science;

(b) has a minimum of five years practical experience in petroleum engineering, petroleum production geology or petroleum geology, with at least three years of such experience being in the evaluation and estimation of petroleum reserves, contingent resources and prospective resources; and

(c) is a member of good standing of a professional organisation of engineers, geologists or other geoscientists whose professional practice includes petroleum reserves, contingent resources and prospective resources evaluations and/or audits. The professional organisation must have disciplinary powers, including the power to suspend or expel a member."

[2]Section 10. Personnel, Valuation of Service Contracts Trans-Asia Oil and Energy Development Corporation dated 22 March 2013, page 33.

[3]Chapter 5, ASX Listing Rules.

Add Energy consistent with established international standards for valuing petroleum contracts and properties.

Methodology

Add Energy proceeded to determine the potential risked net present values of yet to be discovered resources (oil, gas or condensate) in each service contract, taking into consideration technical factors, e.g. prospective petroleum resources, probability of success, drilling depths, water depths (if offshore), fiscal regime under the Philippine service contract system, worldwide market conditions, published reports of service contract Operators, specific work program and budgets and historical costs, terms of joint venture participation, and other conditions attendant to each service contract.

Distilling the process mentioned above, Add Energy came out with the following parameters for valuing the yet undiscovered hydrocarbon resources in service contracts in the Philippines, consistent with published local and international data.

Location	Water Depth (m)	Gas Net Present Value ($/ 1,000 cubic feet (mcf))	Oil/Condensate NPV ($/bbl)
Onshore	(not applicable)	0.75	15
Shallow Water	< 100	0.75	15
Mid Water	100 - 1000	0.625	12.5
Deep Water	> 1000	0.50	10

Valuation of Individual Service Contracts

Following the above table, TA Petroleum's service contracts were valued as follows:

1. Service Contract 6

This service contract is divided into two parts, namely: the Octon Block (Block A) and the Bonita Block (Block B). The Company holds a 2.334% equity interest in Octon Block and a 14.063% interest in Bonita block.

(a) Octon Block:

There are 5 prospects/leads in this block with their corresponding mean prospective recoverable resources estimated as follows:

Prospect / Lead	Mean Prospective Recoverable Resources (mmbl)
Barselisa Galoc Clastic Unit (GCU)	135
Barselisa Batas Conglomerate Unit (BCU)	52
Malajon Anticlinorium GCU	136
East Barselisa GCU	43
East Barselisa BCU	14
Average	76

Assuming various probabilities that are consistent with robust and unbiased estimates as practiced in the exploration industry, the valuation of TA Petroleum's interests was estimated as follows:

Probability of new 3D seismic defining a drillable prospect	50 %
GPOS (geologic probability of success) for first well	25 %
If discovery, probability of commercial development	85 %
Overall probability of making a commercial discovery	11 %
Mean Prospective Recoverable Resources (mmbbl)	76
Oil value on discovery ($/bbl)	15
Unrisked value of a commercial oil discovery ($ million)	1139
Current risked value of a discovery ($ million)	121
Trans-Asia equity (%)	2.33
Current risked value of Trans-Asia's share ($ million)	2.8

Henceforth, risked value of the Company's 2.334% in the Octon Block: US$ 2.8 million

(b) Bonita Block:

There is no firm commitment to drill an exploration well in this block, hence no value may be derived on the basis of potential resources accruing from drilling a prospect.

A farm-in agreement was executed between the SC 6 (Bonita Block) joint venture partners and the trio of Peak Oil and Gas, Blade Petroleum and VenturOil (or "Farminees"). The Farminees are obligated to pay the farm-out parties $ 1.8 million to acquire 64.5% equity in the block.

On this basis, TA Petroleum's interest in Bonita block has a value of (14.06/64.5) x $ 1.8 million or US$ 0.4 million.

2. Service Contract 51

This service contract is divided into two parts, namely: the North Block and South Block. TA Petroleum holds 6.67% equity interest in the North Block and 6.67% equity interest in the South block.

(a) North Block:

This block contains the prospect San Isidro Anticline located onshore Northwest Leyte which has been adequately defined and confirmed by new 2D seismic data, thereby affirming its drillable status.

Assigning probabilities appropriate for the onshore setting, the valuation of SC 51 North Block was determined as follows:

Prospect	San Isidro
Mean Prospective Recoverable Resources (mmbbl)	23
Oil NPV ($/bbl)	15
GPOS (geologic probability of success)	25 %
Probability of Discovery being commercial	95 %
Risked NPV ($ million)	82
Trans-Asia Equity	6.67 %

Risked NPV of Trans-Asia Equity ($ million)	5.5

Therefore, the risked value of the Company's 6.67% interest: US$ 5.5 million

(b) South Block:

The South Block contains the Argao prospect which was covered by 3D seismic data and subsequently confirmed to be a huge anticline capable of hosting oil accumulation at various formation levels. This prospect was valued as follows:

Prospect	Argao
Mean Prospective Recoverable Resources (mmbbl)	12
Oil NPV ($/bbl)	12.5
GPOS (geologic probability of success)	33 %
Probability of Discovery being commercial	85 %
Risked NPV ($ million)	38
Trans-Asia Equity	6.67 %
Risked NPV of Trans-Asia Equity ($ million)	2.5

Therefore, the risked value of the Company's 6.67% in the South Block is $ 2.5 million. However, this value is highly dependent on whether prospective farm-in partner (Frontier Oil Corporation) exercises its option to farm-in and commit to drilling the Argao prospect.

3. Service Contract 55

The Company's participation in SC 55, through its subsidiary, has two components – a direct equity of 6.82% and an option to acquire additional 5% equity. The latter is the subject of an agreement with Frontier Gasfields, Ltd. ("Frontier") and provides potential future revenue.

(a) Estimate of risked value of the 6.82% equity:

Seven prospects have been identified in the SC 55 block with corresponding recoverable reserves as follows:

Prospect	Gas (trillion cubic feet (tcf))	Condensate (mmbbl)	Oil (mmbbl)
Cinco	2.1	74	0
Hawkeye	0.8	27	204
Uno	0.9	29	0
Tres	4.4	156	0
Dos	0.5	18	0
Quattro	0.5	19	0
Seis	11.0	385	0
Total	20.0	708	204

Present technical assessments favor drilling of the Cinco and Hawkeye prospects. Under such scenario, the valuation of the 6.82% equity was determined as follows:

	Units	**Cinco**	**Hawkeye**	**Total**
Recoverable Gas	TCF	2.1	0.78	

Recoverable Condensate	MMBBL	74	27	
Recoverable Oil	MMBBL	0	204	
Gas NPV	$/mcf	0.50	0.50	
Oil/Condensate NPV	$/bbl	10	10	
Unrisked Asset NPV	$million	1790	2703	
Probability of Well Being drilled	%	90	23	
GPOS	%	25	27	
Probability of Discovery being commercial	%	85	85	
Risked NPV	$million	342	140	482

From table above, the current risked value of the equity of 6.82% is US$ 32.9 million.

(b) Risked value of option agreement

The option to re-acquire 5% interest in the block has been dealt to Frontier. The potential payments to be made by Frontier under the deal are valued accordingly to get its proper worth, as follows:

	$million	**Probability** (%)	**Risked Amount**
Cash to be paid when well spuds	0.25	90	0.23
Frontier shares to be provided when well spuds	0.56	90	0.50
Cash to be paid if option is exercised after discovery	7.0	22.5	1.58
TOTAL	7.81		2.30

The option agreement with Frontier, therefore, has a current risked value of US$ 2.3 million.

(c) Total risked value of the interest in SC 55, combining (a) and (b), is US$ 35.2 million.

4. Service Contract 69

TA Petroleum has a current participation share of 6 % in the block. The value of this share will be enhanced if a farm-in partner will commit to drilling the main prospects in the block.

The cost of an exploration well drilled in SC 69 is around $ 45 million (dry hole basis) and $ 60 million for a fully evaluated and flow-tested well.

The prospects identified in the block and corresponding resource estimates are as follows:

	Lampos	**Lampos South**	**Managau East**
Water depth (meters)	730	670	640
Top reservoir depth (meters)	1,230	1,300	1,660
Mean Recoverable Oil (mmbbl)	62.7	102	24.3
Mean Recoverable Gas (bcf)	184	299	58.2

(a) The risked value of TA Petroleum's 6% equity under the scenario that no farm-in partner is secured and two wells are drilled, was determined as follows:

First Well	
Probability of drilling first well (Lampos South)	40%
GPOS for first well	25%
Probability of commercial development if discovery	50%
Overall probability of making a commercial discovery	5%
Lampos South Recoverable Oil (mmbbl)	102
Oil Value on discovery ($/bbl)	12.5
Unrisked value of a commercial oil discovery ($million)	1275
Current risked value of a discovery at Lampos South ($million)	64
Cost of exploration well (dry hole basis) ($million)	45
Risked cost of exploration well to current JV partners ($million)	0
Overall risked value of Lampos South to current JV ($million)	64
Share of Value retained by Trans-Asia (%)	6
Current risked value of Trans-Asia's share of Lampos South ($million)	3.8

Second Well	
Probability of drilling second well (Lampos)	5%
GPOS for second well	50%
Probability of commercial development if discovery	75%
Overall probability of making a commercial discovery	2%
Lampos Recoverable Oil (mmbbl)	63
Oil Value on discovery ($/bbl)	12.5
Unrisked value of a commercial oil discovery ($million)	787.5
Current risked value of a discovery at Lampos ($million)	15
Cost of exploration well (dry hole basis) ($million)	45
Risked cost of exploration well JV ($million)	2
Overall risked value of Lampos to current JV ($million)	13
Share of Value retained by Trans-Asia (%)	6
Current risked value of Trans-Asia's share of Lampos ($million)	1

Henceforth, current risked value of TA Petroleum's equity in SC 69 under the said scenario is US$ 4.6 million.

(b) If a Farm-in partner is secured, the risked value of the Company's 6% equity was valued as follows:

First Well	
Probability of drilling first well (Lampos South)	100%
GPOS for first well	25%
Probability of commercial development if discovery	50%
Overall probability of making a commercial discovery	13%
Lampos South Recoverable Oil (mmbbl)	102
Oil Value on discovery ($/bbl)	12.5

Unrisked value of a commercial oil discovery ($million)	1275
Current risked value of a discovery at Lampos South ($million)	159
Cost of exploration well (dry hole basis) ($million)	45
Risked cost of exploration well to current JV partners ($million)	0
Overall risked value of Lampos South to current JV ($million)	159
Share of Value retained by Trans-Asia (%)	6
Current risked value of Trans-Asia's share of Lampos South ($million)	9.6

Second Well	
Probability of drilling second well (Lampos)	13%
GPOS for second well	50%
Probability of commercial development if discovery	75%
Overall probability of making a commercial discovery	5%
Lampos Recoverable Oil (mmbbl)	63
Oil Value on discovery ($/bbl)	12.5
Unrisked value of a commercial oil discovery ($million)	787.5
Current risked value of a discovery at Lampos South ($million)	37
Cost of exploration well (dry hole basis) ($million)	45
Risked cost of exploration well to current JV partners ($million)	6
Overall risked value of Lampos South to current JV ($million)	31
Share of Value retained by Trans-Asia (%)	6
Current risked value of Trans-Asia's share of Lampos South ($million)	2

The potential future risked value of TA Petroleum's equity in SC 69 under the said scenario, combining the two results from above, was US$ 11.4 million.

Summary of Valuation

A summary of current risked values of the interests held by TA Petroleum in the service contracts, derived from all of the above presentations, are tabulated below:

Service Contract	Equity Participation (%)	Estimated Risked Value (US $ millions)
SC 6 (Octon)	2.334	2.8
SC 6 (Bonita)	14.063	0.4
SC 51 (North Block)	6.67	5.5
SC 51 (South Block)	6.67	0.0
SC 55 (Direct)	6.82	32.9
SC 55 (Option)	5	2.3
SC 69	6	4.6
TOTAL		**48.5**

Disclaimers

Unlike disclosures of geological, mining, metallurgical, and related technical information which are required to be based on the information prepared by or under the supervision of a Philippine Mineral Reporting Code ("PMRC") Competent Persons, Philippine rules and regulations do not require reports on oil and gas assets to be made by a competent person or an equivalent thereof. There is no existing accreditation process for a competent person in the oil and gas industry. Neither is there a reporting code for oil and gas in the Philippines, similar to the PMRC.

As previously discussed under Risk Factors on page 17, even if a substantial oil or gas deposit is discovered, there are other factors that may prevent or delay its commercial development, such as drilling and production hazards; political, social and/or environmental issues; and insufficient market demand and/or infrastructure, particularly for a natural gas development.

The exploration and development of oil and gas resources are capital intensive. The Company's ability to fund such expenditures and investments depends on numerous factors, including the ability to generate cash flow from production, availability and terms of external financing, and the extent to which work commitments can be adjusted under the relevant Service Contracts and similar agreements. If the Company is unable to obtain the required funding, it will have to adjust its business plans and strategies, and this may adversely affect the Company's future prospects, market value and results of operations.

The Company mitigates the foregoing risks by sharing the costs and risks of exploration and development with suitable joint venture partners and undertaking phased exploration with exit options. Where funding is insufficient, the Company may adjust its business plans and strategies

This Prospectus includes estimates made by third parties, in particular the Service Contract operators, of oil and gas reserves and resources. Estimates of reserves and resources should be regarded only as estimates that may change as additional technical and commercial information becomes available. Not only are such estimates based on information which is currently available, but such estimates are also subject to the uncertainties inherent in the application of judgmental factors in interpreting such information. The quantities that might actually be recovered should they be discovered and developed may differ significantly from the estimates presented herein.

As of the date of this Prospectus, the Company has not independently verified the estimates provided by third parties. As estimates of reserves and resources change over time, the Company will have to adjust its business plans and strategies.

As stated in the valuation report of Add Energy, the valuation of the Service Contracts are dependent on several factors:

Contract	Location	Partners	Work Program 2013-2014	Factors that may affect the valuation of the Service Contracts
SC 51 (oil & gas)	Eastern Visayas	Otto Energy Investments, Cosco Capital Inc., PetroEnergy Resources Corp. Operator: Otto Energy Investments	Post-well geological and geophysical studies continue.	The value of the South Block is entirely dependent on whether Frontier Oil Corporation exercises its option to farm-in and commits to drilling a well on the Argao Prospect. Until the option is exercised and there is a commitment to drill an exploration well, no value can be ascribed to the South Block. Even after a well is committed there remains a possibility that a rig may not be secured or that Frontier will have a change of heart.
SC 55 (gas)	Offshore West Palawan	Otto Energy Philippines, Otto Energy Investments	Preparations for drilling in 2014, farmout	

Contract	Location	Partners	Work Program 2013-2014	Factors that may affect the valuation of the Service Contracts
		Operator: Otto Energy Investments		
SC 6 Block A (oil & gas)	Northwest Palawan	Pitkin Petroleum, Philodrill Corp., PetroEnergy Resources, Philex Petroleum, Forum Energy Philippines, Anglo-Philippine Holding, Alcorn Gold Resources Operator: Pitkin Petroleum	Processing of new 3D seismic data acquired in late 2013 ongoing,	The value depends on whether the new 3D seismic data confirms the existence of a drillable prospect and Pitkin exercises the option to proceed to Phase-2 and drill an exploration well.
SC 6 Block B (oil)	Northwest Palawan	Philodrill Corp., Nido Petroleum Ltd., Oriental Petroleum & Minerals Corp., Forum Energy Philippines Corp., Alcorn Petroleum &Minerals Corp. Operator: Philodrill Corp.	Geological and Geophysical studies ongoing	
SC 69 (oil & gas)	Camotes Sea, Eastern Visayas	Otto Energy, Frontier Gasfields Pty. Ltd. Operator: Otto Energy	Transfer of interest to non-withdrawing parties; farmout	

DILUTION

Since there is no additional issuance of shares, except to the extent that 49% of TA Oil's Shares will be distributed to its stockholders, there will be no dilution as a result of the Dividend Distribution and Listing.

PLAN OF DISTRIBUTION

TA Oil will distribute 123,161,310 TA Petroleum common shares, owned by TA Oil, to TA Oil's shareholders as of 5 August 2013, as property dividend at the ratio of 2.55 Shares for every 100 shares in TA Oil, provided that no fractional shares shall result and any resulting dividend with fractional shares shall be rounded down to the nearest whole number, and cash in the amount of ₱0.013 per share to all stockholders of record of the Corporation as of 5 August 2013. The distribution of the property dividend is subject to the approval by the SEC of the registration statement for the TA Petroleum shares pursuant to the Securities Regulation Code ("SRC"); and issuance of a Certificate Authorizing Registration of the TA Petroleum shares as issued by the Bureau of Internal Revenue ("BIR"). An amount equivalent to the taxes due on the dividend shall be withheld from the cash component of the dividend by the Company or withholding agent with the remaining cash dividend to be distributed together with the property dividend. U.S. based stockholders of TA Oil shall receive cash of ₱0.0385 per TA Oil share, in lieu of TA Petroleum shares and the cash dividend of ₱0.013 per share, in view of the requirements under U.S. securities laws and regulations. The rate of ₱0.0385 is based on the carrying cost of TA Oil's investment in the Company.

In connection with the Dividend Distribution, TA Petroleum filed with the PSE on 5 December 2013 an application for listing by way of introduction of all of the outstanding Shares on the Main Board of the PSE.

Apart from the Dividend Distribution, Shares will not be distributed, and no offer of Shares will be conducted.

After the Dividend Distribution is completed, TA Petroleum will seek the approval of the PSE for the Listing of all of the outstanding Shares on the Main Board of the PSE.

INTERESTS OF NAMED EXPERTS AND INDEPENDENT COUNSEL

LEGAL MATTERS

Certain legal matters under Philippine law relating to the Dividend Distribution and Listing were passed upon by Migallos & Luna Law Offices, an independent legal counsel. Migallos & Luna Law Offices does not have and will not receive any direct or indirect interest in the Company or in any of the Company's securities (including options, warrants or rights thereto) pursuant to, or in connection with the Shares, and has not acted as promoter, underwriter, voting trustee, or as the Company's employee.

FINANCIAL ADVISER

Maybank ATR Kim Eng Capital Partners, Inc. provided advice in connection with the Dividend Declaration, the SEC registration and the Listing processes.

TAX ADVISER

Mata-Perez & Francisco provided tax advice in support of the Registration Statement, Prospectus, and other documents in connection to the registration and listing of the shares.

INDEPENDENT AUDITORS

SGV, independent certified public accountants, has audited the Company's interim consolidated financial statements without qualification as at 31 March 2014, and for the three months ended 31 March 2014 and 2013, comprising the interim consolidated balance sheet as at 31 March 2014 and the interim consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the three months ended 31 March 2014 and 2013, and the consolidated financial statements as at and for the years ended December 2013, 2012 and 2011 comprising the consolidated balance sheets as at December 2013, 2012 and 2011 and consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended. Such consolidated financial statements are included in this Prospectus on SGV's authority as independent auditors. SGV has agreed to the inclusion of its report dated 16 May 2014 and 7 February 2014 with respect to the Company's interim consolidated financial statements as at 31 March 2014 and for the three months ended 31 March 2014 and 2013 and consolidated financial statements as at and for the years ended 31 December 2013, 2012 and 2011, respectively in the registration statement dated 22 November 2013 in connection with the registration of the Shares under the provisions of the Securities Regulation Code (SRC), preparatory to the Listing. SGV does not have and will not receive any direct or indirect interest in the Company or in any of the Company's securities (including options, warrants or rights thereto) pursuant to, or in connection with the Shares, and has not acted as promoter, underwriter, voting trustee, or as the Company's employee.

Audit and Audit-Related Fees

On 7 February 2014, the stockholders, upon endorsement by the Board of Directors, approved the appointment of SGV & Co. as independent auditor for fiscal year 2014.

On 18 February 2013, the stockholders, upon endorsement by the Board of Directors, approved the appointment of SGV & Co. as independent auditor for fiscal year 2013.

For 2011, 2012 and 2013, the independent auditors were engaged to express an opinion on the consolidated financial statements of the Company and its subsidiary. Total fees were ₱24,800 for 2011, ₱80,600 for 2012 and ₱484,000 for 2013.

Tax Fees

There were no tax-related services rendered by the independent auditors.

All Other Fees

There were no other professional services rendered by the independent auditors.

Audit & Risk Management Committee's Approval Policies and Procedures

In accordance with the resolutions of the Company's Board of Directors regarding Corporate Governance matters, an Audit & Risk Management Committee shall be set up by the Company.

The Company's Audit & Risk Management Committee's approval policies and procedures for external audit fees and services shall be set forth in the Company's Code of Corporate Governance to be submitted by the Company in accordance with the Philippine Code of Corporate Governance.

Prior to the commencement of audit work, the independent accountants shall make a presentation of their audit program and schedule to the Company's Audit & Risk Management Committee including a discussion of anticipated issues on the audit work to be done. After audit work, independent accountants shall present before the Audit & Risk Management Committee its comprehensive report discussing the work carried out, areas of interest and their key findings and observations.

The independent accountants shall also prepare reports based on agreed upon procedures on the Company's quarterly financial results. The reports shall be presented to the Audit & Risk Management Committee for their approval and endorsement to the Board of Directors.

The Company's Audit Committee shall be composed of at least three (3) members of the Board of Directors, who shall preferably have accounting and finance backgrounds, one of whom is an Independent Director and another with audit experience. The Chair of the Audit and Risk Management Committee shall be an Independent Director

DIVIDEND DISTRIBUTION AND LISTING EXPENSES

Although no proceeds will be derived from the Dividend Distribution and Listing, TA Oil will incur the following estimated expenses:

Estimated expenses		
SEC Filing and Listing Fees	₱	1,113,320
PSE Fees (with value added tax)		
Listing Fees		1,288,000
Processing Fees		56,000
Legal and Professional Fees		10,800,000
Documentation/Other expenses		1,742,680
Total Estimated Expenses	₱	15,000,000

DESCRIPTION OF BUSINESS

OVERVIEW AND HISTORY

TA Petroleum is a Philippine corporation organized on 28 September 1994 as a wholly-owned subsidiary of TA Oil. The Company's Articles of Incorporation and By-laws were amended on 28 August 2012, to focus the primary purpose of the Company to engaging in the business of oil and gas exploration, development, and production both domestically and internationally, and to change its name from "Trans-Asia (Karang Besar) Petroleum Corporation" to its present name.

Under Section 2 Article XII of the 1987 Philippine Constitution, the State may directly undertake the exploration, development, and utilization of natural resources or it may enter into co-production, joint venture, or production-sharing agreements with Filipino citizens, or corporations or associations at least 60 per centum of whose capital is owned by such citizens. The Constitution further states that the President may enter into agreements with foreign-owned corporations involving either technical or financial assistance for large-scale exploration, development, and utilization of minerals, petroleum, and other mineral oils according to the general terms and conditions provided by law, based on real contributions to the economic growth and general welfare of the country.

As discussed under Description of Properties, page 65 hereof, the Company is a direct Contractor under three (3) Service Contracts and, indirectly through a 69.35% owned subsidiary, another Service Contract, pursuant to Presidential Decree No. 87 or "The Oil Exploration and Development Act of 1972" ("PD 87"). As Contractor, the Company is obligated to undertake, manage and execute petroleum operations and to provide all necessary services and technology and perform the exploration work obligations and program prescribed in the said Service Contracts. TA Petroleum, after the distribution by TA Oil of the property dividend, continues to comply with the said nationality requirement.

On December 21, 2012, TA Petroleum acquired TA Oil's interests in four oil and gas SCs in the Philippines, namely: (a) 6.82% interest (gross) in SC 55 West Palawan (through its 69.35% share in its subsidiary, Palawan55, (b) 6.67% interest in SC 51 East Visayas, (c) 6.00% in SC 69 Camotes Sea, and (d) 2.334% in SC 6 Block A and 14.063% in SC 6 Block B.

On December 21, 2012, TA Oil signed a Memorandum of Agreement with TA Petroleum assigning to TA Petroleum its SC Participating Interests in SC 51, SC 69, SC 6 and reimbursing TA Oil of the deferred exploration costs in the SCs in the aggregate amount of ₱66.51 million.

TA Oil and Palawan55 executed a Memorandum of Agreement on 21 December 2012 assigning to Palawan55 its Participating Interest in SC 55 and reimbursing TA Oil of the deferred exploration costs amounting to ₱5.71 million.

The foregoing deferred oil exploration costs represent TA Oil's share in the expenditures incurred under the SCs with the DOE. The contracts provide for certain minimum work and expenditure obligations and the rights and benefits of the contractor. Operating agreements govern the relationship among the co-contractors and the conduct of operations under a service contract.

Please refer to TA Petroleum's Consolidated Audited Financial Statements as of 31 December 2013, under "Note 6 – Deferred Exploration Costs" for the details of the assignment of interests. This is likewise reflected in the Balance Sheet for the same period.

The above considerations are also discussed in TA Oil's Parent Audited Financial Statements as of 31 December 2013, under "Note 15 – Deferred Exploration Costs".

Timeline

November 2012	SEC approves increase of capital and restructuring of TA Petroleum.
November 2012	TA Petroleum subscribes to 25 billion new shares at par value of ₱0.01.[4]
November 2012	Palawan55, a subsidiary of TA Petroleum and TA Oil, is incorporated.
December 2012	TA Petroleum and TA Oil sign a Memorandum of Agreement and Deeds of Assignment for the transfer of SC 6 (Block A and B), SC 51 and SC 69. Palawan 55 and TA Oil sign a Memorandum of Agreement and Deed of Assignment for the transfer of SC 55.
February 2013	TA Oil requests DOE approval of the assignment contracts.
April 23, 2013	The DOE approves the assignment of the entire participating interests of TAOil in: 1) SC 6 Block A, SC 6 Block B, SC 51 and SC 69 to Trans-Asia Petroleum Corporation, and 2) in SC 55 to Palawan55.
May 31, 2013	SEC approves the increase in par value of TA Petroleum from ₱0.01 to ₱1.00 per share.
September 27, 2013	SEC approves the amendment to include the Lock-up Requirements in accordance with the PSE's Listing Rules for Main and SME Boards.

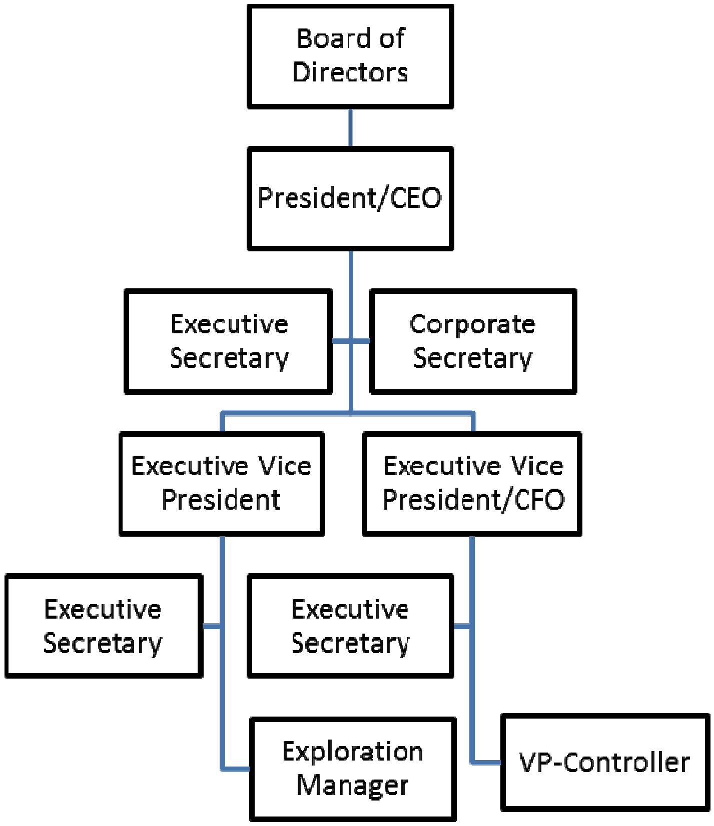
No Bankruptcy, Receivership or other Similar Proceedings

The Company and its subsidiary have never been subject to bankruptcy, receivership or other similar proceedings.

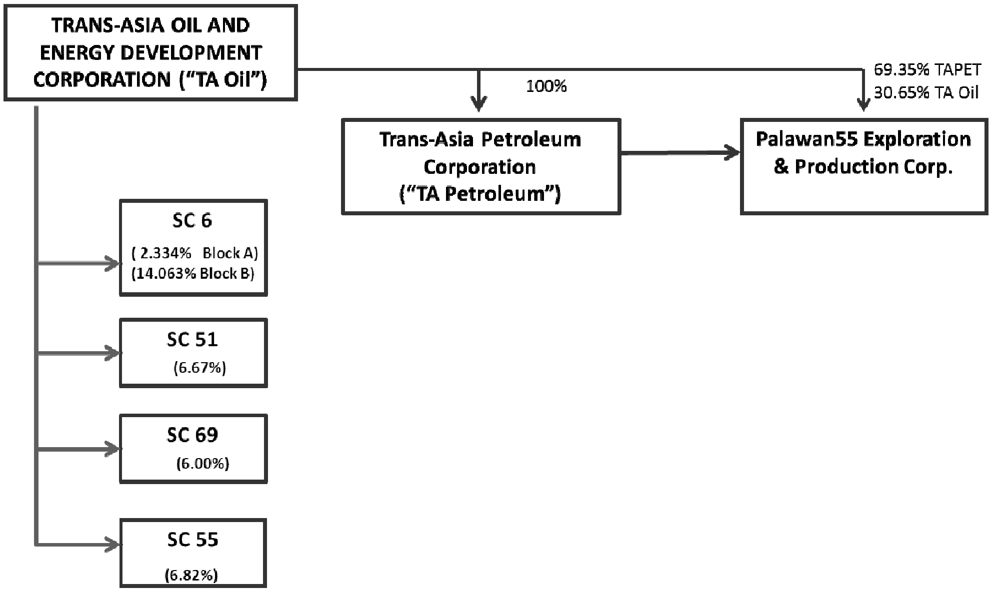
[4] In 2013, the par value of TA Petroleum shares was increased to ₱1.00 per share.

CORPORATE ORGANIZATION

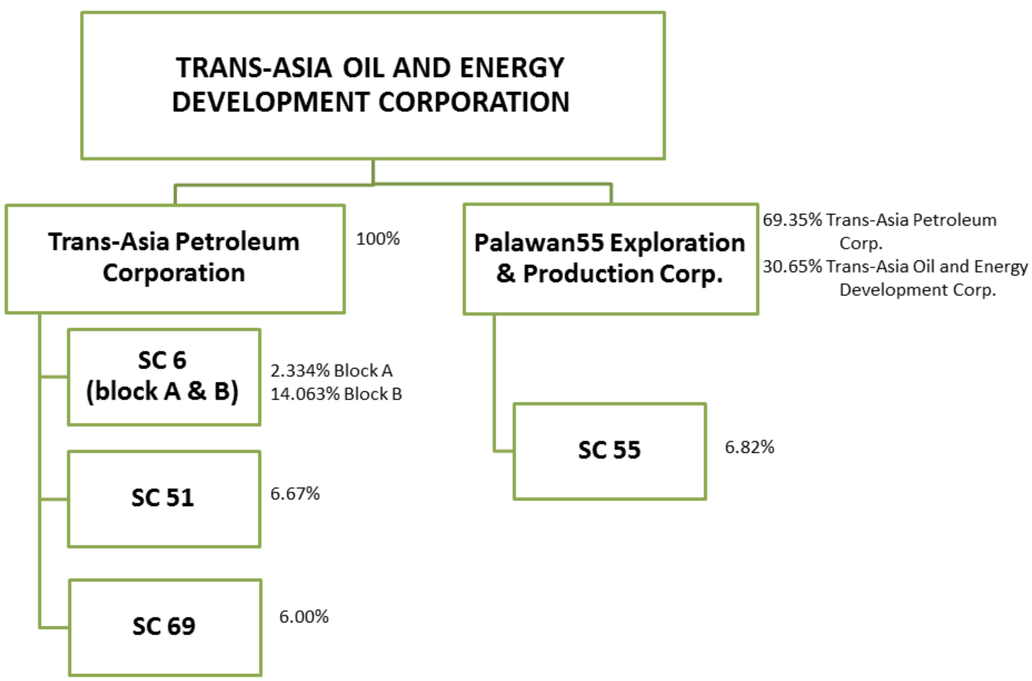
Set forth below is TA Petroleum's corporate organizational chart as of the date of this Prospectus.



Below is TA Oil's corporate organizational chart with participating interests in Service Contracts prior to transfer of the Service Contracts and prior to the Divided Distribution.

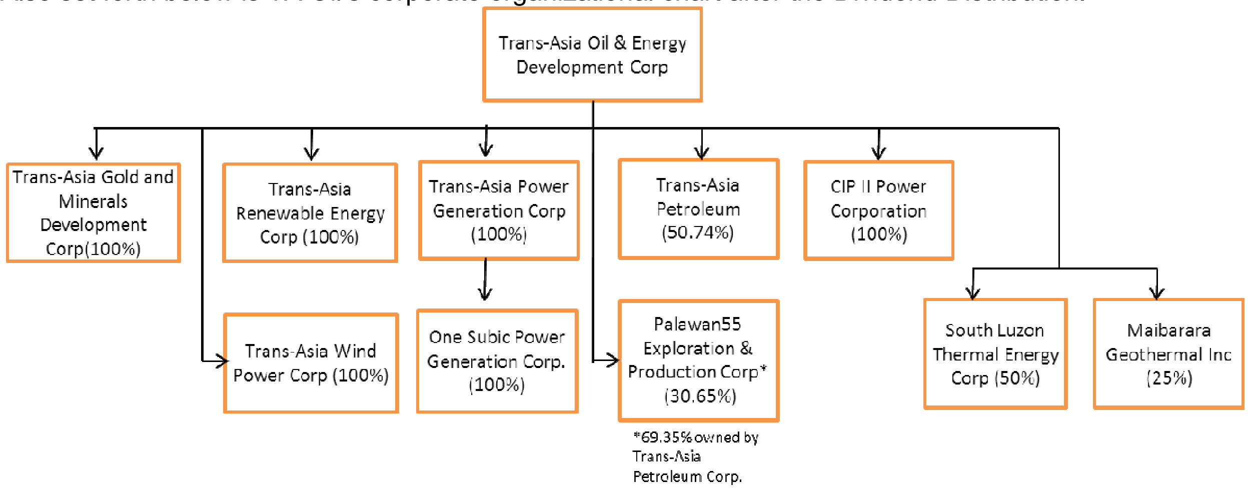


Set forth below is TA Oil's corporate organizational chart with participating interests in Service Contracts after transfer of the said Service Contracts but prior to the Dividend Distribution.



Note that the interests shown are the interests as of the date of this Prospectus.

Also set forth below is TA Oil's corporate organizational chart after the Dividend Distribution.



PRODUCT AND DISTRIBUTION

The Company's primary business is the exploration and production of crude oil and natural gas through interests in petroleum contracts and through holdings in resource development companies with interests in petroleum contracts. Crude oil, natural gas and coal are fossil fuels that are derived from organic material deposited and buried in the earth's crust millions of years ago. Fossil fuels currently account for more than half of primary energy mix in the Philippines. Coal and natural gas are used to fuel nearly two-thirds of power generation in the country. It is likely that fossil fuels will continue to be major energy source over the next decades, even with the aggressive development of alternative sources of energy.

A petroleum discovery is made when significant amounts of oil and/or gas are encountered in a well and are flowed to the surface. Following a discovery, additional wells (called appraisal or delineation wells) are drilled to determine whether the petroleum accumulation could be economically extracted or not. If the results are positive, the oil or gas field is developed by drilling production wells, and installing the necessary production facilities such as wellheads, platforms, separators, storage tanks, pipelines and others.

Crude oil is usually sold at market price in its natural state at the wellhead after removal of water and sediments, if any. Depending on the location of the oil field, the oil produced may be transported via offshore tankers and/or pipeline to the refinery. On the other hand, natural gas may be flared, re-injected to the reservoir for pressure maintenance, or sold, depending on the volume of reserves and other considerations. Natural gas is commonly transported by pipeline. However, if the deposit is very large and the market is overseas, the gas may be transformed into liquefied natural gas and transported using specialized tankers.

STATEMENT OF ACTIVE BUSINESS PURSUITS

The Company is at present a co-contractor in four SCs with the Philippine government. An SC grants the contractor the exclusive right to explore, develop and produce petroleum resources within the contract area. In the event of commercial production, the Government and the contractor share in the profit. SCs grant the contractor an exploration period of seven years, with an option to extend for a limited number of years. If the reserves found are deemed commercial, the SC allows a production period of twenty-five years, with an option to extend.

The Company applies for or acquires interest in selected petroleum SCs covering areas usually in the exploration phase. Due to the high risk and capital intensive nature of the business, the Company normally participates in several consortia and takes a minority interest, usually below a 30% stake. Subject to results of technical and risk-economic studies prior to exploratory drilling, the Company may farm out or dilute its interest in exchange for financial consideration and/or non-payment of its pro-rata share of forward exploration drilling costs. If a petroleum discovery is made, the Company will fund its share of appraisal drilling and economic studies. Upon delineation of a commercial discovery, financing for up to 70% of field development costs is available in the international market.

PLAN OF OPERATION

TA Petroleum is currently a participant in four (4) petroleum Service Contracts with the Government of the Republic of the Philippines, namely: SC 6, SC 51, SC 69 and SC 55 (through its subsidiary, Palawan55 Exploration & Production Corporation).

TA Petroleum intends to maintain its participation in the aforementioned service contracts over the next twelve (12) months. All these contracts are in the exploratory stage, i.e. without any commercial production. The Company is carried in the expenditures related to the 2014 work programs under SC 6 Block A, SC 51, SC 69 and SC 55, and has a minimal share in the cost of the work program under SC 6 Block B.

Under SC 6 Block A, the consortium is currently conducting processing of the 500-sq. km. 3D seismic data set that was acquired in the fourth quarter of 2013. Seismic interpretation will follow after the data processing is completed.

Under SC 6 Block B, the consortium completed in January 2014 geological and geophysical evaluation of three prospects. The consortium elected to enter the next five-year extension of the contract (1 March 2014 to 28 February 2019. A work program consisting mainly of geophysical studies for the first three years of the extension period had been committed to the DOE.

With respect to SC 51, the consortium was granted a six-month extension of the contract until 31 July 2014, during which geological, geophysical and drilling studies will be undertaken in light of the results of drilling of Duhat-2 well, which was abandoned for safety and environmental reasons before reaching the target. TA Petroleum was appointed as Operator upon DOE approval of the election of Otto to withdraw from the SC.

Under SC 69, the consortium requested an extension of the contract until 31 December 2014 to allow the formal transfer of interest of the Operator to the remaining parties following its notification of withdrawal in the fourth quarter of 2013. The extension will enable the remaining parties to farm out their interests and consider forward work program options.

With respect to SC 55, documentation of the exit of the Operator was completed in 21 January 2014. The Operator's withdrawal and transfer of its interests to the farmor was subsequently approved by the Department of Energy. Otto Energy submitted a revised work program focusing on the drilling of the Hawkeye prospect. The DOE approved the new work program in April 2014 and revised the schedule of the remaining sub-phases. A farmout campaign commenced.

The Company also plans to acquire participating interests in at least two (2) additional local and/or foreign petroleum contracts in 2014. Resource plays which could provide near term revenues are preferred. The Company and its parent and sole shareholder, TA Oil, have sufficient funds to pursue these new ventures at the initial exploration stage. The Company will raise money at a later stage if the results of initial studies justify further exploration through drilling, or field development, as the case may be. The Company does not expect to perform any product research and development, or to purchase or sell significant plant or equipment in conjunction with its Plan of Operation for the next twelve (12) months. Further, no significant change in the number of its employees is anticipated over the same period.

Interests in Petroleum Contracts

The following describes the Company's interest in various petroleum contracts. This includes a discussion of the status of the exploration projects and estimated investment requirements for each participative interest.

TA Petroleum has the right to actively participate in the exploration for and/or extraction of natural resources within the Service Contract through adequate rights which give the Company sufficient influence in decisions over the said exploration for and/or extraction of natural resources. Under the Service Contracts, the Company as the Contractor is the exclusive party to conduct petroleum operations in the covered Contract Area. TA Petroleum, as a Contractor, is solidarily liable with other Contractors to the Philippine government to perform the obligations under the Service Contracts. The Philippine Government may require the performance of any or all obligations under the Service Contracts by any or all of the Contractors. As a Contractor, TA Petroleum has the right and obligation to participate actively in the exploration, development, and production of petroleum resources within the contract area. The Service Contracts provide for minimum work commitments and minimum exploration expenditures which must be complied with by any or all of the Contractors. TA Petroleum's obligations under the Service Contracts include delineation and operation of Production Area, preparation of the annual Work Program and budget to carry out Petroleum Operations, including exploration, development and production, and, determination of commerciality of Crude Oil or Natural Gas discoveries. TA Petroleum's rights under the Service Contracts include, among others, the right to export and sell its share of petroleum production in the open market, subject to the obligation to supply a portion of domestic petroleum requirements.

A summary of the existing projects and the Service Contracts where TA Petroleum has participating interests, as of date of this Prospectus are as follows:

Contract	Location	Interest	Issue Date	Commercial Terms	Partners	Work Program 2013-2014
SC 51 (oil & gas)	Eastern Visayas	6.67%	8 July 2005	A	Otto Energy Investments, Cosco Capital Inc., PetroEnergy Resources Corp. Operator: Otto Energy Investments	Post-well geological and geophysical studies continue.
SC 55 (gas)	Offshore West Palawan	6.82% (carried-free in up to 2 wells)	5 August 2005	A, B	Otto Energy Philippines, Otto Energy Investments Operator: Otto Energy Investments	Preparations for drilling in 2014, farmout

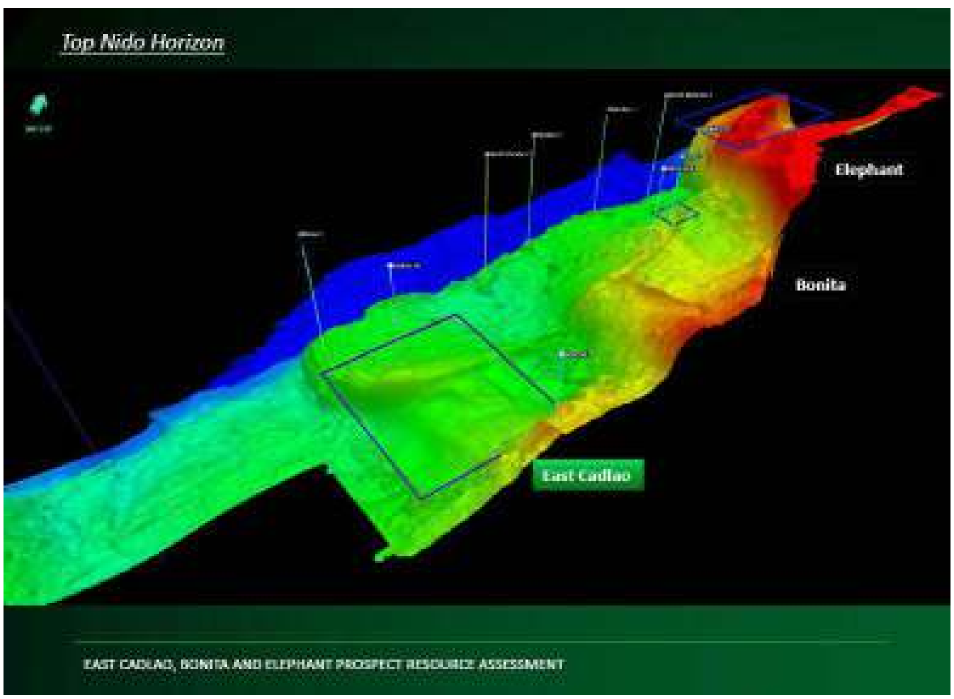
Contract	Location	Interest	Issue Date	Commercial Terms	Partners	Work Program 2013-2014
SC 6 Block A (oil & gas)	Northwest Palawan	2.334% (carried-free in up to 2 wells)	1 September 1973	A	Pitkin Petroleum, Philodrill Corp., PetroEnergy Resources, Philex Petroleum, Forum Energy Philippines, Anglo-Philippine Holding, Alcorn Gold Resources Operator: Pitkin Petroleum	Processing of new 3D seismic data acquired in late 2013 ongoing,
SC 6 Block B (oil)	Northwest Palawan	14.063%	1 September 1973	A	Philodrill Corp., Nido Petroleum Ltd., Oriental Petroleum & Minerals Corp., Forum Energy Philippines Corp., Alcorn Petroleum &Minerals Corp. Operator: Philodrill Corp.	Geological and Geophysical studies ongoing
SC 69 (oil & gas)	Camotes Sea, Eastern Visayas	6.00% (carried-free in 1 well)	7 May 2008	A	Otto Energy, Frontier Gasfields Pty. Ltd. Operator: Otto Energy	Transfer of interest to non-withdrawing parties; farmout

Note: A = Contractor provides all required services and technology funding. Contractor is entitled to a service fee out of production equivalent to 40% of net proceeds. Net proceeds would refer to the balance of gross income after deducting Filipino participation incentive allowance and operating expenses.

Note: B = The 6.82% interest in SC 55 is owned by Palawan55, a 69.35% owned subsidiary of TA Petroleum.

SC 6: Cadlao, Block A and B (Northwest Palawan)

SC 6 Block A 3D Seismic Survey in NW Palawan



SC 6 Block B 3D Seismic Mapping

SC 6 covers three blocks located in Offshore Northwest Palawan, namely: Block A with 108,000 hectares, and Block B with 53,300 hectares and the Cadlao production area. Both Blocks A and B have work programs involving geological and geophysical studies. Block A's program also includes a new 3D seismic acquisition survey that was completed in 2013. Processing of the new seismic data is in progress,

SC 6 grants the contractor the exclusive right to explore, develop and produce petroleum resources within the contract area. The contractor assumes all exploration risks. In the event of commercial production, the Government and the contractor share in the profit on a 60:40 basis. The exploration period is seven (7) years, extendible by three (3) years. The production period is 25 years, extendible by 15 years. SC 6 was awarded on 1 September 1973 and is valid until 28 February 2024 subject to certain conditions.

The DOE granted a 15-year extension of the term of SC 6 over the Cadlao Production Area, Block A and Block B effective 1 March 2009. Under SC 6, once a production area is delineated, the contractor is allowed to retain an additional 12.5% of the original contract area. The production area was termed as Cadlao Production Area, whereas the retention areas, namely: Block A and Block B were delineated in 1988. The Cadlao oil field produced some 11 million barrels of oil from 1981 until 1990 when production was suspended due to economic reasons. At an average crude oil price of US $20 per barrel, TA Oil earned an estimated US $3.6 million from its royalty interest in the Cadlao Production Area. (Note: It is difficult to convert the US $ earnings to its Philippine Peso equivalent because the exchange rate changed considerably during the production period)

In 2010, TA Oil assigned its 1.65% royalty interest in the Cadlao Production Area under SC 6 to Peak Royalties Limited (BVI) and recognized US$1.325 million income equivalent to Philippine Pesos 58.50 million using the exchange rate on the date of the assignment from such transaction. Cadlao oil field commenced production in 1981. The field has been shut-in since 1990 when production was suspended to allow transfer of its dedicated floating production facility to another field.

Block A and Block B were retained from the original contract area in 1988, subject to performance of meaningful exploration work in either of the blocks in each contract year. Block A and Block B consortia have complied with this conditionality by drilling exploratory and appraisal wells, and conducting various geological and geophysical studies. An economically marginal field discovery (hitherto named “Octon Discovery”) was made in Block A, but such field has not been developed to this date.

On 9 May 1988, an Operating Agreement was entered into by and among Balabac, Oriental, TA Oil and Philodrill in respect of SC 6 Block A where Philodrill was appointed operator. This agreement is in full force and effect during the term of SC 6.

On 7 March 2007, SC 6 Block A consortium entered into a Farm-In Agreement with Vitol GPC Investments S.A. of Switzerland. Under this agreement, Vitol shall undertake, at its sole cost and risk, geological, geophysical and engineering studies over a one (1) - year period. At the end of the study period, Vitol will decide whether to acquire 70% participating interest in Block A. Vitol completed the first phase of its technical due diligence over Block A and concluded that development of the Octon discovery hinges on tie-back to Galoc production facilities. Following several extensions of the Farm-in Agreement, Vitol informed the consortium in November 2010 that it is not exercising its option to acquire interest in the block.

Pitkin Petroleum Plc. (U.K.) and the SC Block A consortium signed on 11 July 2011 a Farm-in Agreement and a Deed of Assignment assigning 70% interest in the block to the former. In exchange for the assignment of interest, Pitkin shall carry the consortium members in a 500 sq. km. 3D seismic program and the drilling of two wells. On 2 September 2013, the Palawan Council for Sustainable Development issued a Strategic Environmental Plan clearance for the programmed 500-sq km 3D seismic survey. Pitkin started its 500-sq. km. 3D seismic survey last 5 October 2013.

Pitkin Petroleum, the Operator, completed on 7 November 2013 a 500 sq km 3D seismic survey pursuant to the Farm-in Agreement.

The SC 6 Block B consortium members, excluding Nido Petroleum, signed on 4 February 2011 a Farm-in Agreement with Peak Oil and Gas Philippines Limited (Australia) , Blade Petroleum Philippines Limited (Australia) and Venturoil Philippines Inc. Under said Agreement, the farminees (Peak, Blade and Venturoil) have the option to acquire 70% of the farmors’ participating interests, upon their completion of an agreed technical work program. In the event the farminees exercise their option, they will shoulder all the forward costs of the farmors up to the production of first oil in the block. Following the exercise of the option by the farminees, the Parties signed on 2 December 2011 an Amended Deed of Assignment transferring 64.5316% participating interest of the farmors to Peak, Blade and Venturoil. However, the DOE disapproved in 22 July 2013 the Deed of Assignment due to the failure of the farminees to demonstrate the required financial capacity.

On 13 September 2013, DOE approved the work program and budget for SC 6 Block B for the 5th year of extension period. Geological and geophysical program commenced in October 2013 and was completed in February 2014.

The partners in SC6 Block A and B and their respective participating interests are as follows:

SC6 Block A

Pitkin	70.000%	(Operator)
PetroEnergy	5.001%	
Philodrill	15.495%	
Anglo	3.333%	
TA PETROLEUM	2.334%	
Forum	1.668%	
Philex Petroleum	1.668%	
Cosco	0.501%	

Note: Under the Farm-in Agreement with Pitkin, Pitkin acquired 70% of TA Petroleum's original 7.78% participating interest in exchange for Pitkin carrying the share of TA Petroleum in the cost of a 500-km 3D seismic program and the drilling of two (2) wells.

SC6 Block B

Nido Petroleum Phils. Pty. Ltd.	7.812%	
Phoenix	28.125%	
TA Petroleum	14.063%	
Philodrill Corp.	21.875%	(Operator)
Oriental A	14.063%	
Basic Petroleum & Minerals Inc.	7.0310%	
Cosco (ex-Alcorn)	7.0310%	

Note: 14.063% is the original interest of TA Petroleum in SC 6 Block B. The farmout to Peak, Blade and Venturoil which would have reduced TA Petroleum's interest by 70% did not materialize because the proposed farm-in of the three (3) companies were disapproved by the DOE.

SC 51: East Visayas

SC 51 Drilling of Duhat-2 well at San Isidro, Leyte

SC 51 was awarded on July 8, 2005. The exploration period is valid for seven (7) years, extendible for three (3) years, and the production period is 25 years. It covers an area of 444,000 hectares in the Eastern Visayas region, consisting of a 204,000-hectare block in Cebu Strait and a 240,000-hectare block mostly over the northwest peninsula of Leyte island and partly the adjoining offshore area. The block has three (3) primary prospects and several leads. TA Oil initially had 33.34% participating interest. TA Oil signed a Farm-In Agreement with Australasian Energy Ltd. and Ottoman Energy Ltd. on August 5, 2005, thereby diluting its participating interest to 6.67% in exchange for a carry in costs of certain work programs. Under said Farm-in Agreement, the farmees agreed to undertake and fund at their sole cost and risk the minimum work program for the first exploration sub-phase shown below. Further, should the farmees elect to drill an exploratory well in the contract area, they shall shoulder the farmors' or farming our parties' share of the drilling costs associated with said well in exchange for 85% interest in SC 51.The farmees subsequently merged their interests in Otto Energy Investments Ltd. ("Otto Energy", formerly "NorAsian Energy Ltd."). The members of the consortium and their corresponding interests are Otto Energy (Australia), 80%; Cosco Resources Corporation, 9.32%; TA Oil, 6.67% and PetroEnergy, 4.01%. Otto Energy is the Operator.

The consortium committed to undertake a new 250km 2D seismic program over the Cebu Strait and an engineering study of the Villaba – 1 sub-commercial gas discovery in offshore Northwest Leyte, within the first 18 months of the contract term. The 2D seismic program was designed to pick the drilling location for the Argao prospect and to upgrade a neighboring lead to drillable status. The Villaba engineering study aimed to determine whether the sub-commercial Villaba gas discovery could be developed on a stand-alone basis using minimalist options or whether additional reserves from neighboring prospects would be necessary or enough to ensure commerciality. The partners have successive options to drill exploratory wells during the balance of the seven (7) year-exploration period.

The consortium requested the DOE to amend the schedule of work commitments in view of the difficulty of securing drilling rigs in the market. The approved amended exploration period is as follows:

1st sub-phase	8 July '05 - 8 Apr '07	acquire, process and interpret 261 km of 2D seismic data and conduct Villaba Engineering Study
2nd sub-phase	8 Apr '07 - 8 Feb '08	acquire, process and interpret 146 sq. km of 3D
3rd sub-phase	8 Feb '08 - 8 Mar '09	drill one well (Argao)
4th sub-phase	8 Mar '09 - 8 Jan '10	drill one well

5th sub-phase	8 Jan '10 - 8 July '11	drill one well
6th sub-phase	8 July '11 - 8 July '12	drill one well

The DOE approved the consortium's entry into the 3rd sub-phase of the exploration period (from February 8, 2008 to March 7, 2009), which involves a commitment to drill one (1) exploratory well. The consortium completed a Geo-Microbial Survey. The governor of Cebu province issued Executive Order No. 10 on 29 May 2009 revoking Executive Order No. 9 which ordered the DOE to cease and desist from conducting oil exploration surveys in the coastal waters of the municipalities of Argao and Sibonga.

Upon request of the consortium, the DOE agreed to amend the timetable of SC 51 as follows:

3rd sub-phase	8 Feb '08 – 31 July '11	drill one well
4th sub-phase	31 July '11 – 31 July '12	drill one well
5th sub-phase	31 July '12 – 31 July '13	drill one well
6th sub- phase	31 July '13 – 08 Mar '14	drill one well

In early 2011, the joint operating agreement was amended to accommodate the entry of Swan Oil and Gas Ltd. ("Swan"), and to split SC 51 into the North and South Blocks, after Otto Energy elected not to participate in the South Block. In 2012, Swan failed to perform its obligation and was forced to give up its interest in SC 51.

The remaining local partners of the South Block executed a farm-in option agreement with Frontier Oil Corporation, giving the latter an option to acquire an 80% interest in the South Block, in exchange for drilling the offshore Argao-1 exploratory well. Frontier did not exercise its option.

The consortium completed the drilling of an onshore well in Leyte in May 2011 without reaching the target formation.

In 2012, Otto Energy acquired 100km of new high-quality 2D seismic data over the San Isidro anticline in the North Block. The results of the new seismic data confirmed a large target, which could be tested through the drilling of the Duhat-2 well in mid-2013. The data acquisition phase of said seismic program commenced in May 2012 but was stopped by the unilateral one-month suspension of work by the Chinese seismic contractor. Due to delays caused by this event and inclement weather in the field, the consortium requested the DOE a six-month extension of the 4th sub-phase until 31 January 2013.

Upon request of the consortium, the DOE granted a further one-year extension of the 4th sub-phase to 31 January 2014.

Otto Energy spudded the Duhat-2 well in onshore northwest Leyte on 24 July 2013, but on 26 July 2013 abandoned the well without reaching the reservoir objective due to unexpected drilling problems. Otto completed the demobilization for the Duhat-2 well last 30 August 2013 and is conducting post-well studies. On behalf of partners, Otto Energy requested and was granted by its co-venturers an extension of the current Sub-Phase to 31 July 2014, in order to undertake post-well geological, geophysical and engineering studies.

TA Petroleum estimates that its share of additional drilling investments into the SC 51 operations will be minimal inasmuch as it is carried in the 4th sub-phase expenditures and, should the consortium elect to enter the 5th sub-phase, it will also be carried in drilling expenditures.

The partners in SC51 and their respective participating interests are as follows:

Otto Energy	80.00%	(Operator)
Cosco	9.32%	
TA PETROLEUM	6.67%	
PetroEnergy	4.01%	

SC 55: West Palawan

SC 55 3D Seismic Survey in Offshore West Palawan

SC 55 was awarded by the DOE on August 5, 2005. The exploration period is valid for seven (7) years, extendible for three (3) years, and the production period is valid for 25 years. The members of the consortium and their corresponding interests are Otto Energy (Operator) with 85% and TA Oil with 15%. TA Oil has a Participation Agreement with the predecessors-in-interest of Otto Energy which provides that the latter will shoulder TA Oil's share of costs up to the drilling of the first exploratory well. In addition, TA Oil has the option to acquire 5% interest from Otto Energy after the drilling of the first well under the SC.

SC 55 covers 900,000 hectares in offshore West Palawan. It is a deepwater block in the middle of a proven regional oil and gas fairway that extends from the productive Borneo offshore region in the southwest, to the offshore Philippine production assets northwest of Palawan. At that time, the block was deemed to have one (1) giant prospect (with at least 500 million barrels mean resource potential) and a number of leads. The consortium committed to undertake a work program consisting of a new 400 – km 2D seismic survey, processing and interpretation of 200 km of vintage 2D seismic data and 358 km of gravity and magnetic data, within the first 18 months of the contract term. The partners have successive options to drill up to four (4) wells during the balance of the seven (7) – year exploration period.

The DOE approved the consortium's entry into the 2nd sub-phase of the exploration period, which entails a commitment to drill one (1) ultra deepwater well. Processing and interpretation of 954 km of 2D seismic date acquired in June 2007 were already completed, but due to non-availability of a suitable rig, the DOE approved the consortium's request to swap work commitments for the 2nd and 3rd sub-phases of the exploration period to allow the drilling of the first commitment well by August 4, 2010 instead of August 4, 2009.

The consortium requested and the DOE agreed to the substitution of a 2D - 3D seismic program for one (1) ultra deepwater well commitment under the 3rd sub-phase of the exploration period (from 5 August 2009 to 5 August 2010), and deferment of the mandatory partial relinquishment of the contract area until completion of the proposed substitute 2D - 3D seismic program. The consortium further requested and the DOE approved a one-year extension of the 3rd sub-phase to 5 August 2011 following execution by Otto Energy of a Farm-in Option Agreement with BHP Billiton Petroleum (Philippines) Corporation of Canada ("BHP Billiton") which provided for BHP Billiton's funding of a new 3D seismic survey over the area.

On 3 June 2010, TA Oil signed an Option Agreement with Frontier Gasfields Pty. Ltd. of Australia which granted the latter the option to acquire the 5% interest that TA has the option to acquire from Otto Energy after the drilling of the first well in the area.

On 3 February 2011, TA Oil signed an Agreement with Otto Energy assigning TA Oil's 8.18% participating interest to the latter in exchange for a carry in the costs of a second well in the block, should Otto Energy elect to participate in said well. Estimated budget for drilling the second well is US $ 65 million or ₱2.86 billion at an exchange rate of US $ 1 = ₱44.

In December 2011, BHP Billiton acquired 60% participating interest in SC 55 from Otto Energy and committed to drill one deepwater well at its sole cost within the 4th sub-phase.

The consortium elected to enter the 4th sub-phase which entails a commitment to drill one deepwater well by 5 August 2012.

The revised work schedule is shown below:

Sub-phase	Date	Work program
4	August 2011- August 2013	1 deepwater well
5	August 2013- August 2014	1 deepwater well

The DOE granted a one-year extension of the 4th sub-phase until 5 August 2013 to enable BHP Billiton to procure a suitable drilling rig that could drill an identified deepwater prospect. On 3 May 2013, BHP Billiton filed a Force Majeure notice with the DOE due to significant delays in obtaining a clearance from the Palawan Council for Sustainable Development for the drilling of the Cinco-1 well.

On 4 June 2013, the Sangguniang Panlalawigan of Palawan voted to favorably endorse the proposed Cinco-1 drilling to the Palawan Council for Sustainable Development ("PCSD"). The PCSD approved the issuance of the Strategic Environmental Plan Clearance ("SEP") clearance for the drilling of Cinco-1 well but BHP Billiton sought amendment and clarification on certain conditions set by PCSD.As at 30 October 2013, BHP Billiton received the amended SEP clearance and requested the DOE a 14-month extension of the current Sub-Phase considering the length of the Force Majeure period.

In the first week of November 2013, BHP Billiton verbally informed the partners that it has decided not to participate in the drilling of the Cinco-1 well. In March 2014, the DOE approved the transfer of BHP Billiton's interest to Otto Energy Philippines, Inc. Otto Energy submitted a revised work program focusing on the drilling of the Hawkeye prospect. The DOE approved the new work program in April 2014 and revised the schedule of the remaining sub-phases as follows:

Sub-phase	Work Program and Budget	Revised Work Schedule
4	Drill 1 deepwater well @ US$ 3 MM	6 August 2011 – 23 December 2014
5	Drill 1 deepwater well @ US$ 3 MM	23 December 2014 – 23 December 2016

The Operator, Otto Energy, is currently undertaking preparations for the drilling of a deepwater exploratory well.

TA Petroleum's stake in SC 55 is held through Palawan55. TA Petroleum owns 69.35% of Palawan55, while the remaining 30.65% is owned by TA Oil.

TA Petroleum believes that its share of any additional investments in SC 55 through Palawan55 will be minimal in 2014 due to the latter's carried position.

The partners in SC55 and their respective participating interests are as follows:

Otto Energy Philippines	60.00%
Otto Energy	33.18% (Operator)
Palawan55	6.82%

SC 69: Camotes Sea

SC 69 3D Seismic Survey in the Camotes Sea

SC 69 covers an area in the Camotes Sea, Eastern Visayas. The DOE awarded SC 69 (formerly, Area 8 of the 2006 Philippine Energy Contracting Round) on 7 May 2008 to a consortium composed of TA Oil (with 30% interest) and Otto Energy Philippines Inc. ("Otto Philippines", formerly NorAsian Energy Philippines, Inc.) (with 70% interest). SC 69 has an exploration period of seven (7) years, divided into five (5) sub-phases and extendible for three (3) years, and a production period of 25 years. While the area is under-explored, initial indications show that it has significant petroleum potential in view of gas discoveries in onshore Northern Cebu and offshore Northwest Leyte.

The consortium commenced a geological and geophysical review and reprocessing of some 3000 km of vintage 2D seismic data in fulfillment of work obligations under the 1st sub-phase of the exploration period (from 7 May 2008 to 6 May 2009).

The consortium elected to enter the 2nd sub-phase of the exploration period (from 7 May 2009 to 6 November 2010), which entails a commitment to conduct either a minimum of a 50-square kilometer 3D seismic survey or a minimum of 750-line kilometer 2D seismic survey, with expected expenditures of US$2 million for the 3D seismic survey or US$1 million for the 2D seismic survey. The DOE approved extension of the 2nd sub-phase until 7 February 2011 to enable completion of interpretation of the newly acquired 900 km of 2D seismic data.

On 3 June 2010, TA Oil signed a Farm-in Option Agreement with Frontier ("Frontier") which granted the latter the option to acquire 15% of TA Oil's interest in SC 69. Frontier exercised its option on 3 February 2011 for a total consideration of US$ 395,000. The consortium elected to enter the 3rd sub-phase (7 February 2011 to 7 August 2012) which entails a minimum commitment of either a 50 sq. km. of 3D seismic survey or one exploratory well and minimum expenditures of $2 MM or $3 MM, respectively.

On 3 February 2011, TA Oil signed an Agreement with Otto Philippines assigning an additional 9% of TA Oil's participating interest to the latter in exchange for reimbursement of certain past costs, a partial carry in the cost of the 3D seismic program and a full a carry in the costs of the first well in the block, should Otto Philippines elect to participate in said well. The total consideration for the reimbursement of past costs and partial carry in the cost of the 3D seismic program amounts to US $313,000.

Otto Philippines completed a 229 sq. km. 3D seismic survey in June 2011. Processing of the seismic data was completed in April 2012. Seismic interpretation confirmed the presence of two sizeable reef structures: Lampos and Lampos South; and a third smaller prospect, Managau East.

On 4 April 2013 the DOE granted the consortium's request for 9-month extension of the 3rd sub-phase to 7 May 2013, and a subsequent extension to 6 November 2013, to enable completion of seismic interpretation work and pre-drill studies. On 23 August 2013, Otto confirmed that it did not intend to enter Sub-Phase 4 of SC 69.

Otto Energy Philippines notified the Company and Frontier of its withdrawal in SC 69 last 4 October 2013. The Company and Frontier subsequently jointly requested the DOE a six-month extension of the 7 October 2013 deadline to elect to enter the next exploration Sub-Phase, which starts on 7 November 2013. Due to the length of time needed for the transfer of the participating interest of Otto Energy Philippines, TA Petroleum and Frontier requested a further extension of the current Sub-Phase to 31 December 2014.

TA Petroleum estimates that its share of costs in SC 69 in 2013 will be minimal.

The partners in SC69, Camotes Sea and their respective participating interests are as follows:

Otto Energy Philippines[5]	79.00%	(Operator)
Frontier	15.00%	
TA PETROLEUM	6.00%	

Upon approval of the exit of Otto Energy Philippines, the resulting participating interests shall be TA Petroleum, 50% and Frontier, 50% with Frontier taking over Operatorship.

Options to Acquire Participating Interests

TA Petroleum may acquire participating interests in the following Service Contracts :

<u>SC 50 (Offshore Northwest Palawan)</u>

SC 50 was awarded on 11 March 2005 to the predecessors-in-interest of Frontier Energy Ltd. ("FEL") and a royalty interest holder, RGA Resources, Inc., covering a 1.280 sq. km. block in the Northwest Palawan petroleum province.

The block hosts two (2) undeveloped oil discoveries made in 1991 and 1992, respectively, by Petrocorp Ltd./Fletcher Challenge, Ltd, namely: the Calauit and Calauit South finds. PNOC-Exploration Corporation re-entered the Calauit-1B discovery well in 1997 and conducted extended tests, flowing up to 9,500 barrels of oil per day (bopd), but with significant amounts of water. Calauit South-1 flowed 3,286 bopd when tested in 1992. The oil reservoir in both fields is the fractured Nido Limestone, which is the main producing reservoir in other nearby fields.

FEL is planning to develop the Calauit oilfield using recent technical innovations. This will involve the drilling of two (2) horizontal wells which will be produced via a Mobile Offshore Production Unit (MOPU) and Floating Storage and Offtake (FSO). Total project cost is estimated at around US$ 50 million. This excludes the US$ 7.5 million that have already been spent by FEL under SC 50. Drilling operations are expected to commence in the 4th quarter of 2014.

TA Petroleum has agreed to acquire 10% participating interest in SC 50 from FEL.

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[5] Otto's remaining 70% will be distributed among TA Petroleum and Frontier Oil. The final interests will be agreed on at a later date.

SC 52 (Cagayan Province)

SC 52 was awarded on 8 July 2005 to a consortium composed of Frontier Oil Corporation ("Frontier Oil"), Frontier and E. F. Durkee and Associates, Inc. It covers a 96,000-hectare onshore area in Cagayan province.

The block hosts the Nassiping Dome prospect located in Gattaran, Cagayan, about 50 km north of Tuguegarao. The Nassiping-2 well was drilled by Petro-Canada in 1994 to a depth of 3,725 meters and was abandoned due to drilling problems. The well was not flow tested although gas shows were recorded then. The first exploratory well on the prospect, the Nassiping-1 well drilled in 1961, also yielded gas shows. The Cagayan Valley is a proven hydrocarbon province with the PNOC's San Antonio gas field in Isabela producing 3.6 billion cubic feet of gas from 1994 until 2008.

TA Oil and Frontier Oil executed on 12 January 2012 a Farm-in Option Agreement which granted Trans-Asia the option to acquire 10% participating interest in SC 52 from Frontier Oil, which may be exercised after completion of re-entry and testing of the Nassiping-2 well.

Frontier Oil re-entered the Nassiping-2 well in February 2012 to evaluate gas shows above 3,000 meters that were encountered in the well. The well flowed gas to the surface, but at unstable rates. Frontier Oil suspended the well for future re-entry after confirming the presence of movable gas in the target interval. Technically, the Nassiping-2 Re-entry would be classified as a discovery well.

TA Oil and Frontier Oil signed an Amendment Agreement extending the former's option to 90 days after completion of programmed re-testing operations on the Nassiping-2 well.

The Department of Energy approved the consortium's entry into Sub-Phase 4 (8 July 2012 to 8 July 2013) with the Nassiping-2 Stimulation and Testing Program as work commitment. This Stimulation and Testing was intended to be an appraisal of the gas discovery made earlier.

Frontier Oil attempted to perform and acid stimulation and testing program on the zones of interest in November 2012, but suspended operations in December 2012 due to down hole equipment problems.

Consequently, Frontier Oil elected to enter Sub-Phase 5 (ending July 2014) with the commitment to deepen the Nassiping-2 well and test all prospective gas-bearing intervals in the borehole.

TA Oil and Frontier Oil signed a Second Amendment to their Farm-in Option Agreement in July 2013 that extended the option period and expanded the coverage of TA Oil's option to include the untested deeper prospective gas-bearing intervals identified in the well.

In December 2013, Frontier Oil signed a drilling rig contract for the deepening and testing of the Nassiping-2 well. Preparations for the drilling are underway.

Pursuant to the amended Farm-in Option Agreement, TA Oil shall evaluate the results of the operations within 90 days of completion and decide whether to exercise its option or not. If the option to acquire 10% interest in SC 52 is exercised, TA Oil will cause Frontier Oil to assign said interest directly to TA Petroleum.

HOLDINGS IN UPSTREAM OIL & GAS COMPANIES

Palawan55 Exploration & Production Corporation

Palawan55 is an upstream oil and gas company which holds participating interest in SC 55.

OTHER MATERIAL AGREEMENTS

The material agreements are mentioned in a preceding section entitled “Interests in Petroleum Contracts.”

In addition, TA Petroleum is a party to Joint Operating Agreements under SC 6 Block A, SC 6 Block B, SC 51, SC 55 (through Palawan55) and SC 69. Joint Operating Agreements govern the relationship of the parties and the conduct of joint operations under the SC.

Memorandum of Agreement between TA Petroleum and TA Oil.

Under this Memorandum of Agreement, TA Oil agreed to assign to TA Petroleum, a Subsidiary of TA Oil, the SC Participating Interests of TA Oil as follows:

1. Participating interest under SC 51;
2. Participating interest under SC 69;
3. Participating interest under SC 6 with respect to SC6 Block A; and
4. Participating interest under SC 6 with respect to SC6 Block B.

Memorandum of Agreement between TA Oil and Palawan55.

Under this Memorandum of Agreement, TA Oil agreed to assign to Palawan55, a Subsidiary of TA Oil, the SC Participating Interests of TA Oil under SC 55.

Deed of Assignment between TA Petroleum and TA Oil.

Under this Deed of Assignment, TA Oil assigned to TA Petroleum, a Subsidiary of TA Oil, the SC Participating Interests of TA Oil as follows:

1. Participating interest under SC 51;
2. Participating interest under SC 69;
3. Participating interest under SC 6 with respect to SC6 Block A; and
4. Participating interest under SC 6 with respect to SC6 Block B.

Deed of Assignment between TA Oil and Palawan55.

Under this Deed of Assignment, TA Oil assigned to Palawan55, a Subsidiary of TA Oil, the SC Participating Interests of TA Oil under SC 55.

COMPETITION

Oil and Gas Industry Overview

The information presented in this section has been extracted from publicly available documents that have not been prepared nor independently verified by the Company, the Financial Adviser or any of their respective affiliates or advisers in connection with the Listing.

Petroleum Exploration and Production

Crude oil and natural gas, collectively referred to as “petroleum”, are natural deposits of hydrocarbons derived from organic material deposited and buried in the earth’s crust millions of years ago. Crude oil can be refined to produce petroleum products such as transportation, domestic and industrial fuels, lubricants, asphalt and petrochemicals. Natural gas can be used for power generation, industrial, domestic and transportation fuel, and as petrochemical feedstock.

Petroleum exploration in the Philippines dates back to 1896 with the drilling of Toledo-1 in Cebu Island by Smith & Bell. Exploration activities increased from the 1950s to 1970s, under Republic Act No. 387, known as the "Petroleum Act of 1949" which ushered in the era of the concession system.

The current Service Contract system was introduced in 1973 with the enactment of Presidential Decree No. 87, known as the "Oil Exploration and Development Act of 1972". Under the Service Contract system, the service contractor undertakes to perform all petroleum operations in the contract area and provide all necessary services, technology and financing for such operations at its sole cost and risk. In consideration for its performance of its obligations as a service contractor, the contractor is entitled to a share in petroleum revenues in the event of commercial production.

The extensive exploration program in the 1970s resulted in several oil and gas discoveries in the West Palawan basins. Nido-1 well, drilled by Philippine Cities Service in 1976, was the first oil discovery in the Northwest Palawan basin. Several small fields, all located in offshore Northwest Palawan, were subsequently developed and produced.

In 1989, relatively large deposits were discovered in the deepwaters off Palawan. Occidental Petroleum discovered the Camago gas field. In 1990, Shell discovered the extension of the Camago deposit and the combined accumulation became known as the Malampaya gas field, the largest natural gas find in the country to date. The Malampaya gas field commenced production in late 2002, providing fuel for 2,700 MW of gas-fired power generation in the Luzon grid.

At the end of 2005, the estimated petroleum resources of the Philippines totaled 456 million Barrels of Fuel Oil Equivalent (BFOE). This consists of 25 million barrels of oil, 2,135 billion cubic feet of gas and 54 million barrels of condensate. These petroleum resource estimates cover the sixteen sedimentary basins situated from the Cagayan Valley Basin in the north down to the Agusan-Davao Basin in the south as well as the Northwest Palawan Basin and the Sulu Sea Basin along the western flank of the archipelago. These basins are located in both offshore and onshore areas.

Under Presidential Decree No. 87, petroleum service contractors are entitled to the following incentives:

- Service fee of up to 40% of net production
- Cost reimbursement of up to 70% gross production with carry-forward of unrecovered costs
- Filipino Participation Incentive Allowance of up to 7.5% of the gross proceeds for SC with minimum Filipino participation of 15%
- Exemption from all taxes except income tax
- Income tax obligation paid out of government's share

- Exemption from all taxes and duties for importation of materials and equipment for petroleum operations
- Easy repatriation of investments and profits
- Free market determination of crude oil prices, i.e., prices realized in a transaction between independent persons dealing at arms-length
- Special income tax of 8% of gross Philippine income for subcontractors
- Special income tax of 15% of Philippine income for foreign employees of service contractors and subcontractors

There are presently 27 active petroleum SCs in the Philippines:

No.	PSC NO.	Operator	Location/Area (hectares)
1	**6**	Blade Petroleum	NW Palawan / 3,397.186
2	**6A**	Pitkin Petroleum Plc.	NW Palawan / 108,146.587
3	**6B**	The Philodrill Corp.	NW Palawan / 53,293.945
4	**14**	The Philodrill Corp. / Galoc Production Co./ Pitkin Petroleum Ltd.	NW Palawan / 70,887.52
5	**37**	Philippine National Oil Co. – Exploration Corporation	Cagayan / 36,000.00
6	**38**	Shell Philippines Exploration B. V.	NW Palawan / 83,000
7	**40**	Forum Exploration Inc.	North Cebu / 458,000.00
8	**44**	Gas To Grid Pte. Ltd.	Central Cebu / 75,000
9	**47**	Philippine National Oil Co. – Exploration Corp.	Offshore Mindoro / 1,466,700
10	**49**	China International Mining Petroleum Co., Ltd.	South Cebu / 265,000
11	**50**	Frontier Oil Corporation	Calauit, NW Palawan / 128,000
12	**51**	Otto Energy Investments Ltd.	East Visayan Basin / 332,000
13	**52**	Frontier Oil Corporation	Piat San Jose, Cagayan / 96,000
14	**53**	Pitkin Petroleum Ltd.	Onshore Mindoro / 660,000
15	**54**	Nido Petroleum Phils. Pty. Ltd	NW Palawan (Area A / B = 401,616.15 /
16	**55**	BHP Billiton Petroleum (Philippines) Corporation	West Palawan Ultra-Deepwater / 900,000
17	**56**	Exxonmobil Exploration & Production Phils. B. V.	Sulu Sea / 862,000
18	**57**	Philippine National Oil Co. – Exploration Corp./ China National Offshore Oil Corp. Int'l	Calamian Block, NW Palawan / 712,000
19	**58**	Nido Petroleum Phils. Pty. Ltd.	West Calamian Block, NW Palawan / 1,344,000
20	**59**	BHP Billiton Petroleum (Philippines) Corporation	West Balabac, SW Palawan/ 1,476,000
21	**60**	Shell Philippines Exploration B. V.	NE Palawan / 1,008,000
22	**62**	Palawan Sulu Sea Gas Inc.	East Palawan / 1,302,000
23	**63**	Philippine National Oil Co. – Exploration Corp. / Nido Petroleum Phils. Pty. Ltd.	SW Palawan / 1,056,000
24	**64**	Ranhill Bhd.	Sulu Sea / 1,264,940
25	**69**	Otto Energy Phil. Inc.	Visayan Basin / 704,000
26	**70**	Polyard Petroleum International Co. Ltd.	Central Luzon Basin / 684,000
27	**72**	Forum (GSEC101) Ltd.	Reed Bank / 1,063,000

An additional 15 areas were offered in 2011 by the DOE on a competitive basis under the fourth Philippine Energy Contracting Round, of which the following areas have so far been awarded:

No.	Area	Operator	Location/Area (hectares)
1	5	Pitkin Petroleum / Philodrill Corp.	NW Palawan / 424,000
2	7 (SC73)	Otto Energy Philippines Inc.	Mindoro – Cuyo / 844,000
3	1	Planet Gas	Cagayan / 544,000
4	14	Loyz Oil	East Palawan / 983,900
5	4	Philex Petroleum / PetroEnergy / PNOC Exploration Corp. (PNOC-EC)	NW Palawan / 616,000

Industry Competition

Petroleum SCs are awarded by the DOE through a competitive bidding process. Proposals are evaluated based on Department Circular No. DC2006-12-0014 as amended by DC2009-04-0004 and DC-2010-03-0005. Indicative weighing factors governing the selection criteria published by the DOE for the fourth Philippine Energy Contracting Round launched in June 2011 are as follows:

Criteria	Key Elements	Weight in Percent
Work Program	– Resource potential and exploration approach – Work commitment – Development concepts	30%
Financial qualifications	– Evidence of available funds – Finance track record	30%
Technical qualifications	– Experience and track record	30%
Legal qualifications	– Completeness and validity of required legal documents	10%

While there is competition in the acquisition of petroleum SCs, the significant financial commitments and technical risks also provide opportunities for partnership, especially between local and international companies. Under an SC, a substantial financial incentive, the Filipino Participation Incentive Allowance or FPIA, is given to consortia with at least 15% aggregate Filipino equity. Thus, many international companies invite local companies to join their venture to benefit from the said incentive.

The other active foreign and domestic petroleum exploration and production companies in the Philippines include Shell Philippines Exploration B.V., PNOC EC, BHP Billiton Petroleum (Philippines) Corporation, Otto Energy Investments Limited, Pitkin Petroleum Plc., Philex Petroleum and the various consortium partners mentioned in “Description of Business.”

The success of the Company’s petroleum and gas business is highly dependent on the Company’s ability to secure exclusive rights to explore and develop resources. The Company faces threats to such exclusivity.

The Company is currently one of the more active players in the Philippines in terms of exploration activity and believes it can effectively compete in the industry on the basis of its strengths and strategies which are described in the following section.

STRENGTHS AND STRATEGIES

The Company aims to become a leading Philippine upstream oil and gas company by leveraging the strengths and pursuing the strategies outlined below:

Strengths

The Company has an interest of 6.82% (through its 69.35% share in Palawan55) in SC 55. Large prospects have been delineated in the SC 55 contract area.

The Company has minority interests in a number of SCs which present opportunities and have attracted farm-in interest from other foreign oil companies.

Through TA Oil, the Company has been in business for more than 40 years and, in the process has earned a good reputation as a prudent operator with strong management and technical teams highly regarded in the energy industry. TA Oil has gained experience over the years as it was part of the consortium that produced oil from the Cadlao and Tara fields in offshore Palawan in the 1980s and in the North Matinloc field, also in offshore Palawan, in the 1990s. The Parent Company also drilled for oil in Indonesia and the United States. The Company's President and CEO Dr. Francisco Viray, former DOE Secretary and former President of the National Power Corporation, together with the rest of the Company's management team, have had extensive on-the-job experience in the Philippine energy sector. Besides in-depth knowledge of the Philippine business and regulatory environment, the Company's management has also developed positive relationships with key industry participants. The Company strongly believes that its management team has demonstrated the ability to manage the business successfully through economic downturns and periods of oil and electricity price volatility. This extensive experience provides the Company with a strong base to manage its present and upcoming projects.

As a Philippine entity, the Company may ensure entitlement of a consortium to the FPIA in accordance with the fiscal terms of petroleum SCs in the Philippines. This makes the Company an ideal joint venture partner of foreign oil and gas companies in petroleum and gas SCs.

Strategies

The Company will continue to create and pursue a spread of upstream opportunities covering various risk-reward scenarios, success which would lead to a significant, sustained contribution to the revenue stream of the Company.

The Company has forged new partnerships and expanded existing alliances with foreign and local companies that share its investment strategy and who can provide capital and technical expertise. Exploration partners include foreign groups such as BHP Billiton Petroleum and Otto Energy Investments Ltd of Australia, as well as local outfits such as PetroEnergy and Frontier Oil. By joining exploration consortia as a minority partner and/or diluting its participating interest in exchange for a 'carry' in expenditures, the Company reduces the inherent risks in the business while maintaining any potential from the projects and increases the number of SC areas it can get involved in. This will significantly conserve capital and manage risks until production.

SUPPLIERS OF SERVICES

The Company and the operators of assets in which the Company has direct or indirect interest, have contracts with third party suppliers of services. The Company's business, however, is not dependent on any single supplier or a limited number of suppliers, and normally procures required third party services through a competitive bidding process.

CUSTOMERS

TA Petroleum does not have any petroleum production at this time.

TRANSACTIONS WITH, AND DEPENDENCE ON, RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely its legal form.

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees received or provided for any related party receivables or payables. As at 31 December 2013 and for the three months ended 31 March 2014, the Company has not recorded any impairment of receivables on amounts owed by the related parties. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

	For the Three Months Ended March 31, 2014				
Company	Amount/ Volume	Nature	Outstanding Balance	Terms	Conditions
T-O Insurance Brokers, Inc.					
Insurance	₱1,122	Insurance	₱–	On demand; noninterest-bearing	Unsecured
PHINMA					
Management and professional fees	201,600	Management fees	–	30-60 day terms; noninterest-bearing	Unsecured

	As at and for the Year Ended December 31, 2013				
Company	Amount/ Volume	Nature	Outstanding Balance	Terms	Conditions
Araullo University					
Advances to a related party	₱3,700,000	Advances	₱–	On demand; noninterest-bearing	Unsecured, no impairment
TA Oil					
Advances from a related party	1,339,793	Advances	–	On demand; noninterest-bearing	Unsecured
Management and professional fees	156,800	Professional fees	–	30-60 day terms; noninterest-bearing	Unsecured

PHINMA Management and professional fees	₱806,400	Management fees	–	30-60 day terms; noninterest-bearing	Unsecured

	As at and for the Year Ended December 31, 2012				
Company	Amount/ Volume	Nature	Outstanding Balance	Terms	Conditions
TA Oil Advances to a related party	₱8,666,268	Advances	₱8,666,268	On demand; noninterest-bearing	Unsecured, no impairment

	As at and for the Year Ended December 31, 2011				
Company	Amount/ Volume	Nature	Outstanding Balance	Terms	Conditions
TA Oil Advances to a related party	₱36,251	Advances	₱–	On demand; noninterest-bearing	Unsecured

In 2013, TA Oil fully paid the outstanding advances to the Company as at 31 December 2012. There were no outstanding advances as at 31 December 2013 and for the three months ended 31 March 2014.

In 2011, the BOD approved the application of the Company's advances from the Parent Company amounting to ₱36,251 against subscription receivable.

PATENTS, TRADEMARKS AND LICENSES

The Company currently has no registered patents, copyrights, licenses and franchises. SCs are discussed under the heading "Statement of Active Business Pursuits."

GOVERNMENT APPROVALS

Compliance with petroleum SCs is primarily monitored through the submission of the annual work program and budget to the DOE and their audit in relation to work and financial commitments under the particular SC. The annual work program and budget for a contract area must be submitted before the end of each contract year and would set forth the petroleum operations to be carried out during the ensuing contract year. The proposed annual work program and budget must be approved by the DOE. The approved annual work program and the budget serve as the contractor's guide in conducting the petroleum operations over the contract area.

Should petroleum be discovered and deemed as a potential commercial deposit, the contractor submits to the DOE an Appraisal Work Program for approval, providing in detail the appraisal work and timetable for such discovery. Upon approval, the contractor must carry out the operations and thereafter prepare a detailed report on the appraisal of the commerciality of the discovery. Should the contractor and the DOE decide that the oil field contains petroleum in commercial quantity, the contractor submits an Overall Development Program to the DOE for its approval.

Operation of the field must be done in accordance with accepted good oil field practices using modern and scientific methods to enable maximum economic production of petroleum. Moreover, the contractor is required to: (a) promptly furnish the DOE with geological and other information, data and reports relative to the petroleum operations, (b) maintain detailed technical records and accounts of the petroleum operations, (c) maintain all meters and measuring equipment in good order and allow access to the exploration and production sites and operations to inspectors authorized by the DOE, (d) allow examiners of the Bureau of Internal Revenue (BIR) and other representatives authorized by the DOE full access to accounts, books and records relating to petroleum operations, and (e) post a bond or other security in favor of the Philippine government conditioned upon the contractor's faithful performance of its obligations under an SC.

The Annual Exploration Work Program for the petroleum contracts have been submitted to and approved by the DOE.

EXISTING AND PROBABLE GOVERNMENTAL REGULATIONS

EXISTING GOVERNMENTAL REGULATIONS

Various laws and regulations in the Philippines regulate different aspects of the Company's business. Below is a discussion of some of the principal laws that affect the Company's business.

Oil and Gas Exploration

The Oil Exploration and Development Act of 1972

Presidential Decree ("P.D.") No. 87, as amended, aims to promote the discovery and production of indigenous petroleum through the use of government or private resources. Pursuant to this law, the government may, on its own, undertake the exploration and development of petroleum, or it may undertake the same through SCs entered into with contractors (whether acting alone or in consortium with others) who must be technically competent and financially capable as determined by the Petroleum Board (now the DOE). SCs are executed after public bidding or concluded through negotiations.

As provided in the said law, the government will oversee the management of the operations contemplated in the SC. The contractor, on the other hand, will be required to, among other duties and responsibilities, (i) provide all necessary services and technology, (ii) provide the requisite financing, (iii) perform the exploration work obligations and program prescribed in the SC, and (iv) once petroleum in commercial quantity is discovered, operate the field on behalf of the government in accordance with accepted good oil field practices using modern and scientific methods to enable maximum economic production of petroleum; and (v) assume all exploration risks such that if no petroleum in commercial quantity is discovered and produced, it will not be entitled to reimbursement. The contractor may market petroleum either domestically or for export, subject to supplying the domestic requirements of the Republic of the Philippines on a pro-rata basis, as required by law.

Pursuant to the said law, the contractor is entitled to a service fee which will not exceed 40% of the balance of the gross income after subtracting the Filipino Participation Incentive Allowance (if any) and operating expenses recovered pursuant to the provisions of the law. The Filipino Participation Incentive Allowance is the government subsidy granted by the DOE to contractors where Philippine citizens or corporations have a minimum participating interest of 15%. The amount of the subsidy depends upon the scope of Filipino participation. Such Filipino participation incentive as well as certain operating expenses (including amortization and depreciation) may be deducted by the contractor from its gross income.

In addition to the above, the contractor enjoys benefits, which include: (i) exemption from all taxes except for income tax; (ii) exemption from tariff duties for all machinery, equipment and spare parts necessary for petroleum operations, subject to certain conditions; and (iii) entry of foreign technical and specialized personnel to be employed by the contractor, provided approval of the DOE is obtained.

The exploration period for each SC is seven years, extendible for three years and for another year if petroleum is discovered by the end of the 10th year for the purpose of determining whether it is in commercial quantity. If petroleum in commercial quantity has been discovered, the contractor may retain after the exploration period and during the effectivity of the contract 12.5% of the initial contract area in addition to the delineated production area(s), subject to payment of rentals by the contractor. If petroleum in commercial quantity is discovered during the exploration period in any area covered by the contract, the contract with respect to said area will remain in force for the remainder of the 10-year exploration period and for an additional period of 25 years, renewable for a period not to exceed 15 years.

It is mandated that the SC provide for the compulsory relinquishment of 25% of the initial area after five years from the effective date of the contract, but in the event that the contract is extended from 7 to 10 years, there must be an additional relinquishment of 25% of the initial area after seven years. This requirement shall not include, however, the area designated as dedicated to production.

Environmental Laws

Philippine environmental laws are primarily implemented by the Philippine Department of Environment and Natural Resources (DENR), which is responsible for carrying out the state's constitutional mandate to control and supervise the exploration, development, utilization and conservation of the country's natural resources.

Philippine environmental law compliance would include compliance with: (1) the terms and conditions of the Environmental Compliance Certificate issued by the DENR certifying that based on the proponent's representations and the DENR's review, the proposed project or undertaking will not cause a significant negative environmental impact and that the proponent has complied with all the requirements of the Environmental Impact Statement System; (2) the terms and conditions of a permit to discharge, which allows the discharge of regulated effluents (i.e., discharges from known sources, such as manufacturing plants, industrial plants, including domestic, commercial and recreational facilities which traverse to the bodies of waters), pursuant to the Philippine Clean Water Act of 2004 and the Revised Effluent Regulations of 1990; (3) the guidelines imposed by the Marine Pollution Decree of 1976, which prohibits, among others, the discharging or dumping oil, noxious gaseous and liquid substances, and other harmful substances from or out of any ship, vessel, barge or any other floating craft, or other man-made structures at sea, by any method, means or manner into or upon the territorial and inland navigable water of the Philippines; (4) the Water Code of the Philippines, which allows the dumping of tailings from mining operations into rivers and waterways upon prior approval by the National Water Resources Board; and (5) the Philippine Clear Air Act of 1999, which seeks to prevent air pollution by controlling emission, greenhouse gasses that could stimulate global warming, and, through the DENR, imposing emission fees from industrial dischargers through its emission permitting system.

RESEARCH AND DEVELOPMENT

The Company has spent minimal amounts for research and development activities during the last three fiscal years, which amounted to an insignificant percentage of revenues.

COMPLIANCE WITH ENVIRONMENTAL LAWS

As far as the Company is aware, it has complied with all environmental regulations with regard to the SCs.

EMPLOYEES

The Company is managed by its directors and executive officers with finance, legal and technical support provided by TA Oil and specialist consultants. The day-to-day operations and administration of assets operated by the Company are handled by the employees of TA Oil. As of 31 December 2013, TA Oil had seven (7) management and nil operations and administrative regular employees. In the ensuing 12 months, the Company anticipates to have two (2) additional employees. The Company and its subsidiary have no collective bargaining agreement with its employees, and have not experienced any strikes from its employees. There are no supplemental benefits or incentive arrangements with employees.

DESCRIPTION OF PROPERTIES

SERVICE CONTRACTS

A summary of the existing projects and the Service Contracts where TA Petroleum has participating interests, as of date of this Prospectus are as follows:

Contract	Location	Interest	Issue Date	Commercial Terms	Partners	Work Program 2013-2014
SC 51 (oil & gas)	Eastern Visayas	6.67%	8 July 2005	A	Otto Energy Investments, Cosco Capital Inc., PetroEnergy Resources Corp.	Post-well geological and geophysical studies continue.
SC 55 (gas)	Offshore West Palawan	6.82% (carried-free in up to 2 wells)	5 August 2005	A, B	Otto Energy Philippines, Otto Energy Investments	Preparations for drilling in 2014, farmout
SC 6 Block A (oil & gas)	Northwest Palawan	2.334% (carried-free in up to 2 wells)	1 September 1973	A	Pitkin Petroleum, Philodrill Corp., PetroEnergy Resources, Philex Petroleum, Forum Energy Philippines, Anglo-Philippine Holding, Alcorn Gold Resources	Processing of new 3D seismic data acquired in late 2013 ongoing,
SC 6 Block B (oil)	Northwest Palawan	14.063%	1 September 1973	A	Philodrill Corp., Nido Petroleum Ltd., Oriental Petroleum & Minerals Corp., Forum Energy Philippines Corp., Alcorn Petroleum &Minerals Corp.	Geological and Geophysical studies ongoing
SC 69 (oil & gas)	Camotes Sea, Eastern Visayas	6.00% (carried-free in 1 well)	7 May 2008	A	Otto Energy, Frontier Gasfields Pty. Ltd.	Transfer of interest to non-withdrawing parties; farmout

Note: A = Contractor provides all required services and technology funding. Contractor is entitled to a service fee out of production equivalent to 40% of net proceeds. Net proceeds would refer to the balance of gross income after deducting Filipino participation incentive allowance and operating expenses.

Note: B = The 6.82% interest in SC 55 is owned by Palawan55, a 69.35% owned subsidiary of TA Petroleum.

The location of TA Petroleum's service contract areas are shown in the map below. All of TA Petroleum's contract blocks that are situated in the West Philippine Sea are some 40 to 50 km off the west coast of Palawan and are not included in the areas under dispute between the Philippines and China, such as Recto Bank (international name: Reed Bank) and the Kalayaan Group (international name: Spratly Islands), which are 250 to 300 km off the west coast of Palawan.

These constitute the principal properties of the Company. For a more detailed discussion, see the section "Statement of Active Business Pursuits" in this Prospectus.

Plant and equipment consist mainly of the Company's share in the wells, platform and facilities in various operating SCs amounting to US$ 1.76 million as at end 2012, and nil transport and office equipment.

There are no mortgages, liens and/or encumbrances over the foregoing property, plant and equipment which are under the full use and control of the Company.

The Company has not entered into any leases of property.

There is no intention to acquire additional property, plant and equipment other than those that may be required for the continued activities.

LEGAL PROCEEDINGS

There are no legal proceedings involving TA Petroleum.

SECURITIES OF THE ISSUER AND SHARES TO BE HELD IN ESCROW

MARKET INFORMATION

As of the date of this Prospectus, the Issuer has an authorized capital stock of One Billion (1,000,000,000) Shares, each with a par value of ₱1.00, and its issued share capital consists of Two Hundred Fifty Million (250,000,000) Shares. The Shares are not traded in any market, nor are they subject to outstanding options or warrants to purchase, or securities convertible into Shares of the Issuer.

LISTING; NO PUBLIC OFFER

Shortly after the approval of the Dividend Distribution, the Issuer will apply for Listing based on Section 1(b) of the PSE's Amended Rules on Listing by Way of Introduction, which provides that Listing may be appropriate where the securities of an unlisted issuer are distributed by a way of property dividend by a listed issuer to shareholders of that listed issuer. In such a case, a public offering does not need to be undertaken because the securities for which listing is sought would be of such an amount and would be so widely held that their adequate marketability when listed can be assumed.

HOLDERS

Prior to the Dividend Distribution, the Issuer has 12 stockholders, 11 of whom are individuals with 1 Share each. The following sets out the names of the top 20 stockholders of the Issuer before and after the Dividend Distribution:

		Before Dividend Distribution		After Dividend Distribution	
Name of Stockholder	**Class of Securities**	**Number of Shares**	**% of Outstanding Shares**	**Number of Shares**	**% of Outstanding Shares**
Trans-Asia Oil and Energy Development Corp.	Common	249,999,989	99.99%	126,838,679	50.74%
Ramon R. Del Rosario Jr.	Common	1	<0.01%	45,468	0.02%
Oscar J. Hilado	Common	1	<0.01%	25,501	0.01%
Magdaleno B. Albarracin	Common	1	<0.01%	12,751	0.01%
Francisco L. Viray	Common	1	<0.01%	114,194	0.05%
Roberto M. Lavina	Common	1	<0.01%	1,582	0.00%
Raymundo A. Reyes Jr.	Common	1	<0.01%	19,822	0.01%
Raphael Perpetuo M. Lotilla	Common	1	<0.01%	1	<0.01%
Victor J. Del Rosario	Common	1	<0.01%	41,454	0.02%
Pythagoras L. Brion, Jr.	Common	1	<0.01%	5,101	<0.01%
Romeo L. Bernardo	Common	1	<0.01%	1	<0.01%
Edward S. Go	Common	1	<0.01%	1	<0.01%
PCD Nominee Corporation	Common	-	-	101,454,266	40.58%
PHINMA Corporation	Common	-	-	11,457,956	4.58%
Phil. Investment Mgt. Consultants, Inc.	Common	-	-	5,147,190	2.06%

		Before Dividend Distribution		After Dividend Distribution	
Name of Stockholder	**Class of Securities**	**Number of Shares**	**% of Outstanding Shares**	**Number of Shares**	**% of Outstanding Shares**
Samuel Uy Chua	Common	-	-	1,020,000	0.41%
EMAR Corporation	Common	-	-	950,740	0.38%
Francisco Genaro Ozamiz Lon	Common	-	-	423,300	0.17%
Albert Mendoza &/or Jeannie Mendoza	Common	-	-	76,193	0.03%
Albert Awad	Common	-	-	74,260	0.03%
Phil. Remnants Co., Inc.	Common	-	-	71,431	0.03%
Peter Mar or Annabelle C. Mar	Common	-	-	52,020	0.02%
Renato O. Labasan	Common	-	-	38,760	0.02%
Teresita A. Dela Cruz	Common	-	-	38,306	0.02%
Belek, Inc.	Common	-	-	37,842	0.02%
Rizalino G. Santos	Common	-	-	36,643	0.01%
Joseph D. Ong	Common	-	-	35,640	0.01%
William How &/or Benito How	Common	-	-	34,003	0.01%
Others (Aggregate)	Common	-	-	1,946,895	0.76%
Total Outstanding		**250,000,000**	**100.00%**	**250,000,000**	**100.00%**

Note: The above is a list of stockholders as of record; the beneficial ownership of the above stockholders in Shares held by Philippine Central Depository Nominee Corporation ("PCDNC") is described in pages 90-92 of this Prospectus.

The Dividend Distribution will result in the following:

- TA Oil's shareholdings will decrease from approximately 99.99% to approximately 50.74%;
- Aside from TA Oil, PCD Nominee Corporation, PHINMA Corporation (formerly Bacnotan Consolidated Industries, Inc.), and Phil. Investment Mgt. Consultants, Inc. will become a beneficial owner of more than 5% of the Shares;
- Because Ramon R. Del Rosario Jr., Oscar J. Hilado, Magdaleno B. Albarracin, Francisco L. Viray, Roberto M. Lavina, Victor J. del Rosario, Pythagoras L. Brion, Jr., and Raymundo A. Reyes Jr., are directors of TA Petroleum and stockholders of TA Oil, they will receive Shares as property dividends in the amounts set out above; and
- TA Petroleum, which used to be 100% Filipino owned will have foreign stockholders, which will beneficially own approximately 3,315,692 shares equivalent to 1.33% of the Shares.

DIVIDENDS

The Company has not declared any cash or other dividends from the time of its incorporation.

Apart from legal restrictions governing the declaration of dividends, which are discussed in page 74 of this Prospectus, there are no restrictions that limit the Company's ability to pay dividends whether currently or in the future.

RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES (INCLUDING RECENT ISSUANCE OF SECURITIES CONSTITUTING AN EXEMPT TRANSACTION)

On 28 August 2012, the Board and stockholders representing at least two-thirds of the Company's outstanding capital stock approved the increase of the Corporation's authorized capital stock from Forty Million Pesos (₽40,000,000.00), divided into Four Billion (4,000,000,000) shares at ₽0.01 per share, to One Billion Pesos (₽1,000,000,000.00) divided into One Hundred Billion (100,000,000,000) shares at the same par value. Out of the increase, TA Oil subscribed to an additional ₽240,000,000.00 divided into 24,000,000,000 Shares at ₽0.01 per share, which subscription was fully paid for in cash on 21 December 2012. The increase in capital stock was approved by the SEC on 28 November 2012.

Subscription for shares of the capital stock of a corporation in pursuance of an increase in its authorized capital stock, when no expense is incurred, no commission, compensation or remuneration is paid or given in connection with the sale or disposition of such securities, and only when the purpose for soliciting, giving or taking of such subscriptions is to comply with the required minimum 25% subscribed capital stock, is exempt from registration under the SRC. No notice or confirmation of exemption is required to be filed for the issuance of shares pursuant to an increase in authorized capital stock.

On 22 April 2013, the Board and stockholders representing at least two-thirds of the Company's outstanding capital stock approved the increase the par value of the shares of the Corporation from ₽0.01 per share to ₽1.00 per share, resulting to an authorized capital stock of ₽1,000,000,000.00, divided into 1,000,000,000 shares at the par value of ₽1.00 per share. The change in par value was approved by the SEC on 31 May 2013.

DESCRIPTION OF THE SECURITIES OF THE COMPANY

The Company's authorized capital consists of 1,000,000,000 Shares, which are common shares. 123,161,310 will be covered by the Dividend Distribution, and 250,000,000 Shares will be covered by the Listing. The Shares will not be offered to the public, although they are expected to be traded after the Listing. The Shares have the following features:

Dividend Rights

The Company's By-laws provide that dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property or stock to all shareholders on the basis of outstanding stock held by them, as often and at such times as the Board may determine and in accordance with law and applicable rules and regulations. No fractional shares shall be issued from any declaration of stock dividends.

Voting Rights

At every meeting of the stockholders, each stockholder shall be entitled to vote in person or by proxy and, unless otherwise provided by law, he shall have one vote for each share of stock entitled to vote and recorded in his name in the books of the Corporation.

Pre-Emptive Rights

The Company's Articles of Incorporation provide that there shall be no pre-emptive rights with respect to shares of stock to be issued, sold or otherwise disposed of by the Company for any corporate purpose, including shares of stock to be issued pursuant to a duly approved stock option, stock purchase, stock subscription or similar plans.

Change in Control

There is no provision in the Company's Articles of Incorporation and By-laws which may delay, deter, or prevent a change in control in the Company except the provision on Lock Up Requirements under Article Seventh, as amended on 8 August 2013, in accordance with the PSE's Revised Listing Rules for the Main and SME Boards. The Lock Up Requirements provide:

"In the event of listing of the Corporation's shares in the Main Board of the PSE:

1) Existing stockholders of the Corporation who own an equivalent of at least 10% of the issued and outstanding shares of stock of the Corporation shall not or are prohibited from selling, assigning or in any manner disposing of their shares for a period of:

    a) One hundred eighty (180) days after the listing of said shares if the Corporation meets the track record requirements of the PSE; or

    b) Three hundred sixty-five (365) days after listing of said shares if the Corporation is exempt from the track record and operating history requirements of the PSE.

2) In the event of an issuance or transfer of shares (i.e. private placements, asset for shares swap or a similar transaction) or instruments which lead to issuance of shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within One hundred eighty (180) days prior to the start of the offering period, or, prior to listing date in case of companies listing by way of introduction, and the transaction price is lower than that of the offer price in the Initial Public Offering, or listing price for a listing by way of introduction, all shares availed of shall be subject to a lock-up period of at least Three hundred sixty-five (365) days from full payment of the aforesaid shares.

In the event of listing of the Corporation's shares in the Small, Medium and Emerging (SME) Board of the PSE:

1) All existing stockholders of the Corporation shall not or are prohibited from selling, assigning, encumbering or in any manner disposing of their shares for a period of one (1) year after the listing of such shares.

2) In the event of an issuance or transfer of shares (i.e., private placement, asset for shares swap or a similar transaction) or instruments which lead to issuance of shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within six (6) months prior to the start of the offering period, or, prior to listing date in case of companies listing by way of introduction, and the transaction price is lower than that of the offer price in the Initial Public Offering, or listing price for listing by way

of introduction, all shares subscribed or acquired shall be subject to a lock-up period of at least one (1) year from listing of the aforesaid shares.

3) The Corporation shall not and is prohibited from changing its primary purpose and/or secondary purposes stated in this Articles of Incorporation for a period of seven (7) years following its listing.

In the event of amendment or repeal of any Rule of the PSE that affects the foregoing Lock-up Requirements, the said amendment or repeal shall be considered part of the said Lock-up Requirements which shall *ipso facto* be accordingly amended or repealed, as the case may be."

Lock-up Restrictions under the PSE Listing Rules

Under Article III, Part D, Section 2 of the Listing Rules for the Main and SME Boards of the PSE (Listing Rules), existing stockholders of a Company applying for listing with the PSE shall cause its existing stockholders who own an equivalent of at least ten percent (10%) of the issued and outstanding shares of stock of the company to refrain from selling, assigning or in any manner disposing of their shares for a period of (i) One hundred eighty days (180) days after the listing of the said shares if the applicant company meets the track record requirement under Article III, Part D, Section 1 of the Listing Rules; or (ii) Three hundred sixty five (365) days after listing of said shares if the applicant company is exempt from the track record and operating history requirements of the Listing Rules.

If there is any issuance or transfer of shares (i.e., private placements, assets for shares swap or a similar transaction) or instruments which lead to issuance of shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within One hundred eighty (180) days prior to the start of the offering period, or, prior to listing date in case of companies listing by way of introduction, and the transaction price is lower than that of the offer price in the Initial Public Offering, or listing price for a listing by way of introduction, all shares availed of shall be subject to a lock-up period of at least Three hundred sixty-five (365) days from full payment of the aforesaid shares.

Upon distribution of the Company's shares by property dividend declared byTA Oil, the following stockholders, being holders of at least ten percent (10%) of the issued and outstanding shares of stock of the Corporation, will be subject to the 365-day lock-up period:

Shareholder	No. of Shares Subject to the 365-day Lock-Up Provision	Percentage of Outstanding Shares
TA Oil	126,838,679	50.74%
Philippine Investment Management (PHINMA), Inc.	30,985,111	12.39%
Phinma Corporation	32,481,317	12.99%
TOTAL	190,305,107	76.12%

With respect to shares subject to the lock-up requirement due to issuance or transfer of shares 180 days prior to the listing date with a transaction price lower than that of the listing price for a listing by way of introduction, the following stockholder whose share was issued within 180 days prior to the established listing date will also be subject to the 365-day lock-up period:

Shareholder	No. of Shares Subject to the 365-day Lock-Up Provision	Percentage of Outstanding Shares
Romeo L. Bernardo	1	<0.01%

To implement the lock-up restrictions of the PSE, the foregoing parties will enter into an escrow agreement with the Philippine Depository and Trust Corporation (PDTC). A copy of the escrow agreement has been submitted to the PSE as part of the Company's application for Listing and will be updated when the actual escrow agreement is executed.

Future stock grants or stock options

On 8 August 2013, the Board of Directors of the Company resolved to set aside a total of 50 million shares from the unsubscribed portion of the Company's shares for (a) stock grants in favor of TA Petroleum's officers and managers; and (b) stock options for the Company's directors, officers and employees, under such terms and conditions determined by the Company's Executive Committee. The said resolution was approved by the Company's stockholders as of the said date. As of the date of this Prospectus, the Company has not implemented or taken action on the said resolution of the Board and no stock option plan has been prepared or approved by the Company's stockholders.

DIVIDENDS AND DIVIDEND POLICY

Under Philippine law, dividends may be declared out of a corporation's unrestricted retained earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the SEC. The approval of the Board is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular or special meeting duly called for the purpose.

RECORD DATE

The Company will follow the rules of the Securities and Exchange Commission and the Philippine Stock Exchange regarding the setting of the Record Date by companies whose shares are registered and listed. In declaring dividends, the set Record Date shall not be less than ten (10) trading days from disclosure to the Philippine Stock Exchange of the declaration of the dividends

DIVIDEND POLICY

The Company's By-laws provide that Cash and Stock dividends shall be declared only from the unrestricted surplus profit and shall be payable at such time and in such manner and in such amounts as the Board and stockholders respectively shall determine. No dividends shall be declared which would impair the capital of the Corporation. Apart from the said restrictions provided by law and the SEC, there is no restriction on payment of dividends.

The Service Contracts of the Company are on their exploration stage. As such, significant expenses on the part of the Company to finance its share in the expenses of exploration, in accordance with its participation interests in the said Service Contracts, are expected. In the event of favorable results of exploration and extraction of oil/gas from the areas of said Service Contracts, and favorable operational and market conditions, the company plans to declare cash or stock dividends to its shareholders on a regular basis, in amounts determined by the Board, taking into account various factors, including:

- the level of the Company's cash, gearing, return on equity and retained earnings;
- the Company's results for, and the Company's financial condition at the end of the year, the year in respect of which the dividend is to be paid and the Company's expected financial performance;
- the Company's projected levels of capital expenditure and other investment plans;
- restrictions of payment of dividends that may be imposed on the Company by any of its financing arrangements and current and prospective debt service requirements; and
- such other factors as the Board deems appropriate.

DIVIDEND HISTORY

The Company has not declared any dividends as of the date of this Prospectus.

SELECTED FINANCIAL DATA

Investors should read the selected financial data with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's consolidated financial statements and related notes included elsewhere in this Prospectus.

The information below is not necessarily indicative of the results of future operations and does not purport to project the results of the Company's operations or financial condition for any future period or date.

The selected financial information set forth in the following tables has been derived from the Company's audited interim consolidated financial statements as at 31 March 2014 and for the three months ended 31 March 2014 and 2013 comprising the interim consolidated balance sheet as at 31 March 2014 and interim consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the three months ended 31 March 2014 and 2013 and its consolidated financial statements as at and for the years ended 31 December 2013, 2012 and 2011 comprising consolidated balance sheets as at 31 December 2013, 2012 and 2011 and consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, included elsewhere in this Prospectus.

The Company's audited interim consolidated financial statements and audited consolidated financial statements were prepared in accordance with the Philippine Financial Reporting Standards ("PFRS") and were audited by SGV, in accordance with PSA.

TRANS-ASIA PETROLEUM CORPORATION
Consolidated Financial Statements

	For the three months ended March 31	For the years ended December 31		
(Amounts in Pesos)	**2014**	**2013**	**2012**	**2011**
CONSOLIDATED STATEMENTS OF INCOME				
Interest income	23,251	798,288	263,418	32
Costs and expenses	3,375,054	9,380,729	3,294,285	36,750
Other charges	(207,194)	(4,739,255)	-	-
Loss before income tax	3,558,997	13,321,696	3,030,867	36,718
Income tax	(320)	320	-	-
Net Loss	**3,558,677**	**13,322,016**	**3,030,867**	**36,718**
Attributable to:				
Equity holders of the Parent Company	3,541,851	12,877,179	3,005,090	36,718
Non-controlling interests	16,826	444,837	25,777	-
	3,558,677	**13,322,016**	**3,030,867**	**36,718**
Basic/Diluted loss per share*	0.0142	0.052	0.100	0.004

* Restated to show effects of the reverse stock split in 2013.

TRANS-ASIA PETROLEUM CORPORATION
Consolidated Financial Statements

(Amounts In Pesos)	As at March 31	As at December 31		
	2014	2013	2012	2011
CONSOLIDATED BALANCE SHEETS				
Current Assets				
Cash and cash equivalents	18,397,629	21,029,901	165,897,557	7,993
Investments held for trading	138,203,543	138,411,121	-	-
Advances to related party	-	-	8,666,268	-
Other receivables	20,259	3,033	8,778	-
Total Current Assets	**156,621,431**	**159,444,055**	**174,572,603**	**7,993**
Noncurrent Assets				
Deferred exploration costs	74,736,195	74,736,195	72,218,898	-
Total Noncurrent Assets	**74,736,195**	**74,736,195**	**72,218,898**	**-**
TOTAL ASSETS	**231,357,626**	**234,180,250**	**246,791,501**	**7,993**
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and other current liabilities	1,493,753	757,700	46,935	-
Total Liabilities	**1,493,753**	**757,700**	**46,935**	**-**
Capital stock	250,000,000	250,000,000	250,000,000	10,000,000
Subscription receivables	-	-	-	(6,702,543)
Deficit	(22,713,584)	(19,171,733)	(6,294,554)	(3,289,464)
	227,286,416	**230,828,267**	**243,705,446**	**7,993**
Non-controlling interests	2,577,457	2,594,283	3,039,120	-
TOTAL EQUITY	229,863,873	233,422,550	246,744,566	7,993
TOTAL LIABILITIES AND EQUITY	**231,357,626**	**234,180,250**	**246,791,501**	**7,993**

TRANS-ASIA PETROLEUM CORPORATION
Consolidated Financial Statements

(Amounts In Pesos)	For the three months ended March 31 2014	For the years ended December 31 2013	2012	2011
CONSOLIDATED STATEMENTS OF CASH FLOWS				
Cash flows from operating activities	(2,632,656)	(2,445,875)	(11,658,978)	(36,718)
Cash flows from investing activities	-	(142,422,849)	(72,218,898)	-
Cash flows from financing activities	-	-	249,767,440	36,251
Effect of exchange rate changes on cash and cash equivalents	384	1,068	-	-
Net increase (decrease) in cash and cash equivalents	(2,632,272)	(144,867,656)	165,889,564	(467)
Cash and cash equivalents, beginning of period	21,029,901	165,897,557	7,993	8,460
Cash and cash equivalents, end of period	**18,397,629**	**21,029,901**	**165,897,557**	**7,993**

MANAGEMENT'S DICUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Company's financial position and results of operations should be read together with "Selected Financial Data" and the Company's consolidated financial statements and related notes which are annexed to this Prospectus. In addition to historical information, the discussion and analysis may contain forward-looking statements that involve risks, uncertainties and assumptions. The Company's actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors including those set forth under "Risk Factors" and elsewhere in this Prospectus.

PLAN OF OPERATION

TA Petroleum is currently a participant in four (4) petroleum Service Contracts with the Government of the Republic of the Philippines, namely: SC 6, SC 51, SC 69 and SC 55 (through its subsidiary, Palawan55 Exploration & Production Corporation).

TA Petroleum intends to maintain its participation in the aforementioned service contracts over the next twelve (12) months. All these contracts are in the exploration stage, i.e. without any commercial production. The Company is carried in the expenditures related to the 2014 work programs under SC 6 Block A, SC 51, SC 69 and SC 55, and has a minimal share in the cost of the work program under SC 6 Block B.

The Company also plans to acquire participating interests in at least two (2) additional local service contracts in the following year. The Company and its parent and sole shareholder, TA Oil, have sufficient funds to pursue these new ventures at the initial exploration stage. The Company will raise money at a later stage if the results of initial studies justify further exploration through drilling, or field development, as the case may be. The Company does not expect to perform any product research and development, nor purchase or sell significant plant or equipment in conjunction with its Plan of Operation for the next twelve (12) months. Further, no significant change in the number of its employees is anticipated over the same period.

FOR THE YEARS ENDED 31 DECEMBER 2013, 2012 AND 2011

For the year 2013, the Company earned interest income of ₱798,288 up from ₱263,418 reported in the same period in 2012. The increase is driven by additions in investments in Unit Investment Trust Fund ("UITFs") during the year. Cost and Expenses increased to ₱9.4 million in 2013 from ₱3.3 million in 2012 due to addition of manpower and engagement of professional services. Other charges of ₱4.7 million in 2013 represent unrealized loss from changes in fair value of investments held for trading.

Consolidated Net Loss amounted to ₱13.3 million for the year 2013, primarily from the increase in expenses and other charges, compared to ₱3.0 million and ₱36,718 for the same period in 2012 and 2011, respectively.

As at 31 December 2013, the Company's Total Assets amounted to ₱234.2 million as against ₱246.8 million as at end of 2012. The 5% decrease was primarily due to expenditures for business activities. ₱159.4 million are Current Assets with ₱21.0 million in Cash and cash equivalents, ₱138.4 million in Investments held for trading and Other receivables. Noncurrent Assets increased to ₱74.7 million as of December 31, 2013 from ₱72.2 million in 2012.

Noncurrent Assets is mainly composed of Deferred exploration costs representing the Company's share in the expenditures incurred under petroleum SCs with DOE. Details of deferred exploration costs are as follows:

SC 51 – ₱32.6 million (2013);₱32.6 million (2012); NIL (2011)
SC 69 – ₱16.0 million (2013); ₱14.7 million (2012); NIL (2011)
SC 6 – ₱20.4 million (2013); ₱19.2 million (2012); NIL (2011)
SC 55 – ₱5.7 million (2013); ₱5.7 million (2012); NIL (2011)

'Deferred exploration costs' include mainly expenditures for geological and geophysical studies and, in some instances, exploratory drilling costs. The service contracts provide for certain minimum work and expenditure obligations and the rights and benefits of the contractor. Cash calls are made by the service contract operator in accordance with the work program and budget for the particular phase of the service contract as approved by the DOE. Exploration budgets for each service contract are as follows:

Contract	Period Covered	Budget (100%) In US$ Million
SC 6 Block A	2014	3.00
SC 6 Block B	2014 - 16	0.72
SC 51	2013 - 14	8.36
SC 55	2013 - 14	51.00
SC 69	2013	0.17*

*No budget for 2014 pending transfer of interest of withdrawing party

The Company's committed amounts as of this date as minimal. The Company has commitments for DOE training under SC 6 Block A and SC 69, a commitment for geological and geophysical work under SC 6 Block B once the work program for the next 2 years is approved by the DOE, but these will also be a small amount. The Company is carried-free in current programs for SC 51, SC 55 and SC 69. There are no additional expected contributions required from the Company in these Service Contracts.

Disclosure of the estimated total cost of exploration to complete is not feasible in this industry unlike for construction related contracts.

Current liabilities as at 31 December 2013 amounted to ₱757,700 from ₱46,935 in 2012, mainly due to accrual of expenses for the year.

Total Equity decreased by 5% to ₱233.4 million as at 31 December 2013 from ₱246.7 million in 2012. Deficit tripled to ₱19.2 million from ₱6.3 million in 2012 due to the 2013 Net Loss attributable to the Parent Company of ₱12.9 million. Non-controlling Interests decreased to ₱2.6 million as at 31 December 2013, reduced by its proportionate share in the Consolidated Net Loss of the Company.

Net Cash Used in Operating Activities amounted to ₱2.4 million for the year 2013 and ₱11.7 million for the same period in 2012. Cash Used in Investing Activities, mainly additions to Investments Held for Trading and Deferred Exploration Costs, amounted to ₱142.4 million in 2013 compared to ₱72.2 million in 2012. No Financing Activities occurred during the year 2013.

FOR THE THREE MONTHS ENDED 31 MARCH 2014 AND 2013

The Company earned interest income on its bank deposits and short-term placements amounting to ₱23,251 and ₱531,552 on the first quarter of 2014 and 2013, respectively. The decline is largely due to the decrease in level of cash and cash equivalents for the comparative period.

Consolidated costs and expenses amounted to ₱3.4 million for the three-month period of 2014, up from ₱2.0 million of the same period in 2013. Increase is attributed to increase in management and professional services rendered in 2014.

The Company posted a Consolidated Net Loss of ₱3.6 million and ₱1.5 million for the first quarter of 2014 and 2013, respectively.

Total Assets decreased to ₱231.4 million as at March 31, 2014 from ₱234.2 million as at 31 December 2013. Decrease of ₱2.8 million is due to the operational requirements expended by the Company in the first quarter of 2014.

Of the ₱231.4 million Total Assets as at 31 March 2014, ₱156.6 million are Current Assets with ₱18.4 million in Cash and cash equivalents and ₱138.2 million in Investments held for trading and Other receivables. The remaining ₱74.7 million is the Company's Deferred exploration costs, which has no movement from 31 December 2013. Deferred exploration costs as at end of first quarter 2014 is as follows:

SC 51 – ₱32.7 million
SC 69 – ₱15.7 million
SC 6 – ₱20.4 million
SC 55 – ₱5.7 million

Current Liabilities are taxes withheld and accrual of expenses, which amounted to ₱1.5 million as at March 31, 2014 and ₱757,380 as at 31 December 2013, respectively.

As at 31 March 2014, Total Equity amounted to ₱229.9 million from ₱234.2 million in 31 December 2013. The Company's Capital Stock remain unchanged at ₱250 million. Deficit increased to ₱22.7 million in 31 March 2014 from ₱19.2 million in 31 December 2013 due to the first quarter's Net Loss attributable to the Parent Company of ₱3.5 million. Non-controlling Interests slightly decreased by ₱16,826 representing its share in the Company's Net Loss for the period.

Net Cash Used in Operating Activities amounted to ₱2.6 million for the first quarter of 2014 while Net Cash Provided by Operating Activities amounted to ₱8.4 million for the same period in 2013. No Financing and Investing Activities occurred in the first quarters of 2014 and 2013.

Key Performance Indicators	**Formula**	**March 2014**	**December 2013**	**December 2012**	**December 2011**
Liquidity Ratios					
Current ratio	Current assets / Current liabilities	104.85	210.52	3,719.45	N/A
Acid test ratio	Cash + Short-term investments + Accounts Receivables + Other liquid assets / Current liabilities	104.85	210.52	3,719.45	N/A

Key Performance Indicators	Formula	March 2014	December 2013	December 2012	December 2011
Solvency Ratios					
Debt/Equity ratio	Total Liabilities / Total Equity	0.01	-	-	-
Asset to equity ratio	Total Assets / Total Equity	1.01	1.00	1.00	1.00
Interest coverage ratio	Earnings before interest & tax (EBIT) / Interest expense	N/A	N/A	N/A	N/A
Net Debt to Equity Ratio	Debt - Cash & cash equivalents / Total equity	N/A	N/A	N/A	N/A

Key Performance Indicators	Formula	March 2014	December 2013	December 2012	December 2011
Profitability Ratios					
Return on equity	Net income after tax / Average stockholders' equity	-1.54%	-5.71%	-2.46%	-446.34%
Return on assets	Net income before taxes / Total assets	-1.54%	-5.69%	-1.23%	-459.38%

Key Performance Indicators	Formula	March 2014	December 2013	December 2012	December 2011
Asset turnover	Revenues / Total assets	N/A	N/A	N/A	N/A

Current ratio and Acid test ratio

Current ratio and acid test ratio significantly decreased from 3,719.45 in 31 December 2012 to 104.85 in 31 March 2014, due to increase in current liabilities.

Debt-to-equity ratio

The Company has minimal liabilities and funded majority through equity.

Asset-to-equity ratio

Asset-to-equity ratio remained at 1.00 from 31 December 2013, 2012 and 2011 because of minimal liabilities of the Company. As at 31 March 2014, Asset to equity ratio slightly increased to 1.01 due to additional liabilities incurred for the first quarter of 2014.

Interest coverage ratio and Net debt-to-equity ratio

These ratios are not applicable since the Company has no borrowings.

Return on equity and Return on assets

The Company showed negative returns because it has not started commercial operations and posted net losses on the periods covered. Capital infusion in 2012 significantly increased return on equity and return on assets.

Asset turnover

This ratio is not applicable since the Company has not started commercial operations yet as at 16 May 2014.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There was no change in the Company's independent accountants since the Company's incorporation in 1994, except for the changes in audit engagement partner.

There were no disagreements with any accountant on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, nor was there any resignation or dismissal of any accountant who was previously engaged as the principal accountant to audit the Company's financial statements, or an independent accountant who was previously engaged to audit a significant subsidiary and on whom the principal accountant expressed reliance in its report.

DISCLOSURES OF KNOWN UNCERTAINTIES

The Company has no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way.

Events that may trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation, are as follows:

a) The Company's subscription to Frontier Oil Corporation (FOC) shares, in the event of a successful Initial Public Offering of FOC.

b) The Company's payment for the participating interest in SC 52, in the event the Option is exercised (TA Oil intends to assign its interest in SC 52 to the Company).

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

The Company's material commitment for capital expenditure is its subscription in FOC shares, in the event of a successful Initial Public Offering of FOC.

The uncertainty on the price of FOC shares, if listed, and any termination of the Company's Service Contract(s), are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations, or can cause a material change in the relationship between costs and revenues.

There are no significant elements of income or loss that did not arise from the Company's operations.

There are no seasonal aspects that had a material effect on the financial condition or results of operations.

MANAGEMENT AND CERTAIN SECURITY HOLDERS

DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

The overall management and supervision of the Company is undertaken by the Board. The regular directors were elected during the annual meeting of the stockholders held on 28 August 2012, to serve until their successors are elected and qualified. The last meeting of the Board and stockholders was held on 8 August 2013. There are eleven members in the Board.

As of the date of this Prospectus, the composition of the Company's Board is as follows:

Name	Age	Citizenship	Position
Ramon R. Del Rosario Jr.	68	Filipino	Chairman
Oscar J. Hilado	75	Filipino	Member
Magdaleno B. Albarracin, Jr.	77	Filipino	Member
Francisco L. Viray	64	Filipino	Member
Roberto M. Laviña	62	Filipino	Member
Raymundo A. Reyes Jr.	60	Filipino	Member
Raphael Perpetuo M. Lotilla (Independent)	55	Filipino	Member
Victor J. Del Rosario	65	Filipino	Member
Pythagoras L. Brion, Jr.	60	Filipino	Member
Romeo L. Bernardo (Independent)	59	Filipino	Member
Edward S. Go (Independent)	75	Filipino	Member

Mr. Raphael Perpetuo M. Lotilla, Mr. Romeo L. Bernardo and Mr. Edward S. Go are the Company's Independent Directors and were nominated and elected in accordance with Rule 38 and Article IV-A of the Company's By-Laws. The Nomination Committee pre-screens and short-lists all candidates for independent directors in accordance with the list of qualifications and disqualifications in Rule 38 and the By-Laws, including, but not limited to: educational background or extensive business experience, integrity and probity, diligence, ownership of at least one share, nature of Corporations of which he is a director, age, number of directorships, absence of conflict of interest, experience as director, CEO or COO in other companies, knowledge of finance and accounting, knowledge of industry, knowledge of local and international market and strategic vision. An independent director shall hold no interests or relationships with the Company that may hinder his independence from the Company or management which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and which he shall certify in a letter of confirmation to the Corporate Secretary. Mr. Lotilla and Mr. Go were elected as independent directors on 8 August 2013. Mr. Bernardo was elected as independent director on 23 April 2014.

Mr. Lotilla, Mr. Bernardo, and Mr. Go are neither officers nor substantial shareholders of the Company nor are they regular directors, substantial shareholders or officers of its related companies. Under Article IV-A of the Company's By-Laws, a related company means another company which is (a) its holding company; (b) its subsidiary; or (c) a subsidiary of its holding company.

As of the date of this Prospectus, the following are the Company's executive officers:

Name	Age	Citizenship	Position
Ramon R. Del Rosario Jr.	68	Filipino	Chairman
Francisco L. Viray	64	Filipino	President & CEO
Raymundo A. Reyes Jr.	60	Filipino	EVP
Pythagoras L. Brion, Jr.	60	Filipino	EVP-Treasurer
Mariejo P. Bautista	48	Filipino	VP-Controller

Juan J. Diaz	82	Filipino	Corporate Secretary
Alan T. Ascalon	38	Filipino	Asst. Corporate Secretary
Benjamin S. Austria	67	Filipino	Senior Adviser

The following discussion presents a brief description of the business experience of each of the Company's directors and executive officers over the past five years.

Ramon R. del Rosario, Jr. was elected Chairman of the Board of the Company and is currently Vice Chairman of Trans-Asia Oil and Energy Development Corporation since 16 April 2008. He obtained his BSC-Accounting and AB-Social Sciences degrees (Magna cum Laude) from De La Salle University and Masters in Business Administration degree from Harvard Business School. He is the President and CEO of PHINMA Inc., President and Vice Chairman of PHINMA Corp., Chairman of AB Capital and Investment Corporation, Chairman of Microtel Inns and Suites (Pilipinas), Inc. and Chairman of the Boards of Trustees of Araullo University, Cagayan de Oro College, University of Iloilo and University of Pangasinan. He is a director of several PHINMA-managed companies and currently serves as a member of the Boards of Directors of Ayala Corp., Roxas Holdings, Inc. and Holcim (Phils.), Inc. Mr. del Rosario served as Secretary of Finance of the Philippines in 1992-1993. He is the Chairman of the Makati Business Club, Philippine Business for Education (PBED) and De La Salle Philippines, Inc. He is the brother of Mr. Victor J. del Rosario. He has been a Director of the Company since 2002.

Oscar J. Hilado is currently Chairman of the Board of Trans-Asia Oil and Energy Development Corporation since 16 April 2008. He was the Chairman & CEO of PHINMA Inc. (January 1994 to August 2005); and as Chairman (August 2005 to present). Chairman of Holcim Phils., Inc. Chairman of the Board & Chairman of the Executive Committee of PHINMA Corp; Chairman of the Board of PHINMA Property Holdings Corp., Vice Chairman of Trans Asia Power Generation Corporation (TA Power) (1996 to present); Director of Manila Cordage Corp. (1986 to present); Director of Seven Seas Resorts & Leisure, Inc., and First Philippine Holdings Corporation (Nov. 1996 to present); Philex Mining Corporation (December 2009 to present); Graduate of De La Salle College (Bacolod), Bachelor of Science in Commerce, (1958) Masters Degree in Business Administration, Harvard Graduate School of Business, (1962). For 13 years, he was the Vice-Chairman of the Board of Directors and for 17 years, he was the Chairman of the Executive Committee of Trans-Asia Oil.

Magdaleno B. Albarracin, Jr. obtained his Bachelor of Science in Electrical Engineering degree from the University of the Philippines and Master of Science in Electrical Engineering degree from the University of Michigan. He finished his Masters in Business Administration from the University of the Philippines and Doctorate in Business Administration from Harvard University. Dr. Albarracin joined the PHINMA Group in 1971 as a consultant. He is currently the Vice-Chairman of PHINMA and Chairman of its Executive Committee. He is also Vice Chairman of Araullo University, Cagayan De Oro College, University of Iloilo and University of Pangasinan. He is the President of Holcim Philippines, Senior Executive Vice President of PHINMA Corp. and Chairman of UP Engineering Research and Development Foundation. He is also a member of the Board of Directors of AB Capital and Investment Corporation, PHINMA Foundation, Union Galvasteel Corporation, Trans-Asia Power Generation Corporation, PHINMA Property Holdings Corp., Pangasinan Medical Center, Inc. and UP Board of Regents. He has been a Director of Trans-Asia Oil since 1986.

Roberto M. Laviña has a Bachelor of Arts in Economics degree from Ateneo de Manila University and a Masters in Business Management degree from Asian Institute of Management. He finished his Program for Management Development at Harvard School of Business in 1988. He is the President and a Member of the Board of T-O Insurance Brokers, Inc. In 2005, he became PHINMA Inc.'s Senior Executive Vice President/Chief Operating Officer (COO) and is concurrently the Chief Financial Officer of the PHINMA Group and a Member of the Board. He is also a Member of the Board and Executive Vice President/Chief Financial Officer/Treasurer of Trans-Asia Renewable Energy Corporation (TAREC). He is the Senior Vice President/Chief Financial Officer/Treasurer of Trans-Asia Power Generation Corporation (TA Power) and a member of the Board and Senior Vice President and Treasurer of PHINMA Corporation. He is also

Treasurer and Board Member of PHINMA Property Holdings Corporation, CIP II Power Corporation (CIPP), Araullo University, Cagayan de Oro College, University of Iloilo and University of Pangasinan. He has been the Chief Financial Officer and Treasurer of the Company for 18 years. He became the Executive Vice President on 2 April 2004 and was elected as a Director of the Trans-Asia Oil on 12 April 2005.

Francisco L. Viray is the President and Chief Executive Officer of the Company. He is concurrently the President and Chief Executive Officer of Trans-Asia Oil and Energy Development Corporation, Trans-Asia Power Generation Corporation, Trans-Asia Renewable Energy Corporation and CIP II Power Corporation. He is also at present a member of the Board of Directors of Araullo University, Cagayan de Oro College and University of Pangasinan of the PHINMA Education Network (PEN), and Chairman, Pangasinan Medical Center, Inc. He obtained his Bachelor of Science and Masters in Electrical Engineering degrees from the University of the Philippines and his Doctorate in Engineering degree from West Virginia University. He joined the PHINMA Group in 1999, a year after he served as Secretary of the Department of Energy from 1994 to 1998. Earlier, he was President of the National Power Corporation beginning May 1993. Dr. Viray served on the Board of Directors of Meralco, Petron, Union Cement Corporation (now Holcim Philippines, Inc.) and United Pulp and Paper Company, Inc.

Victor J. del Rosario is an Economics and Accounting graduate of De La Salle University and holds a Master of Business Administration degree from Columbia University. He was elected as Director of Trans-Asia Petroleum Corporation on 8 August 2013. He was also elected as Director of Trans-Asia Oil and Energy Development Corporation on 15 September 2008 to serve the unexpired term of Ambassador Ramon del Rosario, Sr. He is the Vice-Chairman /CEO of Union Galvasteel Corporation and is also the Executive Vice President and Chief Strategic Officer of PHINMA Inc. He is also a member of the Board of Directors of PHINMA Inc. and various PHINMA-managed companies. Mr. Del Rosario is the brother of Mr. Ramon R. del Rosario, Jr.

Pythagoras L. Brion was elected Executive Vice President and Treasurer of the Company in 2012. He received his Bachelor of Science in Management Engineering degree from Ateneo de Manila University and holds a Master in Business Administration degree from University of the Philippines. He is currently the Senior Vice President and Chief Finance Officer of Trans- Asia Oil He is also currently the EVP/CFO of PHINMA Property Holdings Corporation and SVP/Treasurer of PHINMA Inc. and served various executive posts in the PHINMA-managed companies since joining the PHINMA group in 1992.

Raymundo A. Reyes, Jr. has a Bachelor of Science in Chemistry and Master of Science in Geology degrees from the University of the Philippines. From 1976-1987, he was a Senior Geologist of PNOC. He started with the Company as Exploration Manager and was Assistant Vice President for Exploration from 1987 to 1994. He was elected Executive Vice President of the Company in 2012. He is also currently the Senior Vice President for Energy Resources Development of Trans- Asia Oil and Energy Development Corporation, President of Palawan55 Exploration & Production Corporation and Senior Vice President of Trans-Asia Renewable Energy Corporation. He is also the Vice President of Trans-Asia Gold and Minerals Development Corporation since its incorporation in July 2007 and the Vice President of Maibarara Geothermal, Inc., a 25%-owned subsidiary of the Company, since September 2010.

Mariejo P. Bautista obtained her Bachelor of Science in Business Administration and Accountancy degree from the University of the Philippines. She is a Certified Public Accountant with a Master's degree in Business Management from the Asian Institute of Management. She worked with SyCip Gorres Velayo & Co. in 1987 and with various multinational manufacturing and service companies up to August 2011. She joined the Energy Group of PHINMA in September 2011 and was appointed as Vice President – Controller of the Company, Trans- Asia Oil, Trans Asia Power Generation Corporation and CIP II Power Corporation.

Juan J. Diaz is a member of the Philippine Bar and has a Master of Laws degree from Harvard Law School. He is the Corporate Secretary of the Company and PHINMA Group.

Alan T. Ascalon graduated from the University of the Philippines with a Bachelor of Arts degree in Journalism in 1996 and a Bachelor of Laws degree in 2000. He was elected Assistant Corporate Secretary of the Company in 2012. He was also the Assistant Legal Counsel of PHINMA, Inc. from 2005 to 2008, and is currently the Assistant Vice President and Assistant Corporate Secretary of TA Oil. He is also the Corporate Secretary of Trans-Asia Renewable Energy Corp., and director and Corporate Secretary of Palawan55 Exploration & Production Corporation and Assistant Corporate Secretary of Trans-Asia Gold & Minerals Development Corp., Trans-Asia Power Generation Corporation and CIP II Power Corporation.

Romeo L. Bernardo has a Bachelor of Science degree in Business Economics from the University of the Philippines and a Masters Degree in Development Economics from Williams College, Mass. USA. He co-founded LBT in 1997. His public sector work spans teaching finance at the state university, a career in the Department of Finance rising to the Undersecretary post and working in multilateral institutions such as the IMF and the World Bank, based in Washington DC, as well as the ADB in Manila. Presently, he is a board director in leading listed Philippine companies such as ALFM family of funds (Chairman), Bank of the Philippine Islands, Globe Telecom, Aboitiz Power, RFM Corporation, National Reinsurance Corporation of the Philippines, Institute of Development and Econometric Analysis, Inc. and an independent director of Philippine Investment Management (PHINMA) Inc. His past positions include Alternate Director in Asian Development Bank, Finance Attache for the Philippine Mission to the United Nations in Geneva, Switzerland, as well as an Assistant Chief for the technical staff. He has also written and co-written economics-related articles that were prepared for The World Bank and ADB. He also does/has done policy advisory for multilateral and bilateral institutions and the Philippine government in public finance, capital markets, public-private partnership, pension reform, economic governance. He is the lead Philippine partner/advisor to GlobalSource Partners, a global network of independent analysts.

Raphael Perpetuo M. Lotilla has a strong background in law, legislation, ocean law and marine affairs, energy, power sector reform, privatization, sustainable development, and justice and development. He is currently a Fellow in Residence of the Philippine Center for Economic Development (PCED) at the University of the Philippines School of Economics. He also serves as an independent director of several private companies, and is a Board Member & Research Fellow, Center for the Advancement of Trade Integration and Facilitation (CATIF). Mr. Lotilla also served as the Secretary of the Department of Energy from 2005 to 2007.

Benjamin S Austria retired on 31 May 2011 from the University of the Philippines (U.P.) as Professor of Geology after 45 years of service teaching courses in Economic Geology, Geochemistry and Crystallography. He was Director of the UP National Institute of Geological Sciences from 1987 to 1993. In oil and mineral exploration, Dr. Austria started as Consultant of Trans-Asia Oil & Energy Development Corp. in 1974 and was serving as Executive Vice President of Trans-Asia by the time he retired in 2003.

Edward S. Go has a Bachelor of Arts degree from the Ateneo de Manila University, and his past positions include having served as Chairman & CEO of United Coconut Planters Bank and China Banking Corporation, and President & CEO of AsianBank Corporation, The Philippine Banking Corporation and Philippine Bank of Communications. His present positions include serving as the Chairman of the Board of Directors of Hyundai Asia Resources, Inc. and Chairman of the Boards of Trustees of Ateneo de Manila University and the PLDT Beneficial Trust Fund. Mr. Go also serves as a member of the Boards of Directors of Metro Pacific Investment Corporation, PLDT Communications and Energy Ventures, Inc., ABC Development Corporation, Mediaquest Holdings, Inc., AB Capital & Investment Corporation, and Vicsal Investment Corporation. He is also an honorary Consul of the Republic of Senegal.

SIGNIFICANT EMPLOYEES

While all employees are expected to make a significant contribution to the Company, there is no one particular employee, not an executive officer, expected to make a significant contribution to the business of the Company on his own. Other than the aforementioned Directors and Executive Officers, there are no other employees of the Company who may have significant influence in the Company's major and/or strategic planning and decision-making.

FAMILY RELATIONSHIP

Mr. Ramon R. del Rosario, Jr. is the brother of Mr. Victor J. del Rosario.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

The Company is not aware of any adverse events or legal proceedings during the past five years that are material to the evaluation of the ability or integrity of its directors or executive officers.

DIRECTOR AND EXECUTIVE COMPENSATION

Except for reasonable per diems, directors, as such, shall be entitled to receive only such compensation as may be granted to them by the vote of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholder. In no case shall the total yearly compensation of directors, as such, exceed 10% of the net income before income tax of the Corporation during the preceding year.

The Company's By-Laws further provide that the Board shall fix the salaries and bonuses of all officers enumerated in this Article VI. The compensation of all other officers shall be left to the discretion of the President. The fact that any officer is a director shall not preclude him from receiving a salary or bonus or from voting upon the resolution fixing the same.

The following table shows the compensation of the directors and officers for the past two completed fiscal years and estimated to be paid for the ensuing fiscal year.

SUMMARY OF COMPENSATION TABLE
(In Pesos)

DIRECTORS

Year	Directors' Fee
2014 (Estimated)	550,000
2013	140,000
2012	-
2011	-

OFFICERS

NAME	POSITION
Ramon R. Del Rosario Jr.	Chairman
Francisco L. Viray	President & CEO

	Raymundo A. Reyes Jr.		EVP
	Pythagoras L. Brion, Jr.		EVP-Treasurer
	Mariejo P. Bautista		VP-Controller
	Juan J. Diaz		Corporate Secretary
	Alan T. Ascalon		Asst. Corporate Secretary
	Benjamin S. Austria		Senior Adviser

Year	Total Officers' Salary[a]	Bonus
2014 (Estimated)	2,049,905	-
2013	1,229,943	-
2012	-	-
2011	-	-

ALL DIRECTORS & OFFICERS AS A GROUP

Year	Total Salary & Fees	Bonus
2014 (Estimated)	2,599,905	-
2012	1,369,943	-
2012	-	-
2011	-	-

* Other Officers do not receive compensation directly from the Company

As of report date, all directors are entitled to a per diem of P10,000 for every board meeting attended.

Employment Contract between the Company and Executive Officers

There are no special employment contracts between the Company and its named executive officers.

Under Article VI, Section 2 of the Company's By-Laws, the Chairman of the Board, the Vice Chairman, the President, the Vice President(s), the General Manger, the Secretary and the Treasurer shall be elected annually by affirmative vote of a majority of all the members of the Board. Each officer shall hold office until his successor is elected and qualified in his stead, or until he shall have resigned or shall have been removed in the manner hereinafter provided. Such other officers as may from time to time be elected or appointed by the Board shall hold office for such period, have such authority and perform such duties as are provided in these By-Laws or as the Board may determine. The Chairman of the Board, the Vice Chairman and the President shall be chosen from among the directors, and the Secretary shall be a resident and a citizen of the Philippines.

Warrants and Options Held by the Executive Officers and Directors

As of the date of this Prospectus, none of the Company's directors and executive officers holds any warrants or options in the Company.

Other Arrangements

Except as described above, there are no other arrangements pursuant to which any of the Company's directors and officers was compensated, or is to be compensated, directly or indirectly since the Company's incorporation in 28 September 1994.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

The Issuer's parent company, TA Oil, is the only record and/or beneficial owner of 5% or more of the Company's voting securities prior to the Dividend Distribution.

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held (includes shares held by nominees before Dividend Declaration)	% of Total Outstanding Shares
Common	Trans-Asia Oil and Energy Development Corporation 11th Floor, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City	Trans-Asia Oil and Energy Development Corporation	Filipino	249,999,989	99.99%

After the Dividend Distribution, the list of record and/or beneficial owners of 5% or more of the Company's voting securities shall be as follows:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held (includes shares held by nominees before Dividend Declaration)	% of Total Outstanding Shares
Common	Trans-Asia Oil and Energy Development Corporation 11th Floor, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City	Trans-Asia Oil and Energy Development Corporation	Filipino	126,838,679	50.74%
Common	PCD Nominee Corporation	PCD Nominee Corporation (net of PHINMA Corp and PHINMA Inc. holdings)	Filipino	101,454,266	40.58%

As regards security ownership of management, the table below shows the beneficial ownership of the directors and officers of the Company in the following:

Trans-Asia Oil and Energy Development Corporation (as of Record Date, 5 August 2013)

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	% of Class
Common	Ramon R. Del Rosario Jr.	16,633,513	(Direct and Indirect)	Filipino	0.34%
Common	Magdaleno B. Albarracin, Jr.	8,707,926	(Direct and Indirect)	Filipino	0.18%
Common	Francisco L. Viray	8,429,730	(Direct and Indirect)	Filipino	0.17%
Common	Oscar J. Hilado	4,500,000	(Direct and Indirect)	Filipino	0.09%
Common	Roberto M. Laviña	3,569,887	(Direct and Indirect)	Filipino	0.07%
Common	Benjamin S. Austria	1,390,011	(Direct and Indirect)	Filipino	0.02%
Common	Raymundo A. Reyes Jr.	1,263,901	(Direct and Indirect)	Filipino	0.03%
Common	Mariejo P. Bautista	433,227	(Direct and Indirect)	Filipino	0.01%
Common	Pythagoras L. Brion, Jr.	400,013	(Direct and Indirect)	Filipino	0.01%
Common	Alan T. Ascalon	71,295	(Direct)	Filipino	<0.01%
Common	Juan J. Diaz	66,211	(Direct and Indirect)	Filipino	<0.01%

Note: "Indirect" means TA Oil shares are held in PCD Nominee Corporation for the beneficial owner.

Trans-Asia Petroleum Corporation (after the Dividend Distribution)

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	% of Class
Common	Ramon R. Del Rosario Jr.	424,155	(Direct and Indirect)	Filipino	0.17%
Common	Magdaleno B. Albarracin, Jr.	222,053	(Direct and Indirect)	Filipino	0.09%
Common	Francisco L. Viray	214,959	(Direct and Indirect)	Filipino	0.09%
Common	Oscar J. Hilado	114,751	(Direct and Indirect)	Filipino	0.05%
Common	Victor J. Del Rosario	92,320	(Direct and Indirect)	Filipino	0.04%
Common	Roberto M. Laviña	91,033	(Direct and Indirect)	Filipino	0.04%
Common	Benjamin S. Austria	35,445	(Direct and Indirect)	Filipino	0.01%
Common	Raymundo A. Reyes Jr.	32,230	(Direct and Indirect)	Filipino	0.01%
Common	Mariejo P. Bautista	11,047	(Direct and Indirect)	Filipino	<0.01%
Common	Pythagoras L. Brion, Jr.	10,201	(Direct and Indirect)	Filipino	<0.01%
Common	Alan T. Ascalon	1,818	(Direct)	Filipino	<0.01%
Common	Juan J. Diaz	1,688	(Direct and Indirect)	Filipino	<0.01%
Common	Raphael Perpetuo M. Lotilla	1	(Direct)	Filipino	<0.01%
Common	Romeo L. Bernardo	1	(Direct)	Filipino	0.00%
Common	Edward S. Go	1	(Direct)	Filipino	0.00%

VOTING TRUST

None of the stockholders are under a voting trust or similar agreement.

CHANGE IN CONTROL

The Company is not aware of any arrangements that may result in a change in control of the company.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company was not involved in transactions or series of similar transactions in the last two years with a corporation (or its subsidiary) in which any of the Company's directors, executive officers or stockholders owned 10% or more of the total outstanding shares, and members of their immediate family had or is to have a direct or indirect material interest.

PRINCIPAL SHAREHOLDERS

The stockholders of the Company, their respective number of shares before and after the property dividend declaration, and the corresponding percentage of these shares out of the total common shares outstanding, are as follows:

Note: The following is a list of stockholders as of record; the beneficial ownership of the following stockholders in Shares held by PCDNC is described in pages 93-94 of this Prospectus.

		Before Dividend Distribution		After Dividend Distribution	
Name of Stockholder	**Class of Securities**	**Number of Shares**	**% of Outstanding Shares**	**Number of Shares**	**% of Outstanding Shares**
Trans-Asia Oil and Energy Development Corp.	Common	249,999,989	99.99%	126,838,679	50.74%
Ramon R. Del Rosario Jr.	Common	1	<0.01%	45,468	0.02%
Oscar J. Hilado	Common	1	<0.01%	25,501	0.01%
Magdaleno B. Albarracin, Jr.	Common	1	<0.01%	12,751	0.01%
Francisco L. Viray	Common	1	<0.01%	114,194	0.05%
Roberto M. Laviña	Common	1	<0.01%	1,582	0.00%
Raymundo A. Reyes Jr.	Common	1	<0.01%	19,822	0.01%
Raphael Perpetuo M. Lotilla	Common	1	<0.01%	1	<0.01%
Victor J. Del Rosario	Common	1	<0.01%	41,454	0.02%
Pythagoras L. Brion, Jr.	Common	1	<0.01%	5,101	<0.01%
Romeo L. Bernardo	Common	1	<0.01%	1	<0.01%
Edward S. Go	Common	1	<0.01%	1	<0.01%
PCD Nominee Corporation	Common	-	-	101,454,266	40.58%
Bacnotan Consolidated Industries, Inc.	Common	-	-	11,457,956	4.58%
Phil. Investment Mgt. Consultants, Inc.	Common	-	-	5,147,190	2.06%
Samuel Uy Chua	Common	-	-	1,020,000	0.41%
EMAR Corporation	Common	-	-	950,740	0.38%
Francisco GenaroOzamiz Lon	Common	-	-	423,300	0.17%
Albert Mendoza &/or Jeannie Mendoza	Common	-	-	76,193	0.03%
Albert Awad	Common	-	-	74,260	0.03%
Phil. Remnants Co., Inc.	Common	-	-	71,431	0.03%
Peter Mar or Annabelle C. Mar	Common	-	-	52,020	0.02%
Renato O. Labasan	Common	-	-	38,760	0.02%
Teresita A. Dela Cruz	Common	-	-	38,306	0.02%
Belek, Inc.	Common	-	-	37,842	0.02%
Rizalino G. Santos	Common	-	-	36,643	0.01%
Joseph D. Ong	Common	-	-	35,640	0.01%
William How &/or Benito How	Common	-	-	34,003	0.01%
Others (Aggregate)	Common	-	-	1,946,895	0.76%
Total Outstanding		**250,000,000**	**100.00%**	**250,000,000**	**100.00%**

Foreign and Local Investors Ownership

After the Dividend Distribution, the percentage ownership of the Company's shares of stock by Filipino citizens and non-Filipino shareholders are 98.67% and 1.33%, respectively.

Minimum Public Ownership

As a result of the property dividend to TA Oil shareholders, the Company will have a total of 3,275 stockholders (excluding TA Oil), 1,734 of whom own at least one board lot each.

BACKGROUND OF TOP 20 STOCKHOLDERS[6]

Trans-Asia Oil and Energy Development Corporation

TA Oil is the Company's single largest shareholder and, as of the date hereof, it directly owns approximately **99.99%** of the Company's issued share capital. After the distribution of the Company's shares as property dividends to TA Oil's stockholders, TA Oil will hold approximately **50.74%** of the Company's issued share capital.

TA Oil was incorporated in the Philippines in on 8 September 1969 to engage primarily in power generation and power supply, with secondary investments in oil and gas exploration activities. Its shares are listed in the PSE. As of Record Date on 5 August 2013, TA Oil had an authorized capital of 8,400,000,000 shares with a par value of ₱1.00 and issued, outstanding and fully paid shares of **4,862,852,757**.

The top 20 stockholders of TA Oil as of Record Date on 5 August 2013 are as follows:

	Name of Stockholder	Number of Shares	% of Outstanding Shares
1	PCD NOMINEE CORPORATION (FILIPINO)	3,856,644,312	79.31%
2	PHINMA CORPORATION	449,331,621	9.24%
3	PHIL. INVESTMENT MGT. CONSULTANTS, INC.	201,850,613	4.15%
4	PCD NOMINEE CORPORATION (NON-FILIPINO)	153,653,876	3.16%
5	SAMUEL UY CHUA	40,000,000	0.82%
6	EMAR CORPORATION	37,283,937	0.77%
7	FRANCISCO GENARO OZAMIZ LON	16,600,000	0.34%
8	FRANCISCO L. VIRAY	4,478,188	0.09%
9	ALBERT MENDOZA &/OR JEANNIE MENDOZA	2,987,967	0.06%
10	ALBERT AWAD	2,912,188	0.06%
11	PHIL. REMNANTS CO., INC.	2,801,218	0.06%
12	PETER MAR OR ANNABELLE C. MAR	2,040,000	0.04%
13	RAMON R. DEL ROSARIO, JR.	1,783,038	0.04%
14	VICTOR JUAN DEL ROSARIO	1,625,639	0.03%
15	RENATO O. LABASAN	1,520,000	0.03%

[6] Information on the stockholders, such as company profile, capital structure, shareholders, directors and officers were based on the company's website and recent General Information sheets available in the Securities and Exchange Commission.

	Name of Stockholder	Number of Shares	% of Outstanding Shares
16	TERESITA A. DELA CRUZ	1,502,221	0.03%
17	BELEK, INC.	1,484,002	0.03%
18	RIZALINO G SANTOS	1,437,001	0.03%
19	JOSEPH D. ONG	1,397,663	0.03%
20	WILLIAM HOW &/OR BENITO HOW	1,333,457	0.03%
TOTAL		4,782,666,941	98.35%

As of the date of this Prospectus, TA Oil's board of directors and executive officers are as follows:

Board of Directors

Name	Position
Oscar J. Hilado	Chairman
Ramon R. Del Rosario, Jr.	Member
Francisco L. Viray	Member
Roberto M. Laviña	Member
Magdaleno B. Albarracin, Jr.	Member
Victor J. Del Rosario	Member
Raymundo O. Feliciano	Independent Director
Ricardo V. Camua	Independent Director
David L. Balangue	Independent Director
Guillermo D. Luchangco	Independent Director

Executive Officers

Name	Position
Oscar J. Hilado	Chairman
Ramon R. Del Rosario, Jr.	Vice Chairman
Francisco L. Viray	President & CEO
Roberto M. Laviña	SEVP / Treasurer
Juan J. Diaz	Corporate Secretary
Pythagoras L. Brion, Jr.	SVP & CFO
Raymundo A. Reyes, Jr.	SVP-Energy Resources Development
Rizalino G. Santos	SVP – Power Business
Virgilio R. Francisco, Jr.	Senior Vice President
Mariejo P. Bautista	VP-Controller
Cecille B. Arenillo	VP & Compliance Officer
Frederick C. Lopez	VP-Material Mgt.
Manuel Karim G. Garcia	VP-Strategic Planning
Danilo L. Panes	AVP-Renewable Energy
Alan T. Ascalon	AVP-Asst. Corporate Secretary
Miguel Romualdo T. Sanidad	Asst. Corporate Secretary

PHINMA Corporation, formerly Bacnotan Consolidated Industries, Inc.

PHINMA Corporation, formerly Bacnotan Consolidated Industries, Inc, was incorporated on 12 March 1957. Its principal activity is investment in shares of various subsidiaries and affiliates engaged in the manufacture of galvanized and pre-painted coils and sheets, property development, power and energy development and education. The ultimate parent company of PHN and its subsidiaries is Philippine Investment Management (PHINMA), Inc. PHN is listed in the PSE. The principal stockholders of PHN are PHINMA and Philippine Depository and Trust Corporation.

Philippine Investment Management (PHINMA), Inc.

Philippine Investment Management (PHINMA), Inc. was established in 1956 by a group of Filipino industrialists. It has become the management and holding company of some corporations that played a key role in the Philippines' basic industries. These include, amongst others, the manufacture of cement, steel, and other construction materials, paper and packaging, energy, trading, education, and property development. PHINMA's mission is to create and manage enterprises in development-oriented industries in order to foster economic development while guided by a commitment to care for the community and for the environment.

PHINMA's principal stockholders are EMAR Corporation, a Filipino company principally owned by the heirs of the late former Ambassador Ramon V. del Rosario and the members of his immediate family, Mariposa Properties, Inc. which is owned by Mr. Oscar J. Hilado and the members of his immediate family and Dr. Magdaleno B. Albarracin, Jr. In so far as EMAR Corporation and Mariposa Properties, Inc. are concerned, the Del Rosario and Hilado Families are expected to direct the voting of the shares held by the said corporations.

PCD Nominee Corporation

Philippine Depository and Trust Corporation is a wholly-owned subsidiary of Philippine Central Depository, Inc. which acts as trustee-nominee for all shares lodged in the PCD system. It was formerly known as PCD Nominee Corporation. The beneficial owners of such shares are PCD's participants who hold the shares on their behalf or in behalf of their clients.

PCD is a private institution established in March 1995 to improve operations in securities transactions. PCD seeks to provide a fast, safe and highly efficient system for securities settlement. The PCD was organized to implement an automated book-entry system of handling securities transaction in the Philippines.

TRANSACTIONS WITH PROMOTERS

The Company was restructured in December 2012 by TA Oil as a wholly-owned subsidiary that will own, develop and operate the various petroleum and energy assets of TA Oil. In December 21, 2013, pursuant to various assignment agreements, TA Petroleum acquired TA Oil's interests in four petroleum SCs in the Philippines. These contracts are described in the section on "Material Contracts" of this Prospectus.

FINANCIAL INFORMATION

Please refer to Annex A for the Audited Interim Consolidated Financial Statements of the Company as at 31 March 2014 and for the three months ended 31 March 2014 and 2013 and the Audited Consolidated Financial Statements as at and for the years ended 31 December 2013, 2012 and 2011.

PHILIPPINE TAXATION

The statements made regarding taxation in the Philippines are based on the laws in force at the date hereof and are subject to any changes in law occurring after such date. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in the Shares and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rates. Prospective purchasers of the Shares are advised to consult their own tax advisers concerning the tax consequences of their investment in the Shares.

A. Taxation of Dividends

1. Dividends on the Shares received by corporations organized and existing under Philippine laws or domestic corporations, as well as those received by resident foreign corporations shall not be subject to tax. Dividends received by nonresident foreign corporations, however, are generally subject to a 30% final withholding tax, subject to preferential tax rates pursuant to applicable income tax treaties between the Philippines and the country of domicile of such nonresident foreign corporation. A reduced tax on dividends received by a nonresident foreign corporation may also apply depending on the treatment by the country of the nonresident foreign corporation of foreign-sourced dividends.

   A foreign corporation or a corporation organized, authorized and existing under the laws of any foreign country shall be deemed a resident foreign corporation if it is engaged in trade or business in the Philippines.

   In a revenue memorandum order issued in 2010, the Bureau of Internal Revenue ("BIR") requires that all availment of tax treaty benefit or preference should be preceded by an application for tax treaty relief application, filed with the International Tax Affairs of the BIR. The applications for tax treaty relief must be filed before the transaction, which is defined as the first taxable event, failure of which shall have the effect of disqualifying the application. However, in a decision dated 19 August 2013 in the case entitled Deutsche Bank AG Manila Branch v. Commissioner of Internal Revenue (G.R. No. 188550), the Supreme Court has ruled that the BIR cannot by administrative issuance divest a taxpayer's entitlement to relief under applicable income tax treaties for failure to apply for tax treaty relief applications within the periods prescribed. To our knowledge, the BIR has filed a motion for reconsideration before the Supreme Court to question the decision; thus, the decision is not yet final.

2. Dividends received by individual Philippine citizens and resident aliens are subject to a 10% final withholding tax. Dividends received by non-resident alien individuals engaged in trade or business in the Philippines are subject to a final withholding tax of 20%, while those received by nonresident alien individuals are subject to a final withholding tax of 25%, subject to preferential tax rates and applicable income tax treaties between the Philippines and the country of domicile of such nonresident alien individuals.

B. Taxation of Sales, Exchanges, Barters or Transfers of Shares of Stock

1. Capital gains tax of 5% on the net capital gains not in excess of Php100,000, and 10% on the net capital gains realized during the year in excess of Php100,000 shall be imposed on the sale, exchange or other disposition of shares of stock in a domestic corporation except shares sold through the facilities of the PSE.

2. Sale, exchanges or other dispositions of the Shares which are effected through the facilities of the PSE shall be subject to a stock transaction tax of 0.5% of the gross selling price or gross value in money of the Shares. The stock transaction tax is a percentage tax and is in lieu of the capital gains tax imposed on sale of shares outside the facilities of the PSE. Notwithstanding its classification as a percentage tax, the BIR in previous opinions have confirmed that the capital gains tax exemption under applicable income tax treaties will also apply to the stock transaction tax. However, in a ruling issued in 2007 on a tax treaty relief application involving the income tax treaty between the Philippines and Singapore, the BIR maintained that the stock transaction tax, being a percentage tax, is not identical or substantially similar to the capital gains tax on the sale of shares in a domestic corporation, and hence, not covered by the exemption provided in the said treaty.

   In Revenue Regulations No. 16-2012, dated December 7, 2012, the BIR ruled that in order to be subject to the 0.5% stock transaction tax, the issuer should meet the minimum public ownership requirement prescribed by the PSE. To our knowledge, this interpretation has been challenged by the PSE which maintains that the National Internal Revenue Code imposes the 0.5% stock transaction tax on sales, barters or exchanges of shares of stock listed through the facilities of the PSE without qualification.

3. A value-added tax of 12.0% may generally be imposed on the gross income earned by dealers in securities on the sale of shares and on the commission earned by the PSE-registered broker which is generally passed on to the client.

4. Documentary stamp tax at the rate of ₱0.75 on each ₱200.00, or fractional part thereof, of the par value of the shares shall be due on sales, or agreements to sell, or memoranda of sales, or deliveries, or transfers of shares in any domestic corporation. The documentary stamp tax is imposed on the person making, signing, issuing, accepting or transferring the document. No documentary stamp tax, however, is due on sales, barters or exchanges of shares listed and traded through the facilities of the PSE.

5. Upon the death of a registered individual holder, whether such an individual was a citizen of the Philippines or an alien, regardless of residence, the Shares shall be transferred to the heirs of the registered holder by way of succession and shall form part of the net estate of the decedent which will be subject to estate tax at progressive rates ranging from 5% to 20%, based on the value of the net estate of the decedent in excess of ₱200,000.00.

6. Individual registered holders, whether or not citizens or residents of the Philippines, who transfers shares by way of gift or donation shall be liable for donor's tax on such transfers at progressive rates ranging from 2% to 15% of the total net gifts made during the calendar year in excess of ₱100,000. If the transfer by way of gift or donation is made to a stranger, the donor's tax shall be 30% of the net gifts. A stranger is one who is not a brother, sister (whether by whole or half-blood), spouse, ancestor or lineal descendant, or relative by consanguinity in the collateral line within the fourth degree of relationship.

   Estate and gift taxes will not be collected in respect of intangible personal property, such as shares of stock, (a) if the deceased at the time of death, or donor at the time of donation, was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or (b) if the laws of the foreign country of which the deceased or the donor was a citizen and resident at the time of his death or donation allow a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not resident in that foreign country.

PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company or its affiliates and advisors in connection with the Dividend Distribution and Listing.

Brief History

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organised in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licences of the two exchanges were revoked. While the PSE maintains two trading floors, one in Makati City and the other in Pasig City, these floors are linked by an automated trading system which integrates all bid and ask quotations from the bourses.

In June 1998, the SEC granted the PSE Self-Regulatory Organisation ("SRO") status, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On 8 August 2001, the PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC. The PSE has an authorized capital stock of 36.8 million, of which 15.3 million is subscribed and fully paid-up. Each of the 184 member-brokers was granted 50,000 shares of the new PSE at a par value of ₱1.00 per share. In addition, a trading right evidenced by a "Trading Participant Certificate" was immediately conferred on each member-broker allowing the use of the PSE's trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President. On 15 December 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry.

Companies are listed either on the PSE's Main Board or on the Small, Medium and Emerging Board, classified into financial, industrial, holding firms, property, services, and mining and oil sectors. Each index represents the numerical average of the prices of component stocks. The PSE shifted from full market capitalization to free float market capitalization effective 3 April 2006 simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi includes 30 companies listed on the PSE.

With the increasing calls for good corporate governance, the PSE has adopted an online disclosure system to improve the transparency of listed companies and to protect the investing public.

The table below sets forth movements in the composite index from 1995 to May 2014 and shows the number of listed companies, market capitalisation, and value of shares traded for the same period:

Selected Stock Exchange Data

Calendar Year	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalization	Combined Value of Turnover
			(in ₱ billions)	
1995	2,594.2	205	1,545.7	379.0
1996	3,170.6	216	2,121.1	668.9
1997	1,869.2	221	1,261.3	588.0
1998	1,968.8	221	1,373.7	378.9
1999	2,142.9	223	1,936.5	668.8
2000	1,494.5	226	2,576.5	58.61
2001	1,168.1	228	2,143.3	407.2
2002	1,014.4	232	2,083.2	780.9
2003	1,442.4	235	2,973.8	357.6
2004	1,822.8	236	4,766.2	206.6
2005	2,096.0	237	5,948.4	383.5
2006	2,982.5	240	4,277.8	1,145.3
2007	3,621.6	244	7,977.6	1,338.3
2008	1,872.9	246	4,069.2	763.9
2009	3,052.7	248	6,029.1	994.2
2010	4,201.1	253	8,866.1	1,207.4
2011	4,372.0	253	8,697.0	1,422.6
2012	5,812.7	254	10,930.1	1,771.7
2013	5,899.8	257	11,931.3	2,546.2
2014 (Up to May 2014)	6,647.7	260	13,093.2	799.6

Source: Philippine Stock Exchange, Inc.

Initial Listing

A company applying for listing in the Main Board of the PSE is generally required to comply with requirements which include, but may not be limited to, the following:

1. A track record of profitable operations for the three full fiscal years immediately preceding the application for listing;
2. Have been engaged in materially the same businesses and must have a proven track record of management through the last three years prior to the filing of the application;
3. Positive stockholders' equity;
4. Market capitalization at listing of at least ₱500 million;
5. An operating history of at least three years prior to its application for listing;
6. A minimum authorized capital stock of ₱500 million, of which a minimum of twenty-five percent must be subscribed and fully paid;
7. A minimum offering to the public based on a schedule in which the required public offer varies with the expected market capitalization upon listing;
8. Upon listing, at least one thousand stockholders, each owning stocks equivalent to at least one board lot;
9. When required by the PSE, to have an independent appraiser duly accredited by the PSE and the SEC determine the value of the company's assets;
10. Subscribed shares of the same type and class applied for listing shall be paid in full; and

11. Have an investor relation program to ensure that information affecting the company are communicated effectively to investors. Such program shall include, at the minimum, a corporate website that contains company information, news, financial reports, disclosures, investor FAQs, investor contacts and stock information.

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bids or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Payment for purchases of listed securities must be made by the buyer on or before the third trading day after the trade.

Beginning 2 January 2012, trading on the PSE starts at 9:30 a.m. until 12:00 p.m. After a one-and-a half hour lunch break, trading resumes at 1:30 p.m. and ends at 3:30 p.m. with a ten-minute extension during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading days are Monday to Friday, except legal holidays when the BSP clearing house is closed.

Minimum trading lots range from 5 to 1,000,000 shares depending on the price range and nature of the security traded. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, when the price of a listed security moves up by 50.0 %, or down by 50.0%, in one day (based on the last traded price or adjusted closing price, as the case may be),), or the maximum allowable price difference between an update in the Last Traded Price ("LTP") of a given Security and its preceding LTP that is equal to a percentage set by the PSE based on its trade frequency is breached, the price of that security is automatically frozen by the PSE, unless there is an official statement from the relevant company or a Government agency justifying such price fluctuation, in which case the affected security can still be traded but only at the frozen price. If the issuer fails to submit such explanation, a trading halt is imposed by the PSE on the listed security the following day. Resumption of trading shall be allowed only when the disclosure of the issuer is disseminated, subject again to the trading band.

The maximum allowable price difference between an update in the LTP of a given security and its preceding LTP percentages are as follows: Stocks that traded 20 times or less in the past six months have a threshold of 20%; stocks that traded 500 times or less but greater than 20 times in the past six months have a threshold of 15%; stocks that traded more than 500 times in the past six months have a threshold of 10%.

Settlement

The Securities Clearing Corporation of the Philippines ("SCCP") is a wholly-owned subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. It is responsible for (a) synchronising the settlement of funds and the transfer of securities through Delivery versus Payment clearing and settlement of transactions of Clearing Members, who are also PSE Brokers; (b) guaranteeing the settlement of trades in the event of a Trading Participant's default through the implementation of its Fails Management System and administration of the Clearing and Trade Guaranty Fund, and (c) performance of Risk Management and Monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three days after the transaction date (T+3). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the Philippine Depository & Trust Corp.'s (PDTC) book-entry system. Each PSE Broker maintains a Cash Settlement Account with one of the two existing settlement banks of SCCP, which are Banco de Oro Unibank, Inc. and Rizal

Commercial Banking Corporation. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its new clearing and settlement system called Central Clearing and Central Settlement ("CCCS") on 29 May 2006. CCCS employs multilateral netting whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each Clearing Member. All cash debits and credits are also netted into a single net cash position for each Clearing Member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-eligible trade cleared through it.

Scripless Trading

In 1995, the Philippine Depository and Trust Corporation (formerly the Philippine Central Depository, Inc.) was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On 16 December 1996, the PDTC was granted a provisional licence by the SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgement (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, Rizal Commercial Banking Corporation and Banco de Oro Unibank, Inc.

In order to benefit from the book-entry system, securities must be immobilized in the PDTC system through a process called lodgement. Lodgement is the process by which shareholders transfer legal title (but not beneficial title) over their shares of stock in favour of PCD Nominee Corporation ("PCD Nominee"), a corporation wholly owned by the PDTC, whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares in the account of PCNC through the PDTC participant will be recorded in the Company's registry. This trust arrangement between the participants and PDTC through the PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the SEC. No consideration is paid for the transfer of legal title to PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g. brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares through his participant will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgements, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system and, with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers or participant-custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (trading date plus three trading days) that there are adequate securities in the securities settlement account of the participant-seller and adequate clear funds in the settlement bank account of the participant-buyer, the

PSE trades are automatically settled in the SCCP CCCS system, in accordance with the PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a stockholder wishes to withdraw his stockholdings from the PDTC system, the PDTC has a procedure of upliftment under which the PCD Nominee will transfer back to the stockholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of shares lodged under the name of PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are for the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of ownership of the shares in the issuing corporation's books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled confirmation advices is issued in the name of PCD Nominee Corp. to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker or custodian accounts, as the case may be, will only be made within the book-entry system of PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the nominees' name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agent's books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing the broker from its current "de facto" custodianship role.

Amended Rule on Lodgement of Securities

On 24 June 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on 1 July 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirements, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III Part A of the Revised Listing Rules.

Further, the PSE apprised all listed companies and market participants on 21 May 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgment of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the Exchange shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the SEC.

For listing applications, the amended rule on lodgement of securities is applicable to:

a. The Rights Shares/securities of the applicant company in the case of an initial public offering;

b. The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the SEC in the case of a listing by way of introduction;

c. New securities to be offered and applied for listing by an existing listed company; and

d. Additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof to wit:

For new companies to be listed at the PSE as of 1 July 2009 the usual procedure will be observed but the transfer agent of the companies shall no longer issue a certificate to the PCD Nominee Corporation

("PCNC") but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on listing date.

For existing listed companies, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of PCNC Jumbo Certificates and upon such advice the PDTC shall surrender all PCNC Jumbo Certificates to the transfer agent for cancellation. The transfer agents shall issue a Registry Confirmation Advice to PCNC evidencing the total number of shares registered in the name of PCNC in the issuer's registry as of the confirmation date.

ISSUANCE OF CERTIFICATED SHARES

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply to PDTC through his broker or custodian-participant for a withdrawal from the book-entry system and return to the conventional paper-based settlement. If a stockholder wishes to withdraw his stockholdings from the PDTC System, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the stockholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of shares lodged under the name of PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are on the account of the uplifting shareholder.

Upon the issuance of certificated shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of beneficial ownership in the shares to certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until certificated shares shall have been issued by the relevant company's transfer agent.

CORPORATE GOVERNANCE

The Company will adopt a Manual of Corporate Governance within 180 days from registration of its shares before the Securities and Exchange Commission, in compliance with the Revised Code of Corporate Governance. However, to fully comply with the adopted leading practices on good corporate governance, the Company has amended its By-Laws to include new provisions complying with the Revised Code of Corporate Governance and the Philippine Stock Exchange's Corporate Governance Guidelines

The key institutions include:

Nomination and Governance Committee:

The Nomination and Governance Committee is composed of at least three (3) members of the Board of Directors and one of whom shall be an Independent Director (Article V-A, Section 1, Bylaws). The said Committee's duties are the following:

a) Review and evaluate the qualifications of all persons nominated to be a director of the Company and of all nominees to other positions in the Company requiring appointment by the Board;
b) Review and endorse to the Board the Compliance Officer's recommendations in relation to violations of the revised Code of Corporate Governance and such other circulars, rules and regulations issued in relation thereto;

c) Recommend Committee membership, appointments, including Committee chairmanship, to the Board for approval after receiving advice from the Chairman of the Board and President and with consideration of the desires of individual Board members;
d) Review annually the Charters of the Committees created by the Board for the purpose of recommending any needed change(s) to the Board;
e) Recommend processes and mechanisms for evaluating the performance of the Board, the Committees created by the Board, and the Corporation's Officers;
f) Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;
g) To comply with all the duties and responsibilities prescribed by the Commission under applicable laws, rules and regulations;
h) Such other functions in accordance with Nomination and Governance Committee Charter, applicable laws, rules and regulations.

(Article V-A, Section 2, Bylaws)

Audit and Risk Management Committee:

The Audit and Risk Management Committee consists of at least three (3) members of the Board of Directors, who shall preferably have accounting and finance backgrounds, one of whom is an Independent Director and another with audit experience. The Chair of the Audit and Risk Management Committee shall be an Independent Director. (Article V-B: Audit and Risk Management Committee, Bylaws)

The Committee has the following functions:

a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations;
b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation. This function shall include a regular receipt from Management of information on risk exposures and risk management activities;
c) Perform oversight functions over the Corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
d) Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
g) Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;
h) Review the reports submitted by the internal and external auditors;
i) Review the quarterly, half-year and annual financial statements before their submission to the Board with particular focus on the following matters:
    - Any change/s in accounting policies and practices
    - Major judgmental areas
    - Significant adjustments resulting from the audit
    - Going concern assumptions
    - Compliance with accounting standards
    - Compliance with tax, legal and regulatory requirements.

j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;
k) Evaluate and determine the non-audit work if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report;
l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities, free from interference from outside parties. He shall functionally report directly to the Audit and Risk Management Committee;
m) Such other functions in accordance with applicable laws, rules and regulations.

(Article V-B: Audit and Risk Management Committee, Bylaws)

Compensation Committee:

The Compensation Committee consists of at least three (3) members of the Board of Directors and one of whom is an Independent Director.

The Committee is responsible for establishing policies on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment in which it operates.

(Article VI, Sections 1 and 2, Bylaws)

Compliance Officer:

The Board of Directors appoints a Compliance Officer who reports directly to the Chairman. He is responsible for monitoring compliance by the corporation with the Revised Code of Corporate Governance and the rules and regulations of regulatory agencies, and if any violations are found, shall report the matter to the Board and recommend the imposition of appropriate disciplinary actions on the responsible parties and the adoption of measures to prevent a repetition of the violation. The Compliance Officer also has the duty to appear before the Commission when summoned in relation to compliance with the Revised Code of Corporate Governance and related rules and regulations; and issue certifications and explanations as required under Article 3(M) of the Revised Code of Corporate Governance. (Section VI, Section 12-A, Bylaws)

External Auditor

The External Auditor audits and examines the books of account of the Company and certifies to the Board of Directors and the shareholders the annual balances of said books which are prepared at the close of the said year under the direction of the Treasurer. No director or officer of the Company, and no firm or corporation of which such officer or director is a member, shall be eligible to discharge the duties of auditor.

ANNEXES

A. FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

B. UPDATED VALUATION REPORT AND UPDATED FAIRNESS OPINION ON THE INITIAL LISTING PRICE DATED 8 AUGUST 2014

VALUATION REPORT AND FAIRNESS OPINION ON THE INITIAL LISTING PRICE DATED 18 NOVEMBER 2013

C. INDORSEMENT OF THE DEPARTMENT OF ENERGY

D. SOCIETY OF PETROLEUM ENGINEERS - PETROLEUM RESOURCES MANAGEMENT SYSTEM DEFINITIONS AND GUIDELINES

E. VALUATION OF SERVICE CONTRACTS DATED 22 MARCH 2013

COVER SHEET

Annex "A"

AS094-8811
SEC Registration Number

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
(Company's Full Name)

11th Floor, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City
(Business Address: No. Street City/Town/Province)

Yolanda D. Añonuevo
(Contact Person)

870-0100
(Company Telephone Number)

12 31
Month *Day*
(Calendar Year)

AACFS
(Form Type)

02 18
Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable)

—
Dept. Requiring this Doc.

—
Amended Articles Number/Section

Total Amount of Borrowings

12
Total No. of Stockholders

—
Domestic

—
Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

TRANS-ASIA
PETROLEUM

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

SECURITIES & EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
Mandaluyong City

The management of Trans-Asia Petroleum Corporation is responsible for the preparation and fair presentation of the interim consolidated balance sheets as at March 31, 2014 and December 31, 2013 and the related interim consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the three months ended March 31, 2014 and 2013, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the interim consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the interim consolidated financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors, has examined the interim consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Signed under oath by the following:

RAMON R. DEL ROSARIO, JR.
Chairman of the Board

FRANCISCO L. VIRAY
President and CEO

PYTHAGORAS L. BRION, JR.
EVP – Treasurer

Signed this 16th day of May 2014

TRANS-ASIA PETROLEUM CORPORATION
11/F PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City, Philippines 1200
Tel. (632) 870-0100 Fax. No. (632) 870-0433 www.transasia-petroleum.com

(Page 2 of Statement of Management's
Responsibility for Financial Statements)

(REPUBLIC OF THE PHILIPPINES)
Makati City) S.S.

SUBSCRIBED AND SWORN to before me this 3 0 MAY 2014 affiant(s) exhibiting to me their Passport, as follows:

Name	Passport No.	Date of Issue	Place of Issue
Ramon R. Del Rosario, Jr.	EB9971711	Jan. 13, 2014	Manila
Francisco L. Viray	EB0308400	June 2, 2010	Manila
Pythagoras L. Brion, Jr.	EB6637129	Oct. 24, 2012	Manila

JENNIFER C. LEE
NOTARY PUBLIC FOR AND IN THE CITY OF MAKATI
APPOINTMENT NO. M-211 (2014-2015)
COMMISSION EXPIRES ON DECEMBER 31, 2015
[illegible] Plaza, 39 Plaza Drive
[illegible] Center, Makati City 1210
PTR No. 4232225; 1-7-14; Makati City
IBP O.R. No. 950638; 1-6-14; Makati City
TIN 211-238-529
ROLL NO. 61142, MARCH 2012

Doc. No. 89
Page No. 19
Book No. II
Series of 2014

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Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Trans-Asia Petroleum Corporation
11th Floor, PHINMA Plaza
39 Plaza Drive, Rockwell Center
Makati City

We have audited the accompanying interim consolidated financial statements of Trans-Asia Petroleum Corporation and its subsidiary, which comprise the interim consolidated balance sheets as at March 31, 2014 and December 31, 2013, and the interim consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the three months ended March 31, 2014 and 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Interim Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these interim consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the interim consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the interim consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the interim consolidated financial statements present fairly, in all material respects, the financial position of Trans-Asia Petroleum Corporation and its subsidiary as at March 31, 2014 and December 31, 2013, and its financial performance and its cash flows for the three months ended March 31, 2014 and 2013 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Marydith C. Miguel

Marydith C. Miguel
Partner
CPA Certificate No. 65556
SEC Accreditation No. 0087-AR-3 (Group A),
January 18, 2013, valid until January 17, 2016
Tax Identification No. 102-092-270
BIR Accreditation No. 08-001998-55-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 4225193, January 2, 2014, Makati City

May 16, 2014

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
INTERIM CONSOLIDATED BALANCE SHEETS

	March 31, 2014	December 31, 2013
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱18,397,629**	₱21,029,901
Investments held for trading (Note 5)	**138,203,543**	138,411,121
Other receivables	**20,259**	3,033
Total Current Assets	**156,621,431**	159,444,055
Noncurrent Assets		
Deferred exploration costs (Note 6)	**74,736,195**	74,736,195
TOTAL ASSETS	**₱231,357,626**	₱234,180,250
LIABILITIES AND EQUITY		
Current Liabilities		
Accrued expenses and other current liabilities (Note 7)	**₱1,493,753**	₱757,380
Noncurrent Liability		
Deferred income tax liability (Note 10)	**–**	320
Total Liabilities	**1,493,753**	757,700
Equity		
Attributable to Equity Holders of the Parent Company:		
Capital stock (Note 9)	**250,000,000**	250,000,000
Deficit	**(22,713,584)**	(19,171,733)
	227,286,416	230,828,267
Non-controlling interest (Note 12)	**2,577,457**	2,594,283
Total Equity	**229,863,873**	233,422,550
TOTAL LIABILITIES AND EQUITY	**₱231,357,626**	₱234,180,250

See accompanying Notes to Interim Consolidated Financial Statements.

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
INTERIM CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended March 31	
	2014	2013
INTEREST INCOME (Note 4)	**₱23,251**	₱531,552
EXPENSES		
Management and professional fees (Note 8)	**2,313,800**	1,206,300
Employee cost	**966,810**	748,943
Supplies	**37,721**	639
Taxes and licenses	**18,968**	62,360
Transportation	**6,420**	840
Insurance	**2,130**	1,122
Others	**29,205**	520
	3,375,054	2,020,724
OTHER INCOME (CHARGES)		
Losses on changes in fair value of investments held for trading - net (Note 5)	**(207,578)**	–
Unrealized foreign exchange gain	**384**	–
	(207,194)	–
LOSS BEFORE INCOME TAX	**3,558,997**	1,489,172
BENEFIT FROM DEFERRED INCOME TAX (Note 10)	**(320)**	–
NET LOSS FOR THE PERIOD	**₱3,558,677**	₱1,489,172
Attributable to:		
Equity holders of the Parent Company	**₱3,541,851**	₱1,395,063
Non-controlling interest (Note 12)	**16,826**	94,109
	₱3,558,677	₱1,489,172
Basic Loss Per Share (Note 11)	**₱0.0142**	₱0.0056

See accompanying Notes to Interim Consolidated Financial Statements.

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended March 31	
	2014	2013
NET LOSS FOR THE PERIOD	**₱3,558,677**	₱1,489,172
OTHER COMPREHENSIVE INCOME	–	–
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**₱3,558,677**	₱1,489,172
Attributable to:		
Equity holders of the Parent Company	**₱3,541,851**	₱1,395,063
Non-controlling interest (Note 12)	**16,826**	94,109
	₱3,558,677	₱1,489,172

See accompanying Notes to Interim Consolidated Financial Statements.

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

	Attributable to Equity Holders of the Parent Company				
	Capital Stock (Note 9)	Deficit	Total	Non-controlling Interest (Note 12)	Total Equity
BALANCES AT JANUARY 1, 2014	**₱250,000,000**	**(₱19,171,733)**	**₱230,828,267**	**₱2,594,283**	**₱233,422,550**
Net loss for the period	–	(3,541,851)	(3,541,851)	(16,826)	(3,558,677)
BALANCES AT MARCH 31, 2014	**₱250,000,000**	**(₱22,713,584)**	**₱227,286,416**	**₱2,577,457**	**₱229,863,873**
BALANCES AT JANUARY 1, 2013	**₱250,000,000**	**(₱6,294,554)**	**₱243,705,446**	**₱3,039,120**	**₱246,744,566**
Net loss for the period	–	(1,395,063)	(1,395,063)	(94,109)	(1,489,172)
BALANCES AT MARCH 31, 2013	**₱250,000,000**	**(₱7,689,617)**	**₱242,310,383**	**₱2,945,011**	**₱245,255,394**

See accompanying Notes to Interim Consolidated Financial Statements.

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱3,558,997)**	(₱1,489,172)
Adjustments for:		
Losses on changes in fair value of investments held for trading - net (Note 5)	**207,578**	–
Interest income	**(23,251)**	(531,552)
Unrealized foreign exchange gain	**(384)**	–
Operating loss before working capital changes	**(3,375,054)**	(2,020,724)
Decrease (increase) in:		
Advances to a related party	**–**	8,666,268
Other receivables	**(17,300)**	8,778
Increase in accrued expenses and other current liabilities	**736,373**	1,229,698
Interest income received	**23,325**	512,409
Net cash flows provided by (used in) operating activities	**(2,632,656)**	8,396,429
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,632,656)**	8,396,429
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**384**	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**21,029,901**	165,897,557
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	**₱18,397,629**	₱174,293,986

See accompanying Notes to Interim Consolidated Financial Statements.

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Trans-Asia Petroleum Corporation (TA Petroleum or the Parent Company) and Palawan55 Exploration & Production Corporation (Palawan55 or the Subsidiary), collectively referred to as "the Company", were incorporated in the Philippines to engage in oil and gas exploration, development and production on September 28, 1994 and November 16, 2012, respectively. Palawan55 is 69.35% owned by the Parent Company. The Parent Company is a subsidiary of Trans-Asia Oil and Energy Development Corporation (TA Oil). The ultimate parent company is Philippine Investment Management, Inc. (PHINMA). TA Oil and PHINMA are both incorporated and domiciled in the Philippines. The Company has not started commercial operations yet as at May 16, 2014.

On July 22, 2013, TA Oil declared property dividends in the form of its investments in the Company. As at May 16, 2014, the property dividends remain undistributed. Once distributed, TA Oil's interest in the Company would be reduced from 100% to 50.74%.

The registered office address of the Company is 11th Floor, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City.

The interim consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on May 16, 2014.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation and Statement of Compliance
The interim consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) using the historical cost basis, except for investments held for trading, which are measured at fair value through profit or loss (FVPL). The interim consolidated financial statements are presented in Philippine peso (Peso), which is the Parent Company's functional and presentation currency, and all values are rounded to the nearest Peso, except when otherwise stated.

The PFRS for Small and Medium-sized Entities (PFRS for SMEs) was approved for adoption by the Philippine Financial Reporting Standards Council (FRSC) on October 13, 2009 and by the Philippine Securities and Exchange Commission (SEC) on December 3, 2009. The PFRS for SMEs is effective for annual periods beginning on or after January 1, 2010, and is required to be used by entities that meet the definition of an SME, which include among others, an entity that is not public with total assets between ₱3 million and ₱350 million or total liabilities between ₱3 million and ₱250 million. On October 7, 2010, the SEC has approved exemptions for the mandatory adoption of the PFRS for SMEs.

The Company qualifies for reporting under PFRS for SMEs. The Parent Company availed of the exemption from the adoption of PFRS for SMEs as it is a subsidiary of TA Oil, a company reporting under full PFRS.

Basis of Consolidation
The interim consolidated financial statements comprise the interim financial statements of the Parent Company and its subsidiary, Palawan55. The interim financial statements of Palawan55 are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

A subsidiary is an entity that is controlled by the Parent Company. A subsidiary is fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continues to be consolidated until the date that such control ceases. The Parent Company controls an investee when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and when it has the ability to affect those returns through its power over the investee.

Upon consolidation, all intragroup balances, transactions, income and expenses and profits and losses resulting from intragroup transactions are eliminated in full.

Changes in the controlling ownership (i.e., acquisition of non-controlling interest (NCI) or partial disposal of interest over a subsidiary that do not result in a loss of control) are accounted for as an equity transaction.

NCI represents a portion of profit or loss and net assets of the subsidiary not held by the Parent Company, directly or indirectly, and is presented within the equity section of the interim consolidated balance sheet and interim consolidated statement of changes in equity, separately from the Parent Company's equity. Total comprehensive income is attributed to the portion held by the Parent Company and to the NCI even if this results in the NCI having a deficit balance.

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the following amended PFRS and Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC) interpretations, which were adopted beginning January 1, 2014:

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*)

  They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at FVPL. The amendments are not relevant to the Company since Palawan55 does not qualify as an investment entity under PFRS 10.

- PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables*

  The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment has no significant impact on the Company's financial position or performance.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)

  The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Company's financial position or performance.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)

  These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The amendments affect disclosures only and have no impact on the Company's financial position or performance.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)

  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact on the Company's financial position or performance.

- Philippine Interpretation IFRIC 21, *Levies*

  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The amendment has no impact on the Company's financial position or performance.

Standards and Interpretation Issued but not yet Effective
Standards issued but effective for annual periods after December 31, 2014 are listed below. The Company intends to adopt these standards when they become effective.

- PFRS 9, *Financial Instruments*

  PFRS 9, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase, which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model hedge accounting is still ongoing, with a view to replace PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at FVPL. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at FVPL. For FVO liabilities designated as at FVPL using the FVO, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 currently has no mandatory effective date. PFRS 9 may be applied before the completion of the limited amendments to the classification and measurement model and impairment methodology. The Company will not adopt the standard before the completion of the limited amendments and the second phase of the project.

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments)

The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014.

The accounting, management, administrative, technical and ancillary processes of the Company are being handled by the personnel of TA Oil. No post-employment benefits and other long-term benefits have been incurred for the three months ended March 31, 2014 and 2013. Thus, the above revision will not have an impact on the Company's financial performance or position.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*

This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the interim consolidated financial statements of the Company as the Company is not into construction of real estate.

Annual Improvements to PFRS (2010-2012 cycle)
The Annual Improvements to PFRS (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*

  The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. The Company shall consider this amendment for future share-based payment, if any.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*

  The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at FVPL whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Company shall consider this amendment for future business combinations, if any.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*

  The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments will affect disclosures only and have no impact on the Company's financial position or performance.

- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*

  The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b) The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment will have no impact on the Company's financial position or performance.

- PAS 24, *Related Party Disclosures - Key Management Personnel*

  The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments will affect disclosures only and have no impact on the Company's financial position or performance.

- PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*

  The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b) The accumulated amortization is eliminated against the gross carrying amount of the asset.

  The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

  The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments will have no impact on the Company's financial position or performance.

Annual Improvements to PFRS (2011-2013 cycle)
The Annual Improvements to PFRS (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Meaning of 'Effective PFRSs'*

  The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment is not applicable to the Company as it is not a first-time adopter of PFRS.

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*

  The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment will have no significant impact on the Company's financial position or performance.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*

  The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment will have no significant impact on the Company's financial position or performance.

- PAS 40, *Investment Property*

  The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment will have no significant impact on the Company's financial position or performance.

Cash and Cash Equivalents
Cash includes cash in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of changes in value.

Fair Value Measurement
The Company measures its investments held for trading at fair value at the end of reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the interim consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized at fair value in the interim consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Financial Instruments
Financial instruments are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial instruments, except for financial instruments measured at FVPL.

The Company recognizes a financial asset or a financial liability in the interim consolidated balance sheet when it becomes a party to the contractual provisions of the instruments.

All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date that the Company commits to purchase the assets. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" gain or loss) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where the data used is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" gain or loss amount.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Financial instruments are classified as either financial asset or liability at FVPL, loans and receivables, held-to-maturity investments, available-for-sale (AFS) financial assets or other financial liabilities. The Company determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, reevaluates this designation at every balance sheet date.

As at March 31, 2014 and December 31, 2013, the Company's financial instruments consist of cash and cash equivalents, investments held for trading, other receivables and accrued expenses and other current liabilities (excluding statutory payables) (see Notes 4, 5 and 7).

Financial Assets Held for Trading. These financial instruments are recorded in the interim consolidated balance sheet at fair value. A financial asset is classified under this category when any of the following criteria is met:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

- On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Changes in fair value relating to the held for trading positions are recognized in the interim consolidated statement of income as net unrealized gains or losses on changes in fair value of investments held for trading.

As at March 31, 2014 and December 31, 2013, the Company's investments in unit investment trust fund (UITFs) are classified as financial assets held for trading (see Note 5).

Loans and Receivables. Loans and receivables are nonderivative financial assets with fixed or determinable payments and are not quoted in an active market. Such assets are subsequently carried at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within 12 months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

Classified under this category are the Company's cash and cash equivalents and other receivables (see Note 4).

Other Financial Liabilities. Other financial liabilities are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

The Company's other financial liabilities as at March 31, 2014 and December 31, 2013 include accrued expenses and other current liabilities (excluding statutory payables) (see Note 7).

Impairment of Financial Assets
The Company assesses, at each balance sheet date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Assets carried at amortized cost
If there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through the use of an allowance account and the amount of the loss is recognized in the interim consolidated statement of income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans and receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company. If in a subsequent year, the amount of the impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in the interim consolidated statement of income.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

For the purpose of specific evaluation of impairment, the Company assesses whether financial assets are impaired through assessment of collectibility of financial assets considering the creditors' capacity to pay, history of payment, and the availability of other financial support. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past due status and term.

Derecognition of Financial Instruments

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when: (1) the rights to receive cash flows from the asset have expired; or, (2) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of ownership of the asset; or, (b) the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but have transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of ownership of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the interim consolidated balance sheet when there is a currently legal right to offset the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred Exploration Costs

The Company follows the full cost method of accounting for exploration costs determined on the basis of each service contract (SC) area. Under this method, all exploration costs relating to each SC are tentatively deferred pending the determination of whether the contract area contains oil and gas reserves in commercial quantities, net of any allowance for impairment losses.

Expenditures for mineral exploration and development work on mining properties are also deferred as incurred, net of any allowance for impairment losses. These expenditures are provided for with an allowance when there are indications that the exploration results are negative. These are written off against the allowance when the projects are abandoned or determined to be definitely unproductive. When the exploration work results are positive, the net exploration costs and subsequent development costs are capitalized and amortized from the start of commercial operations.

Impairment of Deferred Exploration Costs

The Company assesses at each balance sheet date whether the following impairment indicators exist:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in the interim consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

Capital Stock
Capital stock is the portion of paid-in capital representing the total par value of the shares issued.

Deficit
Deficit represents the cumulative balance of net income or loss.

Revenue
Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the revenue can be measured reliably. Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Expenses
Expenses are recognized when incurred.

Income Taxes

Current Income Tax. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the balance sheet date.

Deferred Income Tax. Deferred income tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from unused NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred income tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are applicable to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the interim consolidated statement of income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Loss Per Share (LPS)
Basic LPS is computed based on the weighted average number of issued and outstanding common shares during each year after giving retroactive effect to stock splits during the year.

Contingencies
Contingent liabilities are not recognized in the interim consolidated financial statements but are disclosed in the notes to the interim consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the interim consolidated financial statements but are disclosed in the notes to the interim consolidated financial statements when an inflow of economic benefits is probable.

Events After the Balance Sheet Date
Post year-end events that provide additional information about the Company's financial position at the balance sheet date (adjusting events) are reflected in the interim consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the interim consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The Company's interim consolidated financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect the amounts reported in the interim consolidated financial statements. In preparing the Company's interim consolidated financial statements, management has made its best estimate and judgment of certain amounts, giving due consideration to materiality.

The estimates and judgments used in the accompanying interim consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the interim consolidated financial statements. Actual results could differ from such estimates.

Estimates
Realizability of Deferred Income Tax Asset
Management has assessed that the Company may not have sufficient taxable profits to allow all or part of the NOLCO to be utilized. Accordingly, no deferred income tax asset was recognized as at March 31, 2014 and December 31, 2013.

Unrecognized deferred income tax asset as at March 31, 2014 and December 31, 2013 amounted to ₱5,799,377 and ₱4,787,297, respectively (see Note 10).

Impairment of Deferred Exploration Costs
The carrying value of deferred exploration costs is reviewed for impairment by management when there are indications that the carrying amount exceeds the recoverable amount. Among the factors considered by management in the write-off of deferred exploration costs are the expiration of the contracts and the technical evaluation that the remaining prospects in these areas are small and are likely to be uneconomic.

As at March 31, 2014 and December 31, 2013, no impairment indicators have been identified by management on its deferred exploration costs. The carrying value of deferred exploration costs amounted to ₱74,736,195 as at March 31, 2014 and December 31, 2013 (see Note 6).

Determination of Fair Value of Financial Instruments
PFRS requires that certain financial instruments are to be carried at fair value, which requires the use of accounting judgments and estimates. While significant components of fair value measurement are determined using verifiable objective evidence (i.e., interest rates, volatility rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial instruments would directly affect the interim consolidated statement of income and statement of changes in equity.

Total fair values of financial assets amounted to ₱156,621,431 and ₱159,444,055 as at March 31, 2014 and December 31, 2013, respectively, while total fair values of financial liabilities amounted to ₱1,381,600 and ₱570,534 as at March 31, 2014 and December 31, 2013, respectively (see Note 13).

4. Cash and Cash Equivalents

	March 31, 2014	December 31, 2013
Cash on hand and in banks	**₱17,061,723**	₱19,695,738
Short-term deposits	**1,335,906**	1,334,163
	₱18,397,629	₱21,029,901

Cash in banks earn interest at the respective bank deposit rates. Short-term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

As at March 31, 2013, the Company's cash and cash equivalents consist of cash on hand and in banks and short-term deposits amounting to ₱121,415,567 and ₱52,878,419, respectively.

5. Investments Held for Trading

Investments held for trading consist of investments in UITFs amounting to ₱138,203,543 and ₱138,411,121 as at March 31, 2014 and December 31, 2013, respectively. The Company's net unrealized losses on changes in fair value of investments held for trading amounted to ₱207,578 for the three months ended March 31, 2014.

6. Deferred Exploration Costs

As at March 31, 2014 and December 31, 2013, details of deferred exploration costs are as follows:

TA Petroleum:	
SC 51 (East Visayas)	₱32,665,864
SC 69 (Camotes Sea)	15,972,361
SC 6 (Northwest Palawan):	
Block A	18,804,924
Block B	1,579,836
	69,022,985
Palawan55 -	
SC 55 (Southwest Palawan)	5,713,210
	₱74,736,195

The foregoing deferred exploration costs represent the Company's share in the expenditures incurred under petroleum SCs with the Philippine Department of Energy (DOE). The contracts provide for certain minimum work and expenditure obligations and the rights and benefits of the contractor. Operating agreements govern the relationship among co-contractors and the conduct of operations under an SC.

As at March 31, 2014 and December 31, 2013, no impairment indicators have been identified by management on its deferred exploration costs.

The following summarizes the series of developments related to the Company's projects:

a. SC 51 (East Visayas)

In April 2012, the Operator, Otto Energy Investments Ltd. (Otto Energy) [formerly "NorAsian Energy Ltd."] commenced a 100-kilometer (km) 2D seismic program in the town of San Isidro, Leyte, primarily to pick the optimum location for the drilling of the Duhat prospect, which reservoir objective was not reached by the Duhat-1 and Duhat-1A wells in 2011.

In mid-May 2012, the foreign seismic acquisition contractor unilaterally suspended its field operations as instructed by its government.

In view of said development, the DOE granted on September 30, 2012 the consortium's request for a six-month extension of the current Sub-Phase 4 to January 31, 2013.

The 2D seismic survey resumed after a one-month suspension and was completed on October 1, 2012. Data processing was completed by December 31, 2012.

The consortium elected to enter Sub-Phase 5 (January 31, 2013 to January 31, 2014) with the drilling of Duhat-2 well in Northwest Leyte as work commitment.

Swan Oil and Gas Ltd. (Swan) withdrew from SC 51 in September 2012 after settling disputes over the North Block (Northwest Leyte) and the South Block (Cebu Strait) with Otto Energy and Filipino partners, respectively. Consequently, the 40% participating interest of Swan in the North Block reverted to Otto Energy, and as between Otto Energy and Filipino partners, the latter retained 100% interest in the South Block.

The Filipino partners signed a Farm-in Option Agreement with Frontier Oil Corporation (Frontier Oil) over the South Block on October 23, 2012. Under the said Agreement, Frontier Oil has the option to acquire 80% participating interest in the area by undertaking to drill the Argao-1 well at its sole cost during Sub-Phase 6 of SC 51 (January 31, 2014 to July 8, 2015). Frontier Oil may exercise its option not later than January 31, 2013, which was extended to February 28, 2013. The Farm-in Option Agreement lapsed since the option was not exercised by Frontier Oil.

On July 24, 2013, Otto Energy spudded the Duhat-2 well in Northwest Leyte but prematurely plugged and abandoned the well on July 26, 2013 at a depth of 201 meters for safety and environmental reasons, after encountering a high-pressure water zone. Otto Energy completed the demobilization for the Duhat-2 well last August 30, 2013 and is conducting post-well studies. This new information will be considered in any future decisions on SC 51. The consortium requested the DOE a six-month extension of the current exploration Sub-Phase 5 to July 31, 2014 to be able to conduct post-well geological, geophysical and drilling studies. The DOE approved the foregoing request on November 7, 2013.

On May 5, 2014, Otto notified the Company and the other partners in the consortium that it has elected to withdraw from SC 51. Otto's withdrawal from SC 51 and the transfer of its participating interest to the remaining parties are subject to the approval of the DOE.

The Parent Company owns 6.67% participating interest in SC 51.

b. SC 69 (Camotes Sea)

Interpretation of the 229-square kilometers (sq. km.) 3D seismic data acquired in June 2011 generated three drillable prospects.

The DOE granted the consortium's request for a nine-month extension of the current Sub-Phase 2 to May 7, 2013 to allow completion of technical studies.

On April 4, 2013, the DOE granted the consortium's request for a further six-month extension of the current Sub-Phase to November 6, 2013 to allow completion of technical studies and initiate farm-out efforts.

On August 23, 2013, the Operator, Otto Energy (Philippines) Inc. (Otto Philippines), confirmed to the Parent Company that it did not intend to enter Sub-Phase 4 of SC 69 and will reassign 9% participating interest in SC 69 to the Parent Company pursuant to the Assignment Agreement dated February 3, 2011.

Following an unsuccessful campaign to farm out its participating interest, Otto Philippines notified the Parent Company and Frontier Gasfields Pty. Ltd. (Frontier Gasfields) of its withdrawal in SC 69 last October 4, 2013. The Parent Company and Frontier Gasfields subsequently jointly requested the DOE a six-month extension of the October 7, 2013 deadline to elect to enter the next exploration sub-phase, which starts on November 7, 2013. An additional extension of the contract term to December 31, 2014 was requested due to the delays in the transfer of participating interests and operatorship to the remaining partners.

Otto Philippines, the Parent Company and Frontier Gasfields currently hold 79%, 6%, and 15% participating interests in SC 69, respectively. The earlier reassignment of Otto Philippines' 9% participating interests to the Parent Company awaits DOE approval.

Upon DOE approval of the assignment of Otto Philippines' interests to the Parent Company and Frontier Gasfields, the Parent Company's participating interest in SC 69 will be adjusted from the current 6% to 50%.

On March 17, 2014, the Parent Company and Frontier Gasfields jointly requested the DOE an extension of the term of SC69 until December 31, 2014. As at May 16, 2014, the Parent Company is awaiting approval from the DOE.

c. SC 6 (Northwest Palawan)

Block A
Pitkin Petroleum Plc. (Pitkin), the Operator, completed a geophysical review of the block.

Partners approved the conduct of a new 500-sq. km. 3D seismic program over selected prospects and leads in the first half of 2013, subject to issuance of local government permits.

Under the Farm-in Agreement dated July 11, 2011, Pitkin shall carry TA Oil and the other non-operating consortium members in the costs of said seismic program and the drilling of two wells, in exchange for the assigned 70% participating interest.

On June 4, 2013, the Sangguniang Panlalawigan of Palawan voted to favorably endorse the proposed bathymetry and 3D seismic survey over the area to the Palawan Council for Sustainable Development (PCSD).

Pitkin completed a 500-sq. km. 3D seismic survey over selected prospects and leads in October, 2013. As at April 30, 2014, processing of the seismic data at a contractor's facility in Vietnam is around 80% complete.

Block B
Pursuant to a Farm-in Agreement dated February 4, 2011, Peak Oil and Gas Philippines Ltd. (Australia), Blade Petroleum Philippines Ltd. (Australia) and Venturoil Philippines, Inc. ("Farminees") exercised their option to acquire 70% participating interest of the SC 6 Block B consortium, which includes TA Oil ("Farmors").

Under the Farm-in Agreement, the Farminees were supposed to shoulder all the Farmors' share of exploration and development expenditures in the Block up to the production of first oil.

The DOE denied the applications for the transfer of participating interests to the Farminees and transfer of operatorship due to failure of the Farminees to comply with DOE requirements. Under the Farm-in Agreement, the Farminees would have been eligible to earn a combined 70% of the participating interest of the farming out parties. On August 7, 2013, the DOE directed the original Operator, the Philodrill Corporation, to submit a new and comprehensive work program and budget of exploration activities over the Block.

On September 13, 2013, the DOE approved the work program and budget for SC 6 Block B for the 5th year of extension period. The pertinent geological and geophysical program is commenced in October 2013 and was completed in January 2014.

The consortium elected to enter the next five-year extension period which starts on March 1, 2014. Partners submitted for the DOE's approval a 3-year work program consisting mainly of geophysical studies with a corresponding budget amounting to US$724,000.

The Parent Company holds 2.334% and 14.063% participating interests in Block A and Block B, respectively. SC 6 is valid until February 28, 2024 subject to certain conditions.

d. SC 55 (Southwest Palawan)

On May 2, 2012, the DOE approved a twelve-month extension of exploration Sub-Phase 4 to August 5, 2013 to enable BHP Billiton Petroleum (Philippines) Corporation (BHP Billiton), the Operator, to secure a drilling rig with specialized well control equipment for the committed Cinco-1 well. The Cinco-1 well will test a large interpreted carbonate structure in 1,400 meters of water.

Palawan55's 6.82% participating interest will be carried in the drilling cost of Cinco-1 under its Participation Agreement dated March 15, 2005 with the predecessors-in-interest of Otto Energy.

In May 2013, BHP Billiton filed a Notice of Force Majeure under SC 55 with the DOE in order to preserve the term of the current exploration sub-phase that requires the drilling of one exploratory well. It is deemed that the Force Majeure event commenced on September 7, 2012, at which time the endorsement of the Sangguniang Panlalawigan of the province of Palawan and the Strategic Environmental Plan (SEP) Clearance from the PCSD would have been released in the ordinary course of business.

On June 4, 2013, the Sangguniang Panlalawigan of Palawan voted to favorably endorse the proposed Cinco-1 drilling to the PCSD. The PCSD approved the issuance of the SEP clearance for the drilling of Cinco-1 well but BHP Billiton sought amendment and clarification on certain conditions set by PCSD. The SEP was issued by the PCSD and signed by all parties in October 2013.

BHP Billiton requested from the DOE an extension of the current Sub-Phase 4 to October 2014 to account for the Force Majeure period caused by the fourteen-month delay in issuance of the aforementioned PCSD clearance.

In November 2013, BHP Billiton verbally informed the partners of its decision not to drill a well under SC 55 and proposed to reassign its 60% participating interest to Otto Energy. Otto Energy subsequently signed a Letter of Intent with BHP Billiton providing for the termination of their Farm-out Agreement and the reassignment of BHP Billiton's participating interest, including a cash settlement.

In January 2014, BHP Billiton and Otto Energy signed definitive agreements for the reassignment of the former's participating interest to the latter. The DOE approved the transfer of the 60% participating interest of BHP Billiton to Otto Energy Philippines, Inc. and the transfer of Operatorship to Otto Energy Investments, Ltd. The approval formalized the exit of BHP Billiton in SC 55.

Otto Energy submitted a revised work program to the DOE focused on the drilling of an ultra deepwater prospect and commenced a farmout campaign. On April 29, 2014, the DOE extended the term of the current Sub-Phase 4 to December 23, 2014. Otto Energy commenced preparations for exploratory drilling.

Palawan55 holds 6.82% participating interest in SC 55.

SC 50
In 2013, the Parent Company commenced negotiations with Frontier Energy Limited, the Operator, regarding a Farm-in Agreement that would provide for the Parent Company's acquisition of 10% participating interest in SC 50.

Subject to execution of said Farm-in Agreement, the Parent Company has committed to subscribe to ₱136 million in Frontier Oil shares through the latter's forthcoming initial public offering.

7. Accrued Expenses and Other Current Liabilities

This account consists of:

	March 31, 2014	December 31, 2013
Accrued expenses:		
Professional fees	**₱1,381,600**	₱568,200
Filing and registration fees	**–**	1,000
Others	**–**	1,334
Withholding taxes	**112,153**	186,846
	₱1,493,753	₱757,380

Accrued expenses are noninterest-bearing and will be settled on 30 to 60-day terms.

8. Related Party Transactions

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely its legal form.

	For the Three Months Ended March 31, 2014			
Company	**Amount/Volume**	**Nature**	**Terms**	**Conditions**
Under Common Control				
T-O Insurance Brokers, Inc.				
Insurance	**₱1,122**	Insurance	On demand; noninterest-bearing	Unsecured
Ultimate Parent Company				
PHINMA				
Management and professional fees	**201,600**	Management fees	30-60 day terms; noninterest-bearing	Unsecured

Company	For the Three Months Ended March 31, 2013 Amount/Volume	Nature	Terms	Conditions
Intermediate Parent Company				
TA Oil				
Advances from a related party	₱1,339,793	Advances	On demand; noninterest-bearing	Unsecured
Ultimate Parent Company				
PHINMA				
Management and professional fees	201,600	Management fees	30-60 day terms; noninterest-bearing	Unsecured

The Company has no outstanding receivables or payables as at March 31, 2014 and December 31, 2013.

9. Capital Stock

Capital stock
Following are the details of the Company's capital stock with par value of ₱1 as at March 31, 2014 and December 31, 2013:

	Number of shares	Amount
Authorized	1,000,000,000	₱1,000,000,000
Issued and outstanding	250,000,000	250,000,000

On April 22, 2013, the Parent Company's BOD and stockholders voted to increase the par value of capital stock from ₱0.01 to ₱1.00 per share, which reduced the number of authorized capital stock from 100 billion to 1 billion and the issued and outstanding shares from 25 billion to 250 million. The increase in par value per share was approved by the SEC on May 31, 2013.

10. Income Taxes

a. The reconciliation of the Company's benefit from income tax using the statutory tax rate is as follows:

	Three Months Ended March 31	
	2014	2013
Benefit from income tax at statutory rate	**(₱1,067,699)**	(₱446,752)
Tax effects of:		
Increase in NOLCO for which no deferred income tax asset was recognized	**1,012,081**	606,217
Net unrealized losses on changes in fair value of investments held for trading	**62,273**	–
Interest income subject to final tax	**(6,975)**	(159,465)
	(₱320)	₱–

b. The Company did not recognize deferred income tax asset on the unused NOLCO of ₱19,331,258 and ₱15,957,656 as at March 31, 2014 and December 31, 2013, respectively, because management believes that it is not probable that sufficient future taxable income will be available to allow said deferred income tax asset to be utilized. The Company recognized deferred income tax asset of ₱115 on NOLCO as at March 31, 2014.

c. The details of the Company's NOLCO follow:

Year Incurred	Year of Expiration	Amount
2011	2014	₱36,750
2012	2015	3,294,285
2013	2016	12,626,621
2014	2017	3,373,986
		₱19,331,642

NOLCO amounting to ₱36,208 expired in 2013.

d. The Company recognized deferred income tax liability of ₱115 and ₱320 on unrealized foreign exchange gain amounting to ₱384 and ₱1,068 as at March 31, 2014 and December 31, 2013, respectively.

11. Basic Loss Per Share

	Three Months Ended March 31	
	2014	2013
(a) Net loss attributable to equity holders of the Parent Company	**₱3,541,851**	₱1,395,063
(b) Weighted average number of common shares outstanding*	**250,000,000**	250,000,000
Basic loss per share (a/b)	**₱0.0142**	₱0.0056

** Weighted average number of common shares outstanding for the period ended March 31, 2013 was recomputed after giving retroactive effect to the reverse stock split declared and approved in 2013 (see Note 9).*

Before consideration of the reverse stock split, the basic LPS for the period ended March 31, 2013 was ₱0.000056.

12. Significant Partly-Owned Subsidiary

Financial information of Palawan55, a subsidiary that has significant non-controlling interest, are provided below:

	March 31, 2014	December 31, 2013
Proportion of equity interest held by NCI	**30.65%**	30.65%
Accumulated balance of material NCI	**₱2,577,457**	₱2,594,283

	For the three months ended March 31	
	2014	2013
Net loss allocated to material NCI	**₱16,826**	₱94,109

The summarized financial information of Palawan55 are provided below. There were no intercompany eliminations between the Parent Company and Palawan55.

Summarized interim statements of income

	For the three months ended March 31	
	2014	2013
Revenues	**₱2,901**	₱5,889
Expenses	**57,798**	312,933
Net loss	**₱54,897**	₱307,044
Attributable to NCI	**₱16,826**	₱94,109

Summarized interim statements of comprehensive income

	For the three months ended March 31	
	2014	2013
Total comprehensive loss	**₱54,897**	₱307,044
Attributable to NCI	**₱16,826**	₱94,109

Summarized interim balance sheets

	March 31, 2014	December 31, 2013
Total current assets	**₱2,749,347**	₱2,821,428
Total noncurrent assets	**5,713,210**	5,713,210
Total current liabilities	**52,901**	70,085
Total equity	**₱8,409,656**	₱8,464,553
Attributable to equity holders of the Parent Company	**₱5,832,199**	₱5,870,270
NCI	**₱2,577,457**	₱2,594,283

Summarized interim cash flow information

	For the three months ended March 31	
	2014	2013
Operating cash flows / Net increase (decrease) in cash and cash equivalents	**(₱72,007)**	₱367,225

There were no dividends paid to non-controlling interest for the period March 31, 2014 and 2013.

13. Financial Risk Management Objectives and Policies

The Company's principal financial instruments, managed by the PHINMA Group Treasury, comprise cash and cash equivalents, investments held for trading, other receivables and accrued expenses and other current liabilities (excluding statutory payables). The main purpose of the financial assets is to invest the Company's excess funds.

The main risks arising from the Company's financial instruments are credit risk and market risk. The BOD reviews and approves policies for managing credit risk and market risk.

Credit Risk
The Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Company has assessed the credit quality of cash and cash equivalents as high grade since these are deposited in or transacted with reputable banks, which have low probability of insolvency.

The Company's other receivables are categorized as high grade since this is transacted with an entity that is in good financial condition.

There are no concentrations of credit risk within the Company.

Market Risk
Market risk is the risk that the value of an investment will decrease due to drastic adverse market movements that consist of interest rate fluctuations affecting bid values or fluctuations in stock market valuation due to gyrations in offshore equity markets or business and economic changes. Interest rate, foreign exchange rate and risk appetite are factors of a market risk as the summation of the three defines the value of an instrument or a financial asset.

Market risk is managed through:

- Constant review of global and domestic economic and financial environments as well as regular discussions with banks' economists or strategy officers are done to get multiple perspectives on interest rate trends or forecasts;
- Updates of the portfolio's local and foreign currency bonds' gains and losses are made as often as necessary;
- "Red Lines" are established then reviewed and revised as the need arises for major movements in the financial markets and are used to determine dealing parameters. Red lines are the strategic yield curves, bond prices or spreads that the PHINMA Group Treasury uses as guides whether to buy, hold or sell bonds as approved by the Investment Committee or, in cases of high volatility, by the Chief Financial Officer;
- In cases of high volatility, dealers constantly give updates to approving authorities regarding changes in interest rates or prices in relation to strategies; and
- Regular comparison of the portfolio's marked-to-market values and yields with defined benchmarks.

The Company's exposure to market risk is minimal. The underlying financial instruments in the Company's investments in UITFs are Peso fixed-rate bonds and low-risk fixed income securities.

Capital Management
The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the three months ended March 31, 2014 and for the year ended December 31, 2013.

Capital includes all the items appearing in the equity section of the Company's interim consolidated balance sheets totaling ₱229,863,873 and ₱233,422,550 as at March 31, 2014 and December 31, 2013, respectively.

Fair Value of Financial Instruments

	March 31, 2014		December 31, 2013	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
FVPL - Investments held for trading	**₱138,203,543**	**₱138,203,543**	₱138,411,121	₱138,411,121

Cash and Cash Equivalents, Other Receivables and Accrued Expenses and Other Current Liabilities (Excluding Statutory Payables). Due to the short-term nature of these balances, the fair values approximate the carrying values at balance sheet date.

Investments Held for Trading. Quoted market prices have been used to determine the fair values of investments held for trading.

Fair Value Hierarchy
As at March 31, 2014 and December 31, 2013, the fair value measurement of the Company's investments held for trading is categorized as Level 1. The Company has no financial instruments measured at fair value using the Level 2 and Level 3 hierarchy. Also, there were no transfers between Level 1 and Level 2 fair value measurements.

Offsetting of Financial Assets and Financial Liabilities
There were no offsetting of financial assets and financial liabilities as at March 31, 2014 and December 31, 2013.

14. Segment Information

The Company has only one reportable segment, Petroleum and Gas, which is engaged in oil and gas exploration and development. Management monitors the operating results of the reportable segment for the purpose of making decisions about resource allocation and performance assessment. As at May 16, 2014, the Company has not started commercial operations yet and has no revenue nor gross profit. The total assets of the segment of ₱231,357,626 and ₱234,180,250 as at March 31, 2014 and December 31, 2013, respectively, are the same as that reported elsewhere in the interim consolidated financial statements.

SGV
Building a better working world

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ey.com/ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Trans-Asia Petroleum Corporation
11th Floor, PHINMA Plaza
39 Plaza Drive, Rockwell Center
Makati City

We have audited in accordance with Philippine Standards on Auditing, the interim consolidated financial statements of Trans-Asia Petroleum Corporation and its subsidiary, as at March 31, 2014 and December 31, 2013 and for the three months ended March 31, 2014 and 2013, and have issued our report thereon dated May 16, 2014. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Interim Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Marydith C. Miguel

Marydith C. Miguel
Partner
CPA Certificate No. 65556
SEC Accreditation No. 0087-AR-3 (Group A),
January 18, 2013, valid until January 17, 2016
Tax Identification No. 102-092-270
BIR Accreditation No. 08-001998-55-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 4225193, January 2, 2014, Makati City

May 16, 2014

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
INDEX TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
MARCH 31, 2014

ATTACHMENT I

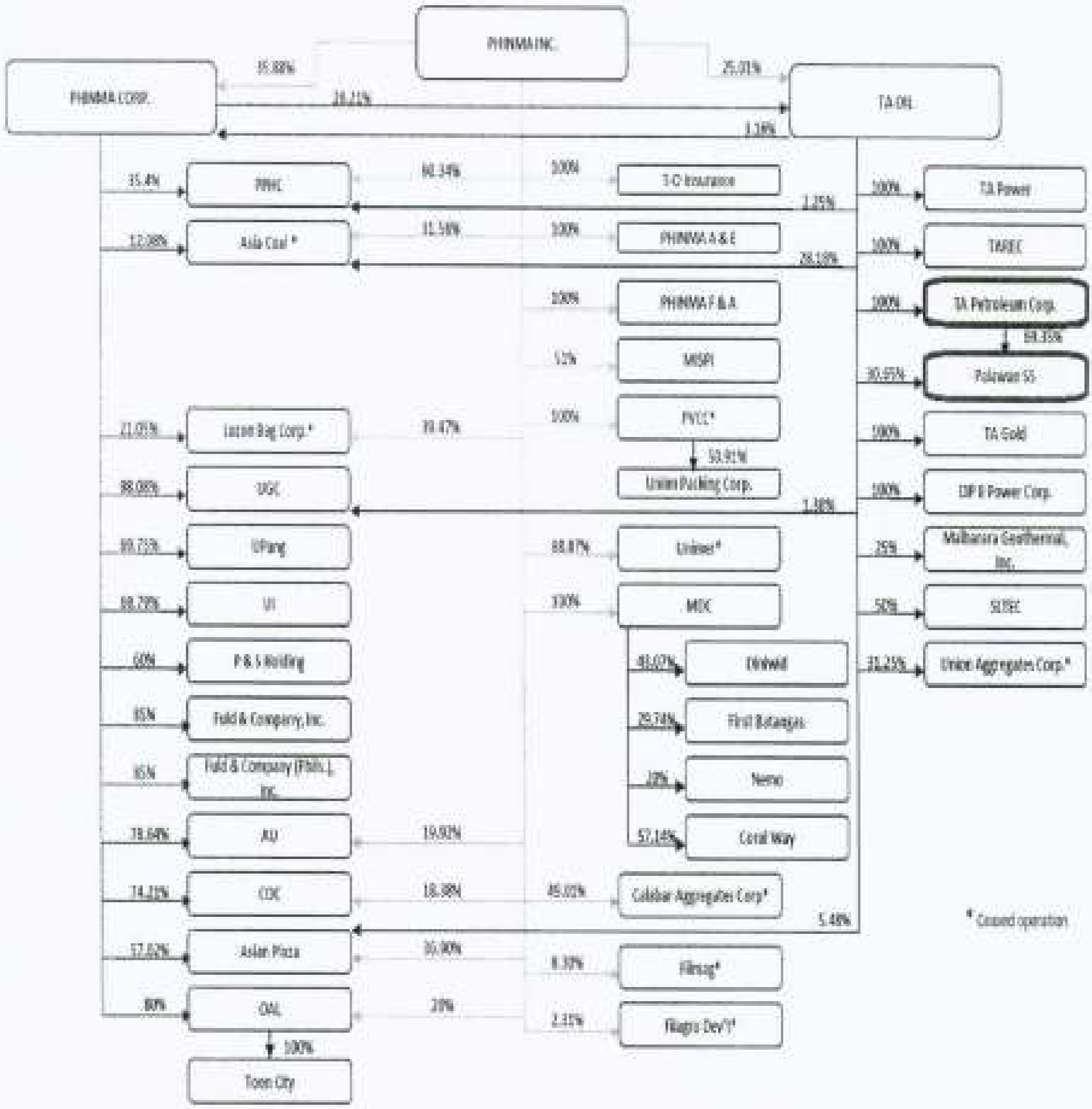
TRANS-ASIA PETROLEUM CORPORATION
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As at March 31, 2014

	Amount
Deficit, beginning	**₱18,106,900**
Add: Net loss for the period	3,503,781
Deficit, end	**₱21,610,681**

ATTACHMENT II

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER SRC RULE 68, AS AMENDED (2011)

Conglomerate Map



Map of relationships of the Companies within the Group

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER SRC RULE 68, AS AMENDED (2011)

Financial Soundness Indicators

Financial Ratios	Formula	March 31, 2014	December 31, 2013
Liquidity Ratios			
a) Current Ratio	Current assets / Current liabilities	**104.85**	210.52
b) Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets / Current liabilities	**104.85**	210.52
Solvency Ratios			
c) Debt-to-equity ratio	Total liabilities / Total equity	**0.01**	–
d) Asset-to-equity ratio	Total assets / Total equity	**1.01**	1.00
e) Interest coverage ratio	Earnings before interest & tax (EBIT) / Interest expense	**N/A**	N/A
f) Net debt-to-equity ratio	Debt - cash and cash equivalents / Total equity	**N/A**	N/A

Financial Ratios	Formula	March 31, 2014	March 31, 2013
Profitability Ratios			
g) Return on equity	Net income after tax / Average stockholders' equity	**-1.54%**	-0.61%
h) Return on assets	Net income before taxes / Total assets	**-1.54%**	-0.60%
i) Asset turnover	Revenues / Total assets	**N/A**	N/A

Current ratio and Acid test ratio

Current ratio and acid test ratio significantly decreased from 210.52 in December 31, 2013 to 104.85 in March 31, 2014 due to decrease in cash and investments held for trading and increase in accrued expenses.

Debt-to-equity ratio

The Company has minimal liabilities and is funded mainly through equity.

Asset-to-equity ratio

As at March 31, 2014, asset-to-equity ratio increased slightly to 1.01 from 1.00 in December 31, 2013 due to additional liabilities during the quarter from accrual of expenses.

Interest coverage ratio and Net debt-to-equity ratio

These ratios are not applicable since the Company has no borrowings.

Return on equity and Return on assets

The Company showed negative returns because it has not started commercial operations yet and posted net losses on the periods covered.

Asset turnover

This ratio is not applicable since the Company has not started commercial operations yet as at May 16, 2014.

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER SRC RULE 68, AS AMENDED (2011)

A. List of Philippine Financial Reporting Standards (PFRSs) effective as at March 31, 2014

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2013		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics				
PFRSs Practice Statement Management Commentary				
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: First-time Adoption of PFRS-Borrowing Cost			✓
	Amendment to PFRS 1: First-time Adoption of Philippine Financial Reporting Standards – Meaning of 'Effective PFRSs'*	Not Early Adopted		
PFRS 2	Share-based Payment	✓		✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Share-based Payment – Definition of Vesting Condition*	Not Early Adopted		

**Standards and interpretations which will become effective subsequent to March 31, 2014.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2013		Adopted	Not Adopted	Not Applicable
PFRS 3 (Revised)	Business Combinations	✓		✓
	Business Combinations – Accounting for Contingent Consideration in a Business Combination*	Not Early Adopted		
	Business Combinations – Scope Exceptions for Joint Arrangements*	Not Early Adopted		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*	Not Early Adopted		
PFRS 9	Financial Instruments*	Not Early Adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	Not Early Adopted		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities	✓		✓
PFRS 11	Joint Arrangements	✓		✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Investment Entities	✓		✓

**Standards and interpretations which will become effective subsequent to March 31, 2014.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2013		Adopted	Not Adopted	Not Applicable
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term Receivables and Payables	✓		
	Amendment to PFRS 13: Fair Value Measurement – Portfolio Exception*	Not Early Adopted		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		✓
	Amendments to PAS 1: Presentation of Financial Statements – Clarification of the Requirements for Comparative Information	✓		
PAS 2	Inventories	✓		✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts	✓		✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		✓
	Amendments to PAS 16: Classification of Servicing Equipment			✓
	Amendment to PAS 16: Property, Plant and Equipment – Revaluation Method – Proportionate Restatement of Accumulated Depreciation*	Not Early Adopted		
PAS 17	Leases	✓		✓
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		✓
	Amendments to PAS 19: Employee Benefits – Defined Benefit Plans: Employee Contributions*	Not Early Adopted		

**Standards and interpretations which will become effective subsequent to March 31, 2014.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2013		Adopted	Not Adopted	Not Applicable
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		✓
PAS 23 (Revised)	Borrowing Costs	✓		✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendments to PAS 27: Related Party Disclosures – Key Management Personnel*	Not Early Adopted		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		✓
	Amendments to PAS 27: Investment Entities	✓		✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		✓
	Amendment to PAS 32: Classification of Rights Issues	✓		✓
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Amendments to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities	✓		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		

**Standards and interpretations which will become effective subsequent to March 31, 2014.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2013		Adopted	Not Adopted	Not Applicable
PAS 38	Intangible Assets	✓		
	Amendments to PAS 38: Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Amortization*	Not Early Adopted		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		✓
	Amendments to PAS 39: The Fair Value Option	✓		✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives	✓		✓
	Amendment to PAS 39: Eligible Hedged Items	✓		✓
	Amendment to PAS 39: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	✓		✓
PAS 40	Investment Property	✓		✓
	Amendment to PAS 40: Clarifying the Interrelationship Between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-Occupied Property*	Not Early Adopted		
PAS 41	Agriculture	✓		✓
Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		✓

**Standards and interpretations which will become effective subsequent to March 31, 2014.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2013		Adopted	Not Adopted	Not Applicable
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2	✓		✓
IFRIC 9	Reassessment of Embedded Derivatives	✓		✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives	✓		✓
IFRIC 10	Interim Financial Reporting and Impairment	✓		✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions	✓		✓
IFRIC 12	Service Concession Arrangements	✓		✓
IFRIC 13	Customer Loyalty Programmes	✓		✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		✓
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement	✓		✓
IFRIC 15*	Agreements for the Construction of Real Estate	Not Early Adopted		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	✓		✓
IFRIC 17	Distributions of Non-cash Assets to Owners	✓		✓
IFRIC 18	Transfers of Assets from Customers	✓		✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	✓		✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
SIC-7	Introduction of the Euro	✓		✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities	✓		✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	✓		✓
SIC-15	Operating Leases - Incentives	✓		✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	✓		✓

**Standards and interpretations which will become effective subsequent to March 31, 2014.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2013		Adopted	Not Adopted	Not Applicable
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services	✓		✓
SIC-32	Intangible Assets - Web Site Costs	✓		✓

**Standards and interpretations which will become effective subsequent to March 31, 2014*

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
Supplementary Schedules Required by Paragraph 6D, Part II
Under SRC Rule 68, As Amended (2011)

Schedule A. **Financial Assets**

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotation at end of reporting period	Unrealized gain (loss) accrued
Financial Assets at Fair Value through Profit or Loss (FVPL)				
Metropolitan Bank and Trust Company	27,079,845	₱47,657,819	₱47,657,819	(₱441,402)
BDO Unibank, Inc.	48,380	70,619,024	70,619,024	184,521
Rizal Commercial Banking Corporation	14,086,455	19,926,700	19,926,700	49,303
	41,214,680	**₱138,203,543**	**₱138,203,543**	**(₱207,578)**
Available-for-sale (AFS) Financial Assets	**Not Applicable.** The Company does not have any AFS Financial Assets as at March 31, 2014.			
Held-to-Maturity (HTM) investments	**Not Applicable.** The Company does not have any HTM Investments as at March 31, 2014.			

Schedule B. **Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)**

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of period
Not Applicable. The Company has no receivables from directors, officers, employees, related parties and principal stockholders as at March 31, 2014.							

Schedule C. **Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements**

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of period
Not Applicable. The Company has no eliminating entries relating to amounts receivable from related parties as at March 31, 2014.							

Schedule D. **Intangible Assets – Other Assets**

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other charges additions (deductions)	Ending balance
Deferred exploration costs	₱74,736,195	₱–	₱–	₱–	₱–	₱74,736,195

Schedule E. **Long Term Debt**

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest rates, amount or number of periodic installments, and maturity dates
Not Applicable. The Company has no long-term debt as at March 31, 2014.				

Schedule F. **Indebtedness to Related Parties (Long-term loans from Related Companies)**

Name of related party	Balance at beginning of period	Balance at end of period
Not Applicable. The Company has no liabilities to related parties as at March 31, 2014.		

Schedule G. **Guarantees of Securities of Other Issuers**

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is files	Nature of guarantee
Not Applicable. The Company has not issued any guarantees as at March 31, 2014.				

Schedule H. **Capital Stock**

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common	1,000,000,000	250,000,000	–	249,999,989	11	–

COVER SHEET

A	S	O	9	4	-	8	8	1	1

SEC Registration Number

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY (A Wholly Owned Subsidiary of Trans-Asia Oil and Energy Development Corporation)

(Company's Full Name)

11th Floor, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City

(Business Address: No. Street City/Town/Province)

Yolanda D. Añonuevo
(Contact Person)

870-0100
(Company Telephone Number)

12 31
Month *Day*
(Calendar Year)

AACFS
(Form Type)

02 18
Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

VII
Amended Articles Number/Section

Total Amount of Borrowings

12
Total No. of Stockholders

Nil
Domestic

Nil
Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES & EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Trans-Asia Petroleum Corporation and a Subsidiary (the "Company") is responsible for the preparation and fair presentation of the consolidated balance sheets as of December 31, 2013, 2012 and 2011 and the related consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2013, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the consolidated financial statements and submits the same to the Stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders for the years ended December 31, 2013, 2012 and 2011, has examined the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing and in its report to the Stockholders, has expressed their opinion on the fairness of presentation upon completion of such examination.

RAMON R. DEL ROSARIO, JR.
Chairman of the Board

FRANCISCO L. VIRAY
President & Chief Executive Officer

PYTHAGORAS L. BRION, JR.
EVP – Treasurer

Signed this 7th day of February 2014

(Page 2 of Statement of Management's
Responsibility for Financial Statements)

(REPUBLIC OF THE PHILIPPINES)
Makati City) S.S.

SUBSCRIBED AND SWORN to before me this 10 FEB 2014 affiant(s) exhibiting to me their Passport and Driver's License, as follows:

Name	Passport No.	Date of Issue	Place of Issue
Ramon R. Del Rosario, Jr.	EB9971711	13 January 2014	Manila
Francisco L. Viray	EB0308400	2 June 2010	Manila
Pythagoras L. Brion, Jr.	EB6637129	24 October 2012	Manila

RIA CARMELA R. CRUZ
NOTARY PUBLIC FOR AND IN THE CITY OF MAKATI
APPOINTMENT NO. M-401 (2013-2014)
COMMISSION EXPIRES ON DECEMBER 31, 2014
7th Floor, The PHINMA Plaza, 39 Plaza Drive
Rockwell Center, Makati City 1210
PTR No. [illegible]; 1-07-14; MAKATI CITY
IBP O.R. No. 950636; 1-06-14; MAKATI CITY
TIN 226-227-614
ROLL NO. 59372, MAY 2011

Doc. No. 623
Page No. 19
Book No. II
Series of 2014

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Trans-Asia Petroleum Corporation
11th Floor, PHINMA Plaza
39 Plaza Drive, Rockwell Center
Makati City

We have audited the accompanying consolidated financial statements of Trans-Asia Petroleum Corporation and its subsidiary, which comprise the consolidated balance sheets as at December 31, 2013, 2012 and 2011, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Building a better working world

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Trans-Asia Petroleum Corporation and its subsidiary as at December 31, 2013, 2012 and 2011, and their financial performance and their cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Marydith C. Miguel

Marydith C. Miguel
Partner
CPA Certificate No. 65556
SEC Accreditation No. 0087-AR-3 (Group A),
January 18, 2013, valid until January 17, 2016
Tax Identification No. 102-092-270
BIR Accreditation No. 08-001998-55-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 4225193, January 2, 2014, Makati City

February 7, 2014

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
(A Wholly Owned Subsidiary of Trans-Asia Oil and Energy Development Corporation)
CONSOLIDATED BALANCE SHEETS

	December 31		
	2013	2012	2011
ASSETS			
Current Assets			
Cash and cash equivalents (Note 4)	**₱21,029,901**	₱165,897,557	₱7,993
Investments held for trading (Note 5)	**138,411,121**	–	–
Other receivables	**3,033**	8,778	–
Advances to a related party (Note 8)	–	8,666,268	–
Total Current Assets	**159,444,055**	174,572,603	7,993
Noncurrent Asset			
Deferred exploration costs (Note 6)	**74,736,195**	72,218,898	–
TOTAL ASSETS	**₱234,180,250**	₱246,791,501	₱7,993
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities (Note 7)	**₱757,380**	₱46,935	₱–
Noncurrent Liability			
Deferred income tax liability (Note 10)	**320**	–	–
Total Liabilities	**757,700**	46,935	–
Equity			
Attributable to Equity Holders of the Parent Company:			
Capital stock (Note 9)	**250,000,000**	250,000,000	10,000,000
Subscription receivable (Note 9)	–	–	(6,702,543)
Deficit	**(19,171,733)**	(6,294,554)	(3,289,464)
	230,828,267	243,705,446	7,993
Non-controlling interest (Note 12)	**2,594,283**	3,039,120	–
Total Equity	**233,422,550**	246,744,566	7,993
TOTAL LIABILITIES AND EQUITY	**₱234,180,250**	₱246,791,501	₱7,993

See accompanying Notes to Consolidated Financial Statements.

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
(A Wholly Owned Subsidiary of Trans-Asia Oil and Energy Development Corporation)
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2013	2012	2011
INTEREST INCOME	**₱798,288**	₱263,418	₱32
EXPENSES			
Management and professional fees	**4,894,440**	42,400	22,400
Employee cost	**3,431,578**	–	–
Filing and registration fees	**923,563**	1,962,440	–
Taxes and licenses	**64,360**	1,270,586	9,719
Supplies	**41,595**	5,474	3,156
Transportation	**9,409**	534	540
Insurance	**1,122**	2,244	935
Others	**14,662**	10,607	–
	9,380,729	3,294,285	36,750
OTHER INCOME (CHARGES)			
Losses on changes in fair value of investments held for trading - net (Note 5)	**(4,740,323)**	–	–
Foreign exchange gain	**1,068**	–	–
	(4,739,255)	–	–
LOSS BEFORE INCOME TAX	**13,321,696**	3,030,867	36,718
PROVISION FOR DEFERRED INCOME TAX (Note 10)	**320**	–	–
NET LOSS	**₱13,322,016**	₱3,030,867	₱36,718
Attributable to:			
Equity holders of the Parent Company	**₱12,877,179**	₱3,005,090	₱36,718
Non-controlling interest (Note 12)	**444,837**	25,777	–
	₱13,322,016	₱3,030,867	₱36,718
Basic Loss Per Share* (Note 11)	**₱0.052**	₱0.100	₱0.004

*Restated to show the effects of the reverse stock split in 2013 (Note 9).

See accompanying Notes to Consolidated Financial Statements.

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
(A Wholly Owned Subsidiary of Trans-Asia Oil and Energy Development Corporation)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2013	2012	2011
NET LOSS	**₱13,322,016**	₱3,030,867	₱36,718
OTHER COMPREHENSIVE INCOME	–	–	–
TOTAL COMPREHENSIVE LOSS	**₱13,322,016**	₱3,030,867	₱36,718
Attributable to:			
Equity holders of the Parent Company	**₱12,877,179**	₱3,005,090	₱36,718
Non-controlling interest (Note 12)	**444,837**	25,777	–
	₱13,322,016	₱3,030,867	₱36,718

See accompanying Notes to Consolidated Financial Statements.

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY

(A Wholly Owned Subsidiary of Trans-Asia Oil and Energy Development Corporation)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

	Attributable to Equity Holders of the Parent Company					
	Capital Stock (Note 9)	Subscription Receivable (Note 9)	Deficit	Total	Non-controlling Interest (Note 12)	Total Equity
BALANCES AT DECEMBER 31, 2012	**₱250,000,000**	**₱–**	**(₱6,294,554)**	**₱243,705,446**	**₱3,039,120**	**₱246,744,566**
Net loss for the year	–	–	(12,877,179)	(12,877,179)	(444,837)	(13,322,016)
BALANCES AT DECEMBER 31, 2013	**₱250,000,000**	**₱–**	**(₱19,171,733)**	**₱230,828,267**	**₱2,594,283**	**₱233,422,550**
BALANCES AT DECEMBER 31, 2011	₱10,000,000	(₱6,702,543)	(₱3,289,464)	₱7,993	₱–	₱7,993
Issuance of capital stock (Note 9)	240,000,000	–	–	240,000,000	–	240,000,000
Collection of subscription receivable (Note 9)	–	6,702,543	–	6,702,543	–	6,702,543
Non-controlling interest in a newly incorporated subsidiary	–	–	–	–	3,064,897	3,064,897
Net loss for the year	–	–	(3,005,090)	(3,005,090)	(25,777)	(3,030,867)
BALANCES AT DECEMBER 31, 2012	₱250,000,000	₱–	(₱6,294,554)	₱243,705,446	₱3,039,120	₱246,744,566
BALANCES AT DECEMBER 31, 2010	₱10,000,000	(₱6,738,794)	(₱3,252,746)	₱8,460	₱–	₱8,460
Application of advances from a related party (Note 8)	–	36,251	–	36,251	–	36,251
Net loss for the year	–	–	(36,718)	(36,718)	–	(36,718)
BALANCES AT DECEMBER 31, 2011	₱10,000,000	(₱6,702,543)	(₱3,289,464)	₱7,993	₱–	₱7,993

See accompanying Notes to Consolidated Financial Statements.

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
(A Wholly Owned Subsidiary of Trans-Asia Oil and Energy Development Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	**(₱13,321,696)**	(₱3,030,867)	(₱36,718)
Adjustment for:			
Net unrealized losses on changes in fair value of investments held for trading (Note 5)	**1,494,431**	–	–
Interest income	**(798,288)**	(263,418)	(32)
Foreign exchange gain	**(1,068)**	–	–
Operating loss before working capital changes	**(12,626,621)**	(3,294,285)	(36,750)
Decrease (increase) in:			
Advances to a related party	**8,666,268**	(8,666,268)	–
Other receivables	**5,826**	(8,778)	–
Increase in accrued expenses and other current liabilities	**710,445**	46,935	–
Interest income received	**798,207**	263,418	32
Net cash flows used in operating activities	**(2,445,875)**	(11,658,978)	(36,718)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investments held for trading	**(139,905,552)**	–	–
Deferred exploration costs	**(2,517,297)**	(72,218,898)	–
Cash flows used in investing activities	**(142,422,849)**	(72,218,898)	–
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Stock subscription	–	240,000,000	–
Collection of subscription receivable	–	6,702,543	–
Issuance of shares of stocks of a subsidiary to noncontrolling interest	–	3,064,897	–
Advances from a related party (Note 8)	–	–	36,251
Cash flows from financing activities	–	249,767,440	36,251
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(144,868,724)**	165,889,564	(467)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**1,068**	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**165,897,557**	7,993	8,460
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱21,029,901**	₱165,897,557	₱7,993
NONCASH ACTIVITY			
Application of advances from a related party (Note 8)	**₱–**	₱–	₱36,251

See accompanying Notes to Consolidated Financial Statements.

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
(A Wholly Owned Subsidiary of Trans-Asia Oil and Energy Development Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Trans-Asia Petroleum Corporation (TA Petroleum or the Parent Company) and Palawan55 Exploration & Production Corporation (Palawan55 or the Subsidiary), collectively referred to as "the Company", were incorporated in the Philippines to engage in oil and gas exploration, exploitation and production on September 28, 1994 and November 16, 2012, respectively. Palawan55 is 69% owned by the Parent Company. The Parent Company and its subsidiary are 100% and 31% owned, respectively, by Trans-Asia Oil and Energy Development Corporation (TA Oil). The ultimate parent company is Philippine Investment Management, Inc. (PHINMA). TA Oil and PHINMA are both incorporated and domiciled in the Philippines. The Company has not started commercial operations yet as at February 7, 2014.

On August 28, 2012, the stockholders of the Parent Company approved the amendment in the Articles of Incorporation changing the name of the Parent Company from Trans-Asia (Karang Besar) Petroleum Corporation to Trans-Asia Petroleum Corporation.

The registered office address of the Company is 11th Floor, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City.

The consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on February 7, 2014.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation and Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) using the historical cost basis, except for investments held for trading, which are measured at fair value through profit or loss (FVPL). The consolidated financial statements are presented in Philippine peso (Peso) and all values are rounded to the nearest Peso except when otherwise stated.

The PFRS for Small and Medium-sized Entities (PFRS for SMEs) was approved for adoption by the Philippine Financial Reporting Standards Council (FRSC) on October 13, 2009 and by the Philippine Securities and Exchange Commission (SEC) on December 3, 2009. The PFRS for SMEs is effective for annual periods beginning on or after January 1, 2010, and is required to be used by entities that meet the definition of an SME, which include among others, an entity that is not public with total assets between ₱3 million and ₱350 million or total liabilities between ₱3 million and ₱250 million. On October 7, 2010, the SEC has approved exceptions for the mandatory adoption of the PFRS for SMEs.

The Company qualifies for reporting under PFRS for SMEs. The Parent Company availed of the exemption from the adoption of PFRS for SMEs as it is a wholly owned subsidiary of TA Oil, a company reporting under full PFRS.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary, Palawan55. The financial statements of Palawan55 are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

The subsidiary is fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continues to be consolidated until the date that such control ceases. The Parent Company controls an investee when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and when it has the ability to affect those returns through its power over the investee.

Upon consolidation, all intragroup balances, transactions, income and expenses and profits and losses resulting from intragroup transactions are eliminated in full.

Changes in the controlling ownership (i.e., acquisition of non-controlling interest (NCI) or partial disposal of interest over a subsidiary that do not result in a loss of control) are accounted for as an equity transaction.

NCI represents a portion of profit or loss and net assets of the subsidiary not held by the Parent Company, directly or indirectly, and is presented separately in the consolidated statement of comprehensive income and within the equity section of the consolidated balance sheet and statement of changes in equity, separately from the Parent Company's equity. Total comprehensive income is attributed to the portion held by the Parent Company and to the NCI even if this results in the NCI having a deficit balance.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended PFRS and Philippine Interpretations, which were adopted as at January 1, 2013:

- PFRS 1, *First-time Adoption of International Financial Reporting Standards – Government Loans* (Amendments)

  The amendments to PFRS 1 require first-time adopters to apply the requirements of Philippine Accounting Standard (PAS 20), *Accounting for Government Grants and Disclosure of Government Assistance*, prospectively to government loans existing at the date of transition to PFRS. However, entities may choose to apply the requirements of PAS 39, *Financial Instruments: Recognition and Measurement*, and PAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for those loans. These amendments are not relevant to the Company.

- PFRS 7, *Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments)

  These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information.

This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

a) The gross amounts of those recognized financial assets and recognized financial liabilities;
b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the balance sheet;
c) The net amounts presented in the balance sheet;
d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
   i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
   ii. Amounts related to financial collateral (including cash collateral); and
e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendments affect disclosures only and have no impact on the Company's financial position or performance.

- PFRS 10, *Consolidated Financial Statements*

PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addresses the accounting for consolidated financial statements. It also includes the issues raised in Standing Interpretations Committee (SIC) 12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.

A reassessment of control was performed by the Parent Company on its subsidiary in accordance with the provisions of PFRS 10. Following the reassessment, the Parent Company determined that it still controls its subsidiary.

- PFRS 11, *Joint Arrangements*

PFRS 11 replaces PAS 31, *Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. PFRS 11 removed the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The standard does not have an impact on the Company's financial position or financial performance.

- PFRS 12, *Disclosure of Interests in Other Entities*

PFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in PFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries (for example, where a subsidiary is controlled with less than a majority of voting rights). While the Parent Company has a subsidiary with NCI, there are no unconsolidated structured entities. PFRS 12 disclosures are provided in Note 12 to the consolidated financial statements.

- PFRS 13, *Fair Value Measurement*

  PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS. PFRS 13 defines fair value as an exit price. PFRS 13 also requires additional disclosures.

  As a result of the guidance in PFRS 13, the Company re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. The Company has assessed that the application of PFRS 13 has not materially impacted the fair value measurements of the Company. Additional disclosures, where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 13 to the consolidated financial statements.

- PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income or OCI* (Amendments)

  The amendments to PAS 1 change the grouping of items presented in OCI. Items that can be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Company's financial position or performance. The amendments affect presentation only and have no impact on the Company's financial position or performance.

- PAS 19, *Employee Benefits* (Revised)

  Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk. Once effective, the Company has to apply the amendments retroactively to the earliest period presented.

  The accounting, management, administrative, technical and ancillary processes of the Company are being handled by the personnel of TA Oil. No post-employment benefits and other long-term benefits have been incurred for the years ended December 31, 2013, 2012 and 2011. Thus, the above revision did not have an impact on the Company's financial performance or position.

- PAS 27, *Separate Financial Statements* (as revised in 2011)

  As a consequence of the new PFRS 10, *Consolidated Financial Statement* and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Company presents separate financial statements. The adoption of the amended PAS 27 did not have a significant impact on the consolidated financial statements of the Company.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)

  As a consequence of the new PFRS 11 and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. Since the Company has no associates and interests in joint ventures, the amendment does not have an impact on the Company's financial position or performance.

- Philippine Interpretation of International Financial Reporting Interpretations Committee (IFRIC) 20, *Striping Costs in the Production Phase of a Surface Mine*

  This interpretation applies to waste removal (stripping) cost incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. This new interpretation is not relevant to the Company.

Annual Improvements to PFRS (2009-2011 cycle)
The Annual Improvements to PFRS (2009-2011 cycle) contain non-urgent but necessary amendments to PFRS. The Company adopted these amendments for the current year.

- PFRS 1, *First-time Adoption of PFRS - Borrowing Costs*

  The amendment clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening balance sheet at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, *Borrowing Costs*. The amendment does not apply to the Company as it is not a first-time adopter of PFRS.

- PAS 1, *Presentation of Financial Statements - Clarification of the requirements for comparative information*

  The amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affect disclosures only and have no impact on the Company's financial position or performance.

- PAS 16, *Property, Plant and Equipment - Classification of servicing equipment*

  The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise. The amendment does not have a significant impact on the Company's financial position or performance.

- PAS 32, *Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments*

  The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*. The amendment does not have any significant impact on the Company's financial position or performance.

- PAS 34, *Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities*

  The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual financial statements for that reportable segment. The amendment affects disclosures only and has no impact on the Company's financial position or performance.

Standards and Interpretation Issued but not yet Effective
Standards issued but effective subsequent to December 31, 2013 are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

- PFRS 9, *Financial Instruments*

  PFRS 9, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase, which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model hedge accounting is still ongoing, with a view to replace PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at FVPL. For FVO liabilities designated as at FVPL using the FVO, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

  On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 currently has no mandatory effective date. PFRS 9 may be applied before the completion of the limited amendments to the classification and measurement model and impairment methodology. The Company will not adopt the standard before the completion of the limited amendments and the second phase of the project.

- Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27)

  They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at FVPL. These amendments are effective for annual periods beginning on or after January 1, 2014. It is not expected that this amendment would be relevant to the Company since the Company would not qualify to be an investment entity under PFRS 10.

- PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions* (Amendments)

  The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014.

  The accounting, management, administrative, technical and ancillary processes of the Company are being handled by the personnel of TA Oil. No post-employment benefits and other long-term benefits have been incurred for the years ended December 31, 2013, 2012 and 2011. Thus, the above revision did not have an impact on the Company's financial performance or position.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (*Amendments)

  The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The amendments affect presentation only and have no impact on the Company's financial position or performance.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)

  These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The amendments affect disclosures only and have no impact on the Company's financial position or performance.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)

  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014. These amendments have no impact on the Company's financial performance or position.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*

  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Company as the Company is not into real estate.

- Philippine Interpretation IFRIC 21, *Levies*

  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The Company does not expect that IFRIC 21 will have material financial impact in future financial statements.

<u>Annual Improvements to PFRS (2010-2012 cycle)</u>
The Annual Improvements to PFRS (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 2, *Share-based Payment – Definition of Vesting Condition*

  The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This amendment does not apply to the Company as it has no share-based payments.

- PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*

  The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at FVPL whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Company shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*

  The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Company's financial position or performance.

- PFRS 13, *Fair Value Measurement – Short-term Receivables and Payables*

  The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial.

- PAS 16, *Property, Plant and Equipment – Revaluation Method – Proportionate Restatement of Accumulated Depreciation*

  The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b) The accumulated depreciation is eliminated against the gross carrying amount of the asset.

  The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment has no impact on the Company's financial position or performance.

- PAS 24, *Related Party Disclosures – Key Management Personnel*

  The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Company's financial position or performance.

- PAS 38, *Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Amortization*

  The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b) The accumulated amortization is eliminated against the gross carrying amount of the asset.

  The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

  The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments have no impact on the Company's financial position or performance.

Annual Improvements to PFRS (2011-2013 cycle)
The Annual Improvements to PFRS (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Meaning of 'Effective PFRSs'*

  The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment is not applicable to the Company as it is not a first-time adopter of PFRS.

- PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*

  The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Company's financial position or performance.

- PFRS 13, *Fair Value Measurement – Portfolio Exception*

  The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Company's financial position or performance.

- PAS 40, *Investment Property*

  The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Company's financial position or performance.

Cash and Cash Equivalents
Cash includes cash in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of changes in value.

Financial Instruments
Financial instruments are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial instruments, except for financial instruments measured at FVPL.

The Company recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instruments.

All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date that the Company commits to purchase the assets. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The fair value of financial instruments traded in active markets at the balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" gain or loss) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where the data used is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" gain or loss amount.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Financial instruments are classified as either financial asset or liability at FVPL, loans and receivables, held-to-maturity investments, AFS financial assets or other financial liabilities. The Company determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, reevaluates this designation at every balance sheet date.

As at December 31, 2013, 2012 and 2011, the Company's financial instruments consist of cash and cash equivalents, investments held for trading, advances to a related party, other receivables and accrued expenses and other current liabilities (excluding statutory payables) (see Notes 4, 5, 7 and 8).

Financial Assets Held for Trading. These financial instruments are recorded in the consolidated balance sheet at fair value. A financial asset is classified under this category when any of the following criteria is met:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

- On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Changes in fair value relating to the held for trading positions are recognized in profit or loss as net unrealized gains or losses on changes in fair value of investments held for trading.

As at December 31, 2013, the Company's investments in unit investment trust fund (UITFs) are classified as financial assets held for trading (see Note 5).

Loans and Receivables. Loans and receivables are nonderivative financial assets with fixed or determinable payments and are not quoted in an active market. Such assets are subsequently carried at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within 12 months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

Classified under this category are the Company's cash and cash equivalents, advances to a related party and other receivables (see Notes 4 and 8).

Other Financial Liabilities. Other financial liabilities are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

The Company's other financial liabilities as at December 31, 2013 and 2012 include accrued expenses and other current liabilities (excluding statutory payables) (see Note 7).

Derecognition of Financial Instruments

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when: (1) the rights to receive cash flows from the asset have expired; or, (2) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset; or, (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet when there is a currently legal right to offset the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred Exploration Costs
The Company follows the full cost method of accounting for exploration costs determined on the basis of each service contract (SC) area. Under this method, all exploration costs relating to each SC are tentatively deferred pending the determination of whether the contract area contains oil and gas reserves in commercial quantities, net of any allowance for impairment losses.

Expenditures for mineral exploration and development work on mining properties are also deferred as incurred, net of any allowance for impairment losses. These expenditures are provided for with an allowance when there are indications that the exploration results are negative. These are written off against the allowance when the projects are abandoned or determined to be definitely unproductive. When the exploration work results are positive, the net exploration costs and subsequent development costs are capitalized and amortized from the start of commercial operations.

Impairment of Deferred Exploration Costs
The Company assesses at each balance sheet date whether the following impairment indicators exist:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; and

- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depletion, depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such a reversal, the depletion, depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Capital Stock
Capital stock is the portion of paid-in capital representing the total par value of the shares issued and outstanding.

Subscription Receivable
Subscription receivable represents the amount receivable from stock subscriptions.

Deficit
Deficit represents the cumulative balance of net loss.

Revenue
Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the revenue can be measured reliably. Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Expenses
Expenses are recognized when incurred.

Income Taxes

Current Income Tax. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the balance sheet date.

Deferred Income Tax. Deferred income tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from unused NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred income tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are applicable to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Loss Per Share (LPS)
Basic LPS is computed based on the weighted average number of issued and outstanding common shares during each year after giving retroactive effect to stock splits during the year.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Balance Sheet Date
Post year-end events that provide additional information about the Company's financial position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The Company's consolidated financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. In preparing the Company's consolidated financial statements, management has made its best estimate and judgment of certain amounts, giving due consideration to materiality.

The estimates and judgments used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Realizability of Deferred Income Tax Asset
Management has assessed that the Company may not have sufficient taxable profits to allow all or part of the NOLCO to be utilized. Accordingly, no deferred income tax asset was recognized as at December 31, 2013, 2012 and 2011.

Unrecognized deferred income tax asset as at December 31, 2013, 2012 and 2011 amounted to ₱4,787,297, ₱1,010,173 and ₱28,789, respectively (see Note 10).

Impairment of Deferred Exploration Costs
The carrying value of deferred exploration costs is reviewed for impairment by management when there are indications that the carrying amount exceeds the recoverable amount. Among the factors considered by management in the write-off of deferred exploration costs are the expiration of the contracts and the technical evaluation that the remaining prospects in these areas are small and are likely to be uneconomic.

As at December 31, 2013 and 2012, no impairment indicators have been identified by management on its deferred exploration costs. The carrying value of deferred exploration costs amounted to ₱74,736,195 and ₱72,218,898 as at December 31, 2013 and 2012, respectively.

Determination of Fair Value of Financial Instruments
PFRS requires that certain financial instruments are to be carried at fair value, which requires the use of accounting judgments and estimates. While significant components of fair value measurement are determined using verifiable objective evidence (i.e., interest rates, volatility rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial instruments would directly affect the consolidated statement of comprehensive income and statement of changes in equity.

Total fair values of financial assets amounted to ₱159,444,055, ₱174,572,603 and ₱7,993 as at December 31, 2013, 2012, 2011, respectively, while total fair values of financial liabilities amounted to ₱570,534 as at December 31, 2013 (see Note 13).

4. **Cash and Cash Equivalents**

	2013	2012	2011
Cash on hand and in banks	**₱19,695,738**	₱163,068,557	₱7,993
Short-term deposits	**1,334,163**	2,829,000	–
	₱21,029,901	₱165,897,557	₱7,993

Cash in banks earn interest at the respective bank deposit rates. Short-term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

5. **Investments Held for Trading**

Investments held for trading consist of investments in UITFs amounting to ₱138,411,121 as at December 31, 2013. The Company's net losses on changes in fair value of investments held for trading amounted to ₱4,740,323 in 2013.

6. **Deferred Exploration Costs**

The Company and TA Oil executed Deeds of Assignment on December 21, 2012 transferring TA Oil's participating interests in the following SCs to the Company, for a total cash consideration equal to the amount of the deferred exploration costs transferred.

Details of deferred exploration costs are as follows:

	2013	2012
TA Petroleum:		
SC 51/Geophysical Survey and Exploration		
Contract (GSEC) 93 (East Visayas)	**₱32,665,864**	₱32,665,864
SC 69 (Camotes Sea)	**15,972,361**	14,667,555
SC 6 (Northwest Palawan):		
Block A	**18,804,924**	18,804,924
Block B	**1,579,836**	367,345
	69,022,985	66,505,688
Palawan55 -		
SC 55 (Southwest Palawan)	**5,713,210**	5,713,210
	₱74,736,195	₱72,218,898

The foregoing deferred exploration costs represent the Company's share in the expenditures incurred under petroleum SCs with the Philippine Department of Energy (DOE). The contracts provide for certain minimum work and expenditure obligations and the rights and benefits of the contractor. Operating agreements govern the relationship among co-contractors and the conduct of operations under an SC.

On April 23, 2013, the DOE approved the assignment of the SCs to the Company.

As at December 31, 2013 and 2012, no impairment indicators have been identified by management on its deferred exploration costs.

The following summarizes the status of the foregoing projects:

a. SC 51/GSEC 93 (East Visayas)

In April 2012, the Operator, Otto Energy Investments Ltd. (Otto Energy) [formerly "NorAsian Energy Ltd."] commenced a 100-kilometer (km) 2D seismic program in the town of San Isidro, Leyte primarily to pick the optimum location for the drilling of the Duhat prospect, which reservoir objective was not reached by the Duhat-1 and Duhat-1A wells in 2011.

In mid-May 2012, the foreign seismic acquisition contractor unilaterally suspended its field operations as instructed by its government.

In view of said development, the DOE granted on September 30, 2012 the consortium's request for a six-month extension of the current Sub-Phase 4 to January 31, 2013.

The 2D seismic survey resumed after a one-month suspension and was completed on October 1, 2012. Data processing was completed by December 31, 2012.

The consortium elected to enter Sub-Phase 5 (January 31, 2013 to January 31, 2014) with the drilling of Duhat-2 well in Northwest Leyte as work commitment.

Swan Oil and Gas Ltd. (Swan) withdrew from SC 51 in September 2012 after settling disputes over the North Block (Northwest Leyte) and the South Block (Cebu Strait) with Otto Energy and Filipino partners, respectively. Consequently, the 40% participating interest of Swan in the North Block reverted to Otto Energy, and as between Otto Energy and Filipino partners, the latter retained 100% interest in the South Block.

The Filipino partners signed a Farm-in Option Agreement with Frontier Oil Corporation (Frontier Oil) over the South Block on October 23, 2012. Under the said Agreement, Frontier Oil has the option to acquire 80% participating interest in the area by undertaking to drill the Argao-1 well at its sole cost during Sub-Phase 6 of SC 51 (January 31, 2014 to July 8, 2015). Frontier Oil may exercise its option not later than January 31, 2013, which was extended to February 28, 2013. The Farm-in Option Agreement lapsed since the option was not exercised by Frontier Oil.

On July 24, 2013, Otto Energy spudded the Duhat-2 well in Northwest Leyte but prematurely plugged and abandoned the well on July 26, 2013 at a depth of 201 meters for safety and environmental reasons, after encountering a high-pressure water zone. Otto Energy completed the demobilization for the Duhat-2 well last August 30, 2013 and is conducting post-well studies. This new information will be considered in any future decisions on SC 51. The consortium requested the DOE a six-month extension of the current exploration Sub-Phase 5 to July 31, 2014 to be able to conduct post-well geological, geophysical and drilling studies. The DOE approved the foregoing request on November 7, 2013.

The Parent Company owns 6.67% participating interest in SC 51.

b. SC 69 (Camotes Sea)

Interpretation of the 229-square kilometers (sq. km.) 3D seismic data acquired in June 2011 generated three drillable prospects.

The DOE granted the consortium's request for a nine-month extension of the current Sub-Phase 2 to May 7, 2013 to allow completion of technical studies.

On April 4, 2013, the DOE granted the consortium's request for a further six-month extension of the current Sub-Phase to November 6, 2013 to allow completion of technical studies and initiate farm-out efforts.

On August 23, 2013, the Operator, Otto Energy (Philippines) Inc. (Otto Philippines), confirmed to the Parent Company that it did not intend to enter Sub-Phase 4 of SC 69 and will reassign 9% participating interest in SC 69 to the Parent Company pursuant to the Assignment Agreement dated February 3, 2011.

Following an unsuccessful campaign to farm out its participating interest, Otto Philippines notified the Parent Company and Frontier Gasfields Pty. Ltd. (Frontier Gasfields) of its withdrawal in SC 69 last October 4, 2013. The Parent Company and Frontier Gasfields subsequently jointly requested the DOE a six-month extension of the October 7, 2013 deadline to elect to enter the next exploration sub-phase, which starts on November 7, 2013. An additional extension of the contact term to December 31, 2014 was requested due to the delays in the transfer of participating interests and operatorship to the remaining partners.

Otto Philippines, the Parent Company and Frontier Gasfields currently hold 79%, 6%, and 15% participating interests in SC 69, respectively. The earlier reassignment of Otto Philippines' 9% participating interests to the Parent Company awaits DOE approval.

Upon DOE approval of the assignment of Otto Philippines' interests to the Parent Company and Frontier Gasfields, the Parent Company's participating interest in SC 69 will be adjusted from the current 6% to 50%.

c. SC 6 (Northwest Palawan)

Block A
Pitkin Petroleum Plc. (Pitkin), the Operator, completed a geophysical review of the block.

Partners approved the conduct of a new 500-sq. km. 3D seismic program over selected prospects and leads in the first half of 2013, subject to issuance of local government permits.

Under the Farm-in Agreement dated July 11, 2011, Pitkin shall carry TA Oil and the other non-operating consortium members in the costs of said seismic program and the drilling of two wells, in exchange for the assigned 70% participating interest.

On June 4, 2013, the Sangguniang Panlalawigan of Palawan voted to favorably endorse the proposed bathymetry and 3D seismic survey over the area to the Palawan Council for Sustainable Development (PCSD).

Pitkin completed a 500-sq. km. 3D seismic survey over selected prospects and leads. As at February 7, 2014, processing of the seismic data is on-going at a contractor's facility in Vietnam.

Block B
Pursuant to a Farm-in Agreement dated February 4, 2011, Peak Oil and Gas Philippines Ltd. (Australia), Blade Petroleum Philippines Ltd. (Australia) and Venturoil Philippines, Inc. ("Farminees") exercised their option to acquire 70% participating interest of the SC 6 Block B consortium, which includes TA Oil ("Farmors").

Under the Farm-in Agreement, the Farminees were supposed to shoulder all the Farmors' share of exploration and development expenditures in the Block up to the production of first oil.

The DOE denied the applications for the transfer of participating interests to the Farminees and transfer of operatorship due to failure of the Farminees to comply with DOE requirements. Under the Farm-in Agreement, the Farminees would have been eligible to earn a combined 70% of the participating interest of the farming out parties. On August 7, 2013, the DOE directed the original Operator, the Philodrill Corporation, to submit a new and comprehensive work program and budget of exploration activities over the Block.

On September 13, 2013, the DOE approved the work program and budget for SC 6 Block B for the 5th year of extension period. The pertinent geological and geophysical program is commenced in October 2013 and was completed in January 2014.

The consortium is formulating a work program for the next five years of the extension period which starts on March 1, 2014.

The Parent Company holds 2.334% and 14.063% participating interests in Block A and Block B, respectively. SC 6 is valid until February 28, 2024 subject to certain conditions.

d. SC 55 (Southwest Palawan)

On May 2, 2012, the DOE approved a twelve-month extension of exploration Sub-Phase 4 to August 5, 2013 to enable BHP Billiton Petroleum (Philippines) Corporation (BHP Billiton), the Operator, to secure a drilling rig with specialized well control equipment for the committed Cinco-1 well. The Cinco-1 well will test a large interpreted carbonate structure in 1,400 meters of water.

Palawan55's 6.82% participating interest will be carried in the drilling cost of Cinco-1 under its Participation Agreement dated March 15, 2005 with the predecessors-in-interest of Otto Energy.

In May 2013, BHP Billiton filed a Notice of Force Majeure under SC 55 with the DOE in order to preserve the term of the current exploration sub-phase that requires the drilling of one exploratory well. It is deemed that the Force Majeure event commenced on September 7, 2012, at which time the endorsement of the Sangguniang Panlalawigan of the province of Palawan and the Strategic Environmental Plan (SEP) Clearance from the PCSD would have been released in the ordinary course of business.

On June 4, 2013, the Sangguniang Panlalawigan of Palawan voted to favorably endorse the proposed Cinco-1 drilling to the PCSD. The PCSD approved the issuance of the SEP clearance for the drilling of Cinco-1 well but BHP Billiton sought amendment and clarification on certain conditions set by PCSD. The SEP was issued by the PCSD and signed by all parties in October 2013.

BHP Billiton requested from the DOE an extension of the current Sub-Phase 4 to October 2014 to account for the Force Majeure period caused by the fourteen-month delay in issuance of the aforementioned PCSD clearance.

In November 2013, BHP Billiton verbally informed the partners of its decision not to drill a well under SC 55 and proposed to reassign its 60% participating interest to Otto Energy. Otto Energy subsequently signed a Letter of Intent with BHP Billiton providing for the termination of their Farm-out Agreement and the reassignment of BHP Billiton's participating interest, including a cash settlement.

In January 2014, BHP Billiton and Otto Energy signed definitive agreements for the reassignment of the former's participating interest to the latter. Approval of the reassignment of interest is pending with the DOE.

Otto Energy presented a revised work program to the DOE focused on the drilling of an ultra deepwater prospect and commenced a farmout campaign.

Palawan55 holds 6.82% participating interest in SC 55.

SC 50

In 2013, the Parent Company commenced negotiations with Frontier Energy Limited, the Operator, regarding a Farm-in Agreement that would provide for the Parent Company's acquisition of 10% participating interest in SC 50.

Subject to execution of said Farm-in Agreement, the Parent Company has committed to subscribe to ₱136 million in Frontier Oil shares through the latter's forthcoming initial public offering.

7. Accrued Expenses and Other Current Liabilities

This account consists of:

	2013	2012
Accrued expenses:		
Professional fees	**₱568,200**	₱–
Filing and registration fees	**1,000**	–
Others	**1,334**	–
Withholding taxes	**186,846**	46,935
	₱757,380	₱46,935

Accrued expenses are noninterest-bearing and will be settled on 30 to 60-day terms.

8. Related Party Transactions

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely its legal form.

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. As at December 31, 2012, the Company has not recorded any impairment of receivables on amounts owed by the related parties. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

	As at and for the Year Ended December 31, 2013				
Company	Amount/ Volume	Nature	Outstanding Balance	Terms	Conditions
Araullo University					
Advances to a related party	**₱3,700,000**	Advances	**₱–**	On demand; noninterest-bearing	Unsecured
TA Oil					
Advances from a related party	**1,339,793**	Advances	**–**	On demand; noninterest-bearing	Unsecured
Management and professional fees	**156,800**	Professional fees	**–**	30-60 day terms; noninterest-bearing	Unsecured
PHINMA					
Management and professional fees	**₱806,400**	Management fees	**–**	30-60 day terms; noninterest-bearing	Unsecured

	As at and for the Year Ended December 31, 2012				
Company	Amount/ Volume	Nature	Outstanding Balance	Terms	Conditions
TA Oil					
Advances to a related party	₱8,666,268	Advances	₱8,666,268	On demand; noninterest-bearing	Unsecured, no impairment

	As at and for the Year Ended December 31, 2011				
Company	Amount/ Volume	Nature	Outstanding Balance	Terms	Conditions
TA Oil					
Advances from a related party	₱36,251	Advances	₱–	On demand; noninterest-bearing	Unsecured

In 2013, TA Oil fully paid the outstanding advances to the Company as at December 31, 2012. There were no outstanding advances as at December 31, 2013.

In 2011, the BOD approved the application of the Company's advances from TA Oil amounting to ₱36,251 against subscription receivable.

9. Capital Stock

Following are the details of the Parent Company's capital stock:

	Number of Shares*		
	2013	2012	2011
Authorized - ₱1 par value	**1,000,000,000**	1,000,000,000	40,000,000
Subscribed, issued and outstanding - ₱1 par value:			
Beginning	**250,000,000**	10,000,000	10,000,000
Issuance	**–**	240,000,000	–
Balance at end of year	**250,000,000**	250,000,000	10,000,000

**Restated to show the effects of reverse stock split in 2013.*

On August 28, 2012, the Parent Company's BOD and stockholders approved the increase in the authorized capital stock, subject to the approval of the SEC, from ₱40 million divided into 4 billion shares with a par value of ₱0.01 per share to ₱1.0 billion divided into 100 billion shares with a par value of ₱0.01 per share. The increase in authorized capital stock was approved by the SEC on November 28, 2012.

On April 22, 2013, the Parent Company's BOD and stockholders voted to increase the par value of capital stock from ₱0.01 to ₱1.00 per share, which reduced the number of authorized capital stock from 100 billion to 1 billion and the issued and outstanding shares from 25 billion to 250 million. The increase in par value per share was approved by the SEC on June 3, 2013.

The Parent Company's subscription receivable amounting to ₱6.7 million as at December 31, 2011 was fully paid in 2012.

10. Income Taxes

a. The reconciliation of the Company's provision for income tax using the statutory tax rate is as follows:

	2013	2012	2011
Income tax at statutory rate	**(₱3,996,509)**	(₱909,260)	(₱11,015)
Tax effects of:			
Increase in NOLCO for which no deferred income tax asset was recognized	**3,787,986**	988,286	11,025
Net unrealized losses on changes in fair value of investments held for trading	**448,329**	–	–
Interest income subject to final tax	**(239,486)**	(79,026)	(10)
	₱320	₱–	₱–

b. The Company did not recognize deferred income tax asset on the unused NOLCO of ₱15,957,656, ₱3,367,243, ₱95,963 as at December 31, 2013, 2012 and 2011, respectively, because management believes that it is not probable that sufficient future taxable income will be available to allow said deferred income tax asset to be utilized.

c. The details of the Company's NOLCO follows:

Year Incurred	Year of Expiration	Amount
2011	2014	₱36,750
2012	2015	3,294,285
2013	2016	12,626,621
		₱15,957,656

NOLCO amounting to ₱36,208, ₱23,005 and ₱46,731 expired in 2013, 2012, and 2011, respectively.

d. The Company recognized deferred income tax liability of ₱320 on the unrecognized foreign exchange gain amounting to ₱1,068.

11. Basic Loss Per Share

	2013	2012	2011
(a) Net loss attributable to equity holders of the Parent Company	**₱12,877,179**	₱3,005,090	₱36,718
Common shares at beginning of year	**250,000,000**	10,000,000	10,000,000
Weighted average number of shares issued during the year	–	20,000,000	–
(b) Weighted average number of common shares outstanding*	**250,000,000**	30,000,000	10,000,000
Basic loss per share (a/b)	**₱0.052**	₱0.100	₱0.004

* *Weighted average number of common shares outstanding for the years ended December 31, 2013, 2012 and 2011 was recomputed after giving retroactive effect to the reverse stock split declared and approved in 2013 (see Note 9).*

Before consideration of the reverse stock split, the basic LPS for the years ended December 31, 2012 and 2011 were ₱0.001 and ₱0.00004, respectively.

12. Material Partly-Owned Subsidiary

Financial information of Palawan55, a subsidiary that has material non-controlling interest, are provided below:

	2013	2012
Proportion of equity interest held by NCI	**30.65%**	30.65%
Accumulated balances of material NCI	**₱2,594,283**	₱3,039,120
Net loss allocated to material NCI	**444,837**	25,777

The summarized financial information of Palawan55 are provided below. There were no intercompany eliminations between the Parent Company and Palawan55.

Summarized Statements of Comprehensive Income

	2013 (One Year)	2012 (One and a Half Month)
Revenues	**₱14,622**	₱641
Expenses	**1,465,967**	84,743
Net loss	**(₱1,451,345)**	(₱84,102)
Total comprehensive loss	**(₱1,451,345)**	(₱84,102)
Attributable to NCI	**(₱444,837)**	(₱25,777)

Summarized Balance Sheets

	December 31	
	2013	2012
Total current assets	**₱2,821,428**	₱4,249,623
Total noncurrent assets	**5,713,210**	5,713,210
Total current liabilities	**70,085**	46,935
Total equity	**₱8,464,553**	₱9,915,898
Attributable to equity holders of the Parent Company	**₱5,870,270**	₱6,876,778
NCI	**₱2,594,283**	₱3,039,120

Summarized Cash Flow Information

	2013 (One Year)	2012 (One and a Half Month)
Operating	(₱734,166)	(₱731,530)
Investing	–	(5,713,210)
Financing	–	10,000,000
Net increase (decrease) in cash and cash equivalents	(₱734,166)	₱3,555,260

13. **Financial Risk Management Objectives and Policies**

The Company's principal financial instruments, managed by the PHINMA Group Treasury, comprise cash and cash equivalents, investments held for trading, advances to a related party, other receivables and accrued expenses and other current liabilities (excluding statutory payables). The main purpose of the financial assets is to invest the Company's excess funds.

The main risks arising from the Company's financial instruments are credit risk and market risk. The BOD reviews and approves policies for managing credit risk and market risk.

Credit Risk
The Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Company has assessed the credit quality of cash and cash equivalents as high grade since these are deposited in or transacted with reputable banks, which have low probability of insolvency.

The Company's advances to a related party and other receivables are categorized as high grade since this is transacted with an entity that is in good financial condition.

There are no concentrations of credit risk within the Company.

Market Risk
Market risk is the risk that the value of an investment will decrease due to drastic adverse market movements that consist of interest rate fluctuations affecting bid values or fluctuations in stock market valuation due to gyrations in offshore equity markets or business and economic changes. Interest rate, foreign exchange rate and risk appetite are factors of a market risk as the summation of the three defines the value of an instrument or a financial asset.

Market risk is managed through:

- Constant review of global and domestic economic and financial environments as well as regular discussions with banks' economists or strategy officers are done to get multiple perspectives on interest rate trends or forecasts;
- Updates of the portfolio's local and foreign currency bonds' gains and losses are made as often as necessary;
- "Red Lines" are established then reviewed and revised as the need arises for major movements in the financial markets and are used to determine dealing parameters. Red lines are the

strategic yield curves, bond prices or spreads that the PHINMA Group Treasury uses as guides whether to buy, hold or sell bonds as approved by the Investment Committee or, in cases of high volatility, by the Chief Financial Officer;

- In cases of high volatility, dealers constantly give updates to approving authorities regarding changes in interest rates or prices in relation to strategies; and
- Regular comparison of the portfolio's marked-to-market values and yields with defined benchmarks.

The Company's exposure to market risk is minimal. The underlying financial instruments in the Company's investments in UITFs are Peso fixed-rate bonds and low-risk fixed income securities.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the years ended December 31, 2013, 2012 and 2011.

Capital includes all the items appearing in the equity section of the Company's consolidated balance sheet totaling ₱233,422,550, ₱246,744,566 and ₱7,993 as at December 31, 2013, 2012 and 2011, respectively.

Fair Value of Financial Instruments

The following table shows the classifications, carrying values and fair values of the financial instruments:

	2013		2012		2011	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets						
Loans and receivables:						
Cash and cash equivalents	**₱21,029,901**	**₱21,029,901**	₱165,897,557	₱165,897,557	₱7,993	₱7,993
Other receivables	**3,033**	**3,033**	8,778	8,778	–	–
Advances to a related party	–	–	8,666,268	8,666,268	–	–
FVPL – Investments held for trading	**138,411,121**	**138,411,121**	–	–		
	₱159,444,055	**₱159,444,055**	₱174,572,603	₱174,572,603	₱7,993	₱7,993
Financial Liabilities						
Other financial liabilities -						
Accrued expenses and other current liabilities*	**₱570,534**	**₱570,534**	₱–	₱–	₱–	₱–

* *Excluding statutory payables amounting to ₱186,846 and ₱46,935 as at December 31, 2013 and 2012, respectively.*

Cash and Cash Equivalents, Advances to a Related Party, Other Receivables and Accrued Expenses and Other Current Liabilities (Excluding Statutory Payables). Due to the short-term nature of these balances, the fair values approximate the carrying values at balance sheet date.

Investments Held for Trading. Quoted market prices have been used to determine the fair values of investments held for trading.

Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2013, the fair value measurement of the Company's investments held for trading is categorized as Level 1. The Company has no financial instruments measured at fair value using the Level 2 and Level 3 hierarchy. Also, there were no transfers between Level 1 and Level 2 fair value measurements.

14. Segment Information

The Company has only one reportable segment, Petroleum and Gas, which is engaged in oil and gas exploration and development. Management monitors the operating results of the reportable segment for the purpose of making decisions about resource allocation and performance assessment. As at February 7, 2014, the Company has not started commercial operations yet and has no revenue nor gross profit. The total assets of the segment of ₱234,180,250, ₱246,791,501 and ₱7,993 as at December 31, 2013, 2012 and 2011, respectively, are the same as that reported elsewhere in the consolidated financial statements.

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Trans-Asia Petroleum Corporation
11th Floor, PHINMA Plaza
39 Plaza Drive, Rockwell Center
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Trans-Asia Petroleum Corporation and its subsidiary, as at and for the years ended December 31, 2013, 2012 and 2011, and have issued our report thereon dated February 7, 2014. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Marydith C. Miguel

Marydith C. Miguel
Partner
CPA Certificate No. 65556
SEC Accreditation No. 0087-AR-3 (Group A),
January 18, 2013, valid until January 17, 2016
Tax Identification No. 102-092-270
BIR Accreditation No. 08-001998-55-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 4225193, January 2, 2014, Makati City

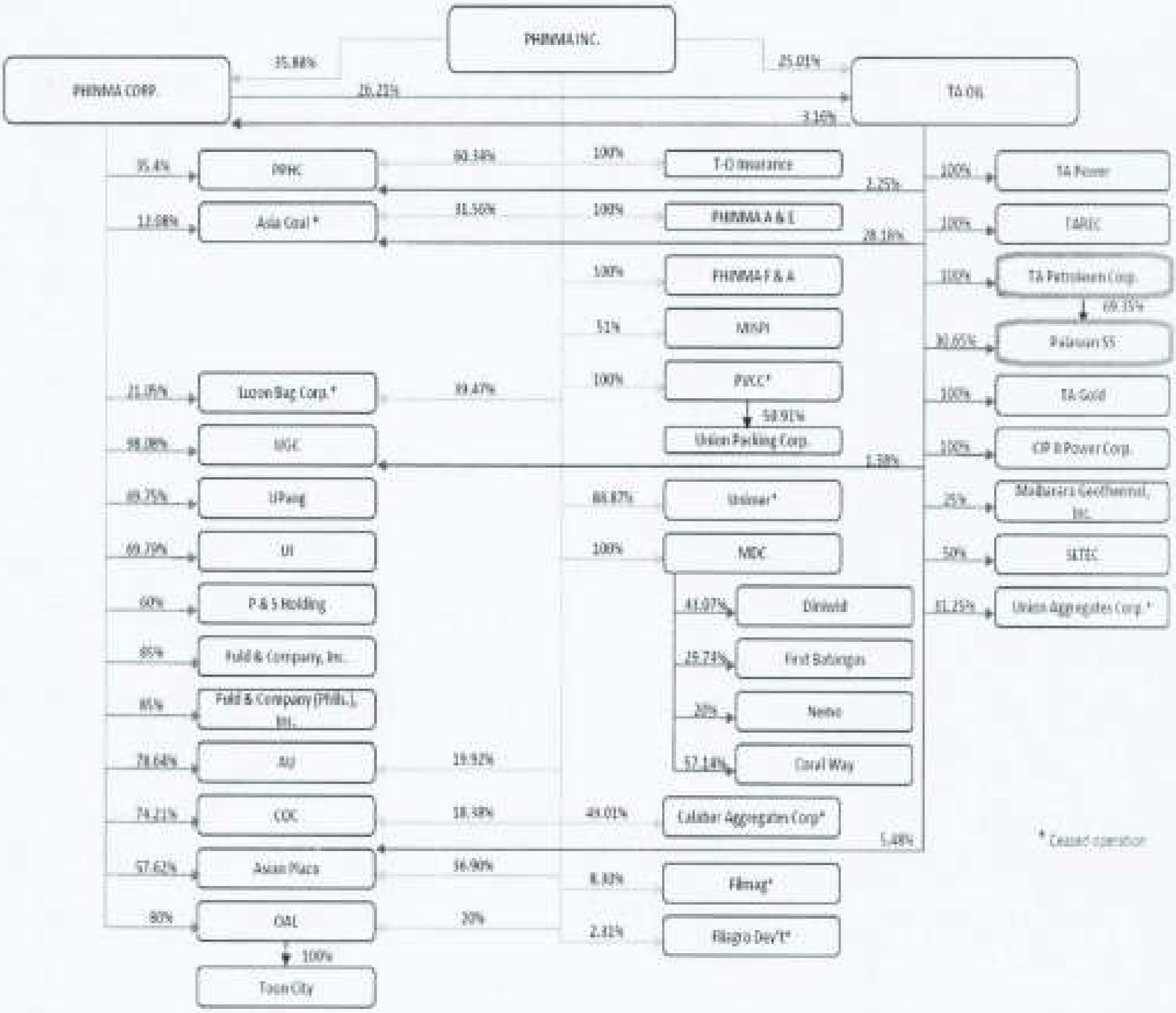
February 7, 2014

TRANS-ASIA PETROLEUM CORPORATION
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As at December 31, 2013

	Amount
Deficit, beginning	**(₱6,236,229)**
Add: Net loss for the year based on the face of Audited Financial Statements	(11,870,671)
Deficit, end	**(₱18,106,900)**

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER SRC RULE 68, AS AMENDED (2011)

Conglomerate Map



Map of relationships of the Companies within the Group

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER SRC RULE 68, AS AMENDED (2011)

Financial Soundness Indicators

Financial Ratios	Formula	December 31, 2013	December 31, 2012	December 31, 2011
Liquidity Ratios				
a) Current Ratio	Current assets / Current liabilities	**210.52**	3,719.45	N/A
b) Acid test ratio	Cash + Short-term investments + Accounts Receivables + Other liquid assets / Current liabilities	**210.52**	3,719.45	N/A
Solvency Ratios				
c) Debt-to-equity ratio	Total Liabilities / Total Equity	–	–	–
d) Asset-to-equity ratio	Total Assets / Total Equity	**1.00**	1.00	1.00
e) Interest coverage ratio	Earnings before interest and tax (EBIT) / Interest expense	**N/A**	N/A	N/A
f) Net debt-to-equity ratio	Debt - cash and cash equivalents / Total equity	**N/A**	N/A	N/A
Profitability Ratios				
g) Return on equity	Net income after tax / Average stockholders' equity	**-5.71%**	-2.46%	-446.34%
h) Return on assets	Net income before taxes / Total assets	**-5.69%**	-1.23%	-459.38%
i) Asset turnover	Revenues / Total assets	**N/A**	N/A	N/A

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER SRC RULE 68, AS AMENDED (2011)

A. List of Philippine Financial Reporting Standards (PFRSs) effective as at December 31, 2013

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2013		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics				
PFRSs Practice Statement Management Commentary				
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendment to PFRS 1: First-time Adoption of Philippine Financial Reporting Standards – Meaning of 'Effective PFRSs'*	Not Early Adopted		
PFRS 2	Share-based Payment	✓		✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Share-based Payment – Definition of Vesting Condition*	Not Early Adopted		
PFRS 3 (Revised)	Business Combinations	✓		✓
	Business Combinations – Accounting for Contingent Consideration in a Business Combination*	Not Early Adopted		
	Business Combinations – Scope Exceptions for Joint Arrangements*	Not Early Adopted		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		

**Standards and interpretations which will become effective subsequent to December 31, 2013*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2013		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*	Not Early Adopted		
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	Not Early Adopted		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities*	Not Early Adopted		
PFRS 11	Joint Arrangements	✓		✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Investment Entities*	Not Early Adopted		
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term Receivables and Payables*	Not Early Adopted		
	Amendment to PFRS 13: Fair Value Measurement – Portfolio Exception*	Not Early Adopted		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		✓
PAS 2	Inventories	✓		✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts	✓		✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		✓
	Amendment to PAS 16: Property, Plant and Equipment – Revaluation Method – Proportionate Restatement of Accumulated Depreciation*	Not Early Adopted		
PAS 17	Leases	✓		✓
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		✓

**Standards and interpretations which will become effective subsequent to December 31, 2013.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2013		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		✓
PAS 19 (Amended)	Employee Benefits	✓		✓
	Amendments to PAS 19: Employee Benefits – Defined Benefit Plans: Employee Contributions*	Not Early Adopted		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		✓
PAS 23 (Revised)	Borrowing Costs	✓		✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendments to PAS 27: Related Party Disclosures – Key Management Personnel*	Not Early Adopted		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		✓
	Amendments to PAS 27: Investment Entities*	Not Early Adopted		
PAS 28	Investments in Associates	✓		✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures	✓		✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		✓
	Amendment to PAS 32: Classification of Rights Issues	✓		✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities*	Not Early Adopted		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*	Not Early Adopted		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 38: Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Amortization*	Not Early Adopted		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		

**Standards and interpretations which will become effective subsequent to December 31, 2013.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2013		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		✓
	Amendments to PAS 39: The Fair Value Option	✓		✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives	✓		✓
	Amendment to PAS 39: Eligible Hedged Items	✓		✓
	Amendment to PAS 39: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*	Not Early Adopted		
PAS 40	Investment Property	✓		✓
	Amendment to PAS 40*	Not Early Adopted		
PAS 41	Agriculture	✓		✓
Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2	✓		✓
IFRIC 9	Reassessment of Embedded Derivatives	✓		✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives	✓		✓
IFRIC 10	Interim Financial Reporting and Impairment	✓		✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions	✓		✓
IFRIC 12	Service Concession Arrangements	✓		✓
IFRIC 13	Customer Loyalty Programmes	✓		✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		✓
	Amendments to Philippine Interpretations IFRIC -14, Prepayments of a Minimum Funding Requirement	✓		✓
IFRIC 15*	Agreements for the Construction of Real Estate	Not Early Adopted		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	✓		✓

**Standards and interpretations which will become effective subsequent to December 31, 2013.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2013		Adopted	Not Adopted	Not Applicable
IFRIC 17	Distributions of Non-cash Assets to Owners	✓		✓
IFRIC 18	Transfers of Assets from Customers	✓		✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	✓		✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21*	Levies	Not Early Adopted		
SIC-7	Introduction of the Euro	✓		✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities	✓		✓
SIC-12	Consolidation - Special Purpose Entities	✓		✓
	Amendment to SIC - 12: Scope of SIC 12	✓		✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	✓		✓
SIC-15	Operating Leases - Incentives	✓		✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	✓		✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services	✓		✓
SIC-32	Intangible Assets - Web Site Costs	✓		✓

**Standards and interpretations which will become effective subsequent to December 31, 2013*

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
Supplementary Schedules Required by Paragraph 6D, Part II
Under SRC Rule 68, As Amended (2011)

Schedule A. **Financial Assets**

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotation at end of reporting period	Realized loss received and Unrealized loss accrued
Financial Assets at Fair Value through Profit or Loss (FVPL)				
Metropolitan Bank and Trust Company	27,079,845	₱48,099,221	₱48,099,221	(₱1,900,780)
BDO Unibank, Inc.	48,380	70,434,503	70,434,503	404,502
Rizal Commercial Banking Corporation	14,086,455	19,877,397	19,877,397	(3,244,045)
	41,214,680	**₱138,411,121**	**₱138,411,121**	**(₱4,740,323)**
Available-for-sale (AFS) Financial Assets	**Not Applicable.** The Company does not have any AFS Financial Assets as at December 31, 2013.			
Held-to-Maturity (HTM) investments	**Not Applicable.** The Company does not have any HTM Investments as at December 31, 2013.			

Schedule B. **Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)**

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of period
Advances to a related party - Trans-Asia Oil and Energy Development Corporation	₱8,666,268	₱–	₱8,666,268	₱–	₱–	₱–	₱–

Schedule C. **Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements**

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of period
Not Applicable. The Company has no eliminating entries relating to amounts receivable from related parties as at December 31, 2013.							

Schedule D. **Intangible Assets – Other Assets**

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other charges additions (deductions)	Ending balance
Deferred exploration costs	₱72,218,898	₱2,517,297	₱–	₱–	₱–	₱74,736,195

Schedule E. **Long Term Debt**

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest rates, amount or number of periodic installments, and maturity dates
Not Applicable. The Company has no long-term debt as at December 31, 2013.				

Schedule F. **Indebtedness to Related Parties (Long-term loans from Related Companies)**

Name of related party	Balance at beginning of period	Balance at end of period
Not Applicable. The Company has no liabilities to related parties as at December 31, 2013.		

Schedule G. **Guarantees of Securities of Other Issuers**

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is files	Nature of guarantee
Not Applicable. The Company has not issued any guarantees as at December 31, 2013.				

Schedule H. **Capital Stock**

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common	1,000,000,000	250,000,000	-	249,999,989	11	-

Deals

Project Aceite

Updated Valuation Report in Support of the Fairness Opinion on Trans-Asia Petroleum Corporation's Value

Strictly private and confidential
8 August 2014

Annex "B"

pwc

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Pythagoras L. Brion, Jr.
Senior Vice President and Chief Finance Officer
Trans-Asia Oil and Energy Development Corporation
11th Floor, PHINMA Plaza, 39 Plaza Drive, Rockwell Center,
Makati City, 1200

8 August 2014

Dear Mr. Brion,

This report (the "Report") has been prepared by Isla Lipana & Co. ("we," "PwC Philippines," or the "Firm"), a member firm of PricewaterhouseCoopers, solely for Trans-Asia Oil and Energy Development Corporation ("You," "TA Oil," "Management," or the "Client") in connection with the issuance of a fairness opinion, from a financial point of view, of the price per share of Trans-Asia Petroleum Corporation (formerly Trans-Asia (Karang Besar) Petroleum Corporation) ("TA Petroleum" or the "Company") for purposes of listing by way of introduction. This Report serves as an update on the valuation report issued last November 18, 2013 with a valuation date of September 30, 2013.

This Report is solely for the use of TA Oil to assist it in determining a reasonable value for TA Petroleum's shares.

This Report has been prepared in accordance with our engagement letter dated January 30, 2013 and supplemental agreement dated August 8, 2014, and is solely for the purpose stated herein and should not be relied upon for any other purpose. This Report is strictly confidential and, save to the extent required by applicable law and/or regulation, must not be released to any third-party without our expressed written consent, which is at our sole discretion.

To the fullest extent permitted by law, we accept no duty of care to any third-party in connection with the provisions of this Report and/or any related information or explanation (together, the "Information"). Accordingly, regardless of the form of action, whether in contract, tort or otherwise, and to the extent permitted by applicable law, the Firm accepts no liability of any kind to any third-party and disclaims all responsibility for the consequences of any third-party acting or refraining to act in reliance on the Information.

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Our Report is not intended to be the basis for investment decisions and any action you take must ultimately remain a decision for you, taking into account matters outside the scope of our work of which you are aware of.

The information used by the Firm in preparing this Report have been obtained from a variety of sources. These include public disclosures , and information obtained, discussed, and agreed with TA Oil. TA Oil is solely responsible for the data and financial forecasts it provided to us.

Internally-prepared financial information provided by the management of TA Oil have been accepted without further verification as correctly reflecting results of operations and the financial and business condition of TA Petroleum.While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of TA Petroleum's existing business records. Moreover, except where otherwise stated in the Report, we did not subject the financial information in the Report to checking or verification procedures. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of TA Oil and TA Petroleum. Our work cannot be relied upon to discover errors, irregularities, or illegal acts.

As part of the fair value measurement process, prospective financial information was utilized. All such prospective financial information were prepared by TA Oil and represented its management's best estimates of such future results as of March 31, 2014, the new valuation date ("Valuation Date"). The following updates were considered:

- On March 1, 2014, there was an additional committed budget amounting to USD0.6m for the extension phase of SC 6B. This expenditure was considered in the MEE approach.
- On May 5, 2014, Otto withdrew from SC 51. No change was effected in the calculations since, according to Management, the probabilities assigned for the drilling of the wells already considered the possibility of withdrawal of the JV partner.

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- On May 7, 2014, the DOE approved the new work program submitted by Otto for the drilling of the Hawkeye well in SC 55. As a result of this development, the committed budget in the SC 55 valuation was updated based on the new work program. This updated expenditure was considered in the MEE approach .
- The cost of equity was adjusted from 14.0% to 13.0%
- The USD/PhP foreign exchange rate increased from 43.54 as of September 30, 2013 to 44.82 as of March 31, 2014.

All other descriptions and comments in this Report relate to September 30, 2013.

Accordingly, TA Oil understands and accepts that the Advisory Group of Isla Lipana and Co., a member firm of PricewaterhouseCoopers, has not been employed in the capacity of examining certified public accountants and therefore has not expressed any form of comfort or assurance on the achievability of forecasts or the reasonableness of underlying assumptions beyond what is generally accepted under the standards common to the business fair value measurement profession.

We performed our review with the assumption that all information obtained in the valuation of TA Petroleum, including representations and warranties by TA Oil's management and its third-party consultants, are true, accurate, and provided in good faith.

Moreover, the scope of our work does not include a compliance review of financial information to tax laws and Philippine financial reporting standards. Accordingly, this Report may not have identified all matters that might be of concern to you.

Our conclusions are based upon the information available as at the date of the Report. Economic conditions, market factors, and changes in the performance of the business may result in our conclusions becoming quickly outdated and may require updating from time to time or before any major decisions are taken based on the Report.

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In any event, if you intend to make any decision based on the Report more than three months from the date of the Report, you must request our written confirmation as to the currency of our conclusions.

Forecasts relate to future events and are based on assumptions which may not remain valid for the whole of the relevant period. We express no assurance of any kind on such prospective or forecast information since there will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those results may be material. Consequently, these information cannot be relied upon to the same extent as that derived from audited accounts for completed accounting periods. Accordingly, we express no opinion as to how closely the actual results achieved will correspond to the forecasts for TA Petroleum and we take no responsibility of any kind for the achievement of any expected result.

By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value, and we normally express our valuation as falling within expected ranges, which in our opinion is reasonable and defensible, and others might wish to argue for different values.

If you require any clarification or further information, please contact me at 845-2728 local 2060.

Yours faithfully,

Mary Jade T. Roxas – Divinagracia, CFA
Engagement Partner

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Our scope and process

Scope of work	The Service Contracts covered by our valuation are 6A, 6B, 51, 69, and 55.
Sources of information	The information used by PwC in preparing this Report has been obtained from a variety of sources as indicated within the Report / Appendix 1. While our work has involved analysis of financial information and/or accounting records, it has not included an audit in accordance with generally accepted auditing standards. Moreover, except where otherwise stated in the Report, we have we not subjected the financial information in the Report to checking or verification procedures. Accordingly we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us, except where otherwise stated herein, and no assurance is given.
Basis of valuation	The basis of our valuation is fair value. We define fair value as the amount that would be negotiated at the Valuation Date, in an open and unrestricted market, between a knowledgeable, willing, but not anxious buyer, and a knowledgeable, willing, but not anxious seller, acting at arm's-length basis.

At a glance – our conclusions

We have calculated an estimated range of values of the following Service Contracts ("SCs") based on TA Petroleum's interest. SC 55 contributes about 60-73% of the total value of the SCs.

USD in millions	MEE	JV	
		Low	High
SC 55	18.5	10.5	23.3
SC 69	5.7	5.5	6.9
SC 51	2.0	0.6	0.6
SC 6A	1.6	0.8	0.8
SC 6B	1.1	0.3	0.3
Total value of SCs	28.7	17.7	31.9

PhP in millions USD1.00 = PhP44.82	MEE	JV	
		Low	High
Total value of SCs	1,288.3	791.6	1,428.4
Excess cash as of Valuation Date	156.6	156.6	156.6
Total equity value	1,444.9	948.2	1,585.1
Price per share (250 million shares)	5.78	3.79	6.34

Our analysis and conclusions

Business overview (1/2)

TA Oil has four SCs under the DOE. These SCs are located in offshore Palawan, Eastern Visayas, and Northwest Leyte. SC 55 is potentially as large as the Philippines' largest gas field, the Malampaya Project. These SCs are currently in the exploration stage.

SCs and TA Petroleum's Partners

Partner	SC 6A	SC 6B	SC 69	SC 51	SC 55
TA Petroleum's Interest	2.334%	14.063%	6.000%	6.667%	6.820%
Pitkin Petroleum Plc	●				
Philodrill Corporation	●	●			
PetroEnergy Resources Corp.	●			●	
Peak Oil and Gas Ltd.		●			
Blade Petroleum Phils. Ltd.		●			
Venturoil Philippines, Inc.		●			
Nido Petroleum, Inc.		●			
Otto Energy Investments Ltd.			●	●	●
Alcorn Gold Resources Corp.	●	●		●	
Frontier Gasfields Pty. Ltd.			●		
BHP Billiton					●
Anglo Phil Holdings Corp.	●				
Forum Energy Phils.	●	●			
Philex Petroleum Corp.	●				
Phoenix Gas & Oil Exploration Co., Inc.		●			
Oriental Petroleum & Minerals Corp.		●			

Service Contract 6 ("SC 6")

SC 6 is located in Offshore Northwest Palawan. It comprises of Block A with 108,000 hectares, an oil and gas contract; and Block B with 53,300 hectares, an oil contract. Both Blocks A and B have a work program involving geological and geophysical studies. Block A's program also includes a new 3D seismic acquisition that is scheduled in 2013.

Service Contract 69 ("SC 69")

SC 69 covers an area located in the Camotes Sea, Eastern Visayas. The interpretation of the 229 sq km 3D seismic data in 2012 confirmed the presence of two sizeable reef structures: Lampos and Lampos South; and a third smaller prospect, Managau East. The combined resource estimates for Lampos and Lampos South range between 52MMbbls and 1,169MMbbls with a mean in place volume of 503MMbbls. The completion of the seismic interpretation work and pre-drill studies were extended to November 7, 2013.

Service Contract 51 ("SC 51")

SC 51 covers an area located in the Cebu Strait and Northwest Leyte. In early 2011, the joint operating agreement was amended to accommodate the entry of Swan Oil and Gas Ltd. ("Swan"), and to split SC 51 into the Northern and Southern Blocks, after Otto Energy Investments Ltd. ("Otto") elected not to participate in the Southern Block. In 2012, Swan failed to perform its obligation and was forced to give up its interest in SC 51.

The remaining local partners of the Southern Block executed a farm-in option agreement with Frontier Oil Corporation, giving the latter an option to acquire an 80% interest, in exchange for drilling the offshore Argao-1 exploratory well. Frontier did not exercise the option.

In 2012, Otto acquired 100km of new high-quality 2D seismic data over the San Isidro anticline in the Northern Block. The results of the new seismic data confirmed a large target. The mean resource of Duhat-2 is estimated to be 23MMbbls, with an upside potential of 59MMbbls.

Business overview (2/2)

TA Oil has four SCs under the DOE. These SCs are located in offshore Palawan, Eastern Visayas, and Northwest Leyte. SC 55 is potentially as large as the Philippines' largest gas field, the Malampaya Project. These SCs are currently in the exploration stage.

On July 25, 2013, Otto decided to plug and abandon Duhat-2 well for safety and environmental reasons.

Service Contract 55 ("SC 55")

SC 55 covers 900,000 hectares located in offshore West Palawan. It is a deepwater block in the middle of a proven regional oil and gas fairway that extents from the productive Borneo offshore region in the southwest, to the offshore Philippine production assets northwest of Palawan.

BHP Billiton ("BHPB") is the current operator of SC 55. In early 2012, BHPB requested an extension of sub-phase 4 in order to secure an appropriate ultra deepwater rig. In May 2012, the Department of Energy ("DOE") approved an extension of 12 months. The revised work schedule is shown below:

Sub-phase	Date	Work program
4	August 2011 – August 2013	1 deepwater well
5	August 2013 – August 2014	1 deepwater well

On May 6, 2013, TA Oil disclosed that BHPB formally filed a notice of force majeure in order to preserve the term of the current exploration sub-phase that involved the drilling of one exploratory well. The declaration of force majeure comes amid delays in receiving the Strategic Environmental Plan Clearance ("SEP Clearance") for SC 55 from the Palawan Provincial Council for Sustainable Development.

According to TA Oil's disclosure to the PSE, all critical permits have been obtained with the exception of the SEP Clearance by the Provincial Council for Sustainable Development which was submitted in August 2012. The Sangguniang Panlalawigan has requested the submission by BHPB, as the Operator, of a comprehensive socio-economic development program for Palawan prior to recommending the endorsement of the SEP Clearance by the PCSD, which is not a requirement under Philippine Law, nor has it been required for exploration approvals in the past.

As of October 2013, Management disclosed that BHPB has already received the SEP Clearance for Cinco-1, signed by Governor Alvarez of Palawan.

The DOE is looking at SC 55 as the potential next big gas field after the Malampaya project. It has many prospects, including Cinco and Hawkeye.

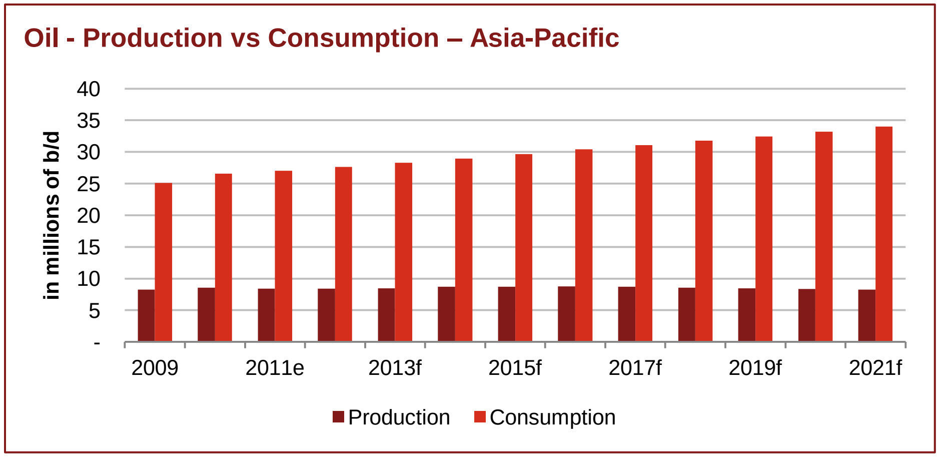
In Cinco alone, the total unrisked potential mean recoverable resource estimates are as follows:

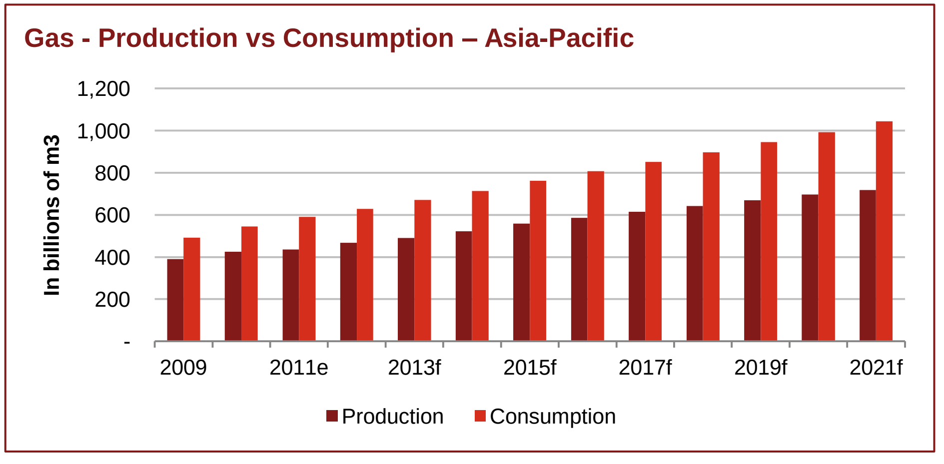
- Gas: 2.1 Tcf
- Condensate: 74 MMbbls

TA Oil's stake in SC 55 is held through Palawan55 Exploration & Production Corp. ("P55"). TA Petroleum owns 69.351% of P55, while the remaining 30.649% is owned by TA Oil.

Industry overview (1/6)

Asia will remain a net oil and gas importer through 2021. However, rising production and gains in efficiency will slow down growth in imports.





Source: BMI, PwC Analysis

Global increase in demand for power

There has been growing demand for power globally due to expanding economies, growing urbanization, and efforts to address underemployment in rural areas, mainly in developing countries, particularly in Asia.

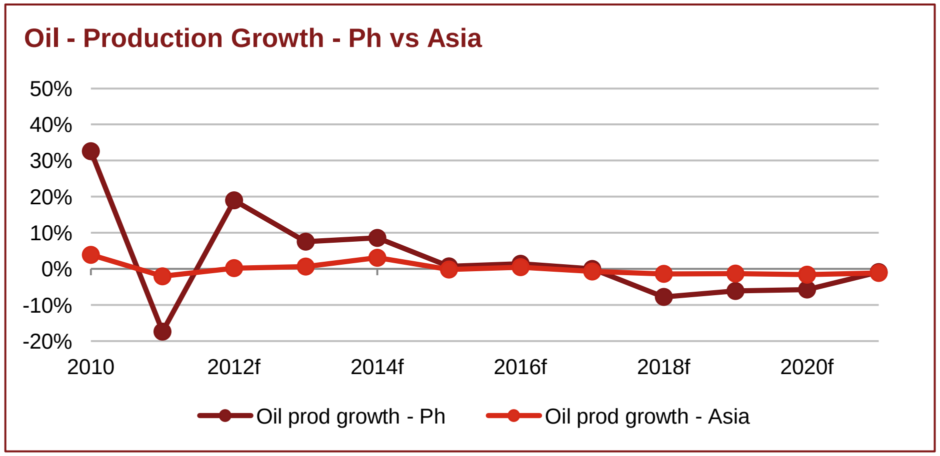
Asia-Pacific: forecasts and growing countries

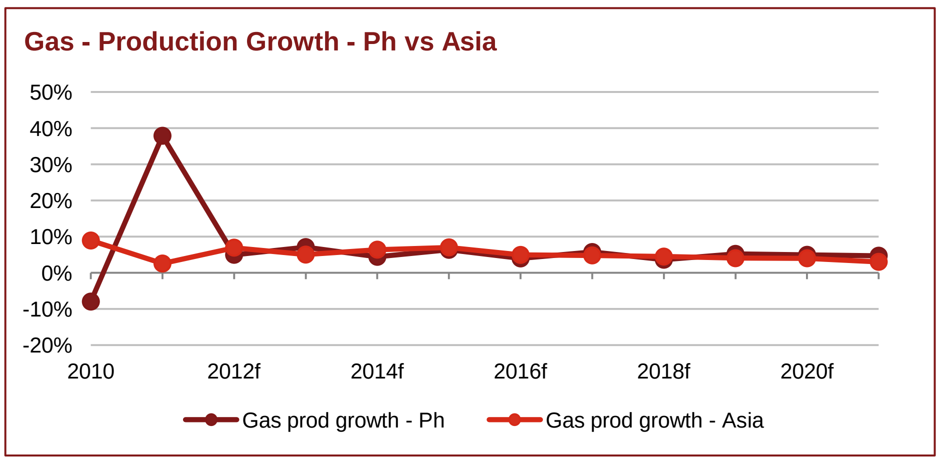
China is the largest oil and gas producer and consumer in Asia, consuming 49.6% and producing 35.9% of the continent's total oil and gas in 2011. Its oil production is forecast to grow, from 2013 to 2021, at a compound annual growth rate (CAGR) of 0.2%, second only to Malaysia's 2%. It is also expected to be a larger consumer than the US by 2030. By the end of 2021, China and Malaysia's forecast oil production will comprise 52.9% and 9.6% of Asia's total, respectively.

On gas production, Papua New Guinea and Australia's CAGR are estimated to be 70.1% and 9.3% from 2013-2021, respectively. By the end of 2021, they are expected to have a share of 21.0% and 2.9% of Asia-Pacific's total gas production.

Industry overview (2/6)

The Philippines' oil production growth is forecast to slow down from 2013 to 2021, while its gas production growth is forecast to be at par with Asia's growth from 2013 to 2021.





Source: BMI, PwC Analysis

The Philippines' oil production

The Philippines' share in Asia's total oil production was 0.3% in 2011. By the end of 2021, it is forecast to be 0.4%. The Philippines' oil production CAGR is forecast to be 1.4%, higher than that of Asia's which shows a -0.2% growth.

The Philippines' proven oil reserves of 138.5M barrels in 2011, as reported by the US Energy Information Administration (EIA), is likely to remain fairly steady over the next five years as increased offshore exploration and appraisal offsets losses from maturing fields.

The Department of Energy (DOE) and Philippine National Oil Company (PNOC) are looking to raise domestic production of oil. Philippine oil production is due to rise further once the Galoc Phase II enters operation.

The Philippines's gas production

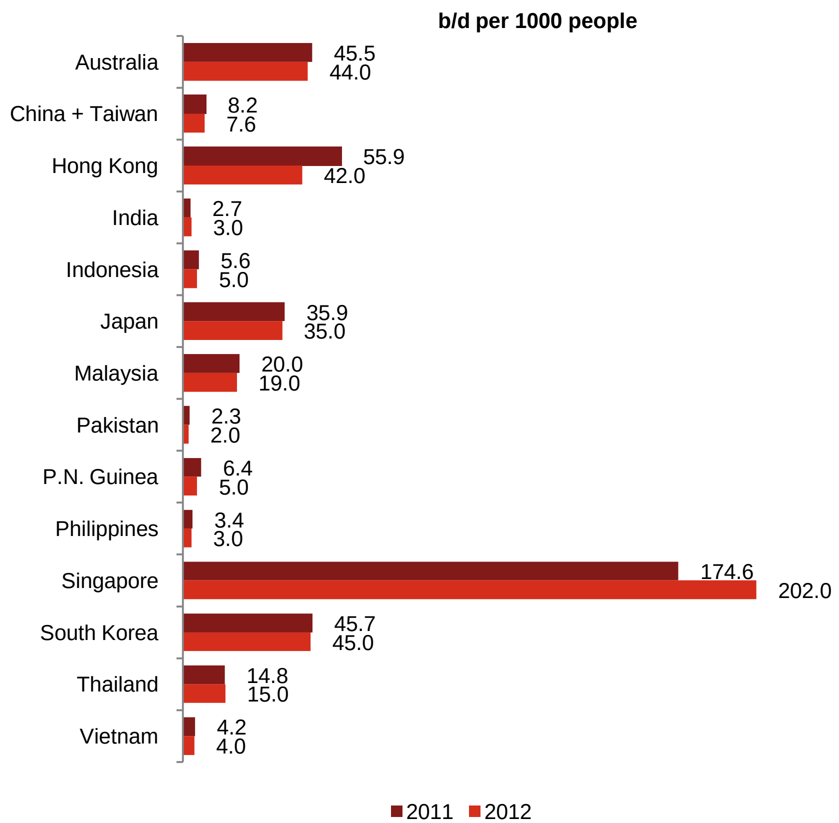
The Philippines contributed 0.9% of Asia's total gas production in 2011. This was still small as compared to countries like China (23.8%), Indonesia (17.5%), Malaysia (14.4%), and Australia (12.3%). Unlike oil production, its gas production forecasts show a positive outlook. With a 5.2% CAGR from 2011 to 2021, the Philippines' share in Asia's total gas production in2021 will be maintained at 0.9% by 2021.

The Philippines is largely self-sufficient in terms of natural gas output. Its gas supply comes from the Malampaya Gas Project, which is operated by Chevron, Royal Dutch Shell, and PNOC.

Industry overview (3/6)

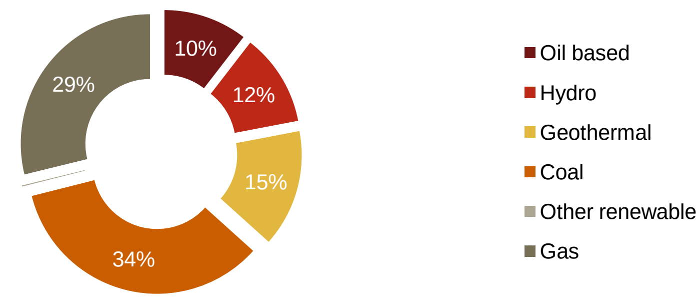
The Philippines relies heavily on alternative sources, thus having a low reliance on oil as fuel for electricity production.

Oil - Average Consumption - Asia



Source: BMI, World Bank, IndexMundi, PwC Analysis

Electricity Source - Philippines (2010)



Oil consumption

In Asia, the Philippines is one of the minimal users of oil, with 3.0 barrels per day per 1000 people consumption. The heaviest user of oil is Singapore with 202 barrels per day per 1000 people consumption. Australia, Hong Kong, and South Korea follow with 44, 42, and 45 barrels per day per 1000 people consumption, respectively. Consumption rates use 2012 data.

The low consumption of the Philippines can be traced to the reliance on geothermal, hydroelectric, and gas-sourced energy.

Industry overview (4/6)

Major players in the oil and gas industry in the Philippines

Financial Highlights (2011)

	PhP in billions	GR	Profit	Assets
A	SPEX	27.4	13.6	24.2
B	PNOC-EC	10.2	3.0	12.9
C	PNOC	5.6	5.2	43.4
D	CMLLC	29.0	13.4	43.9
E	Galoc	5.0	2.3	2.6
F	Nido	2.6	1.1	3.0

Source: Public Information

A. Shell Pilipinas Exploration BV ("SPEX")

SPEX is one of the entities within the Royal Dutch Shell Group plc, the ultimate parent company. Its was established to explore and develop gaseous hydrocarbons in the Philippines. SPEX currently operates SC 38. It used to operate SC 60, but gave it up on November 2012.

B & C. PNOC Exploration Corp. (PNOC-EC) and Philippine National Oil Company ("PNOC")

Established in 1973, PNOC, which is run by the government of the Philippines, is responsible for ensuring adequate national energy provision and has control over the country's upstream segment. Through the PNOC-EC, its exploration arm, it has a 10% interest in the Malampaya Project.

D. Chevron Malampaya LLC ("CMLLC")

CMLLC is an exploration company incorporated in Delaware, USA. It is one of Chervron's two upstream business units in the Philippines.

E. Galoc Production Company ("Galoc")

Galoc is a branch of Galoc Production Company (GPC), a limited liability company incorporated in Bahrain. The home office, through the branch, is tasked to develop the Galoc Field and Galoc Sub Block. In 2011, Otto Energy ("Otto") acquired 100% of Galoc Production Company SA (the home office's parent) allowing Otto to gain full effective ownership of Galoc.

F. Nido Production (Galoc) Pty. Ltd. ("Nido")

Nido operates as an oil production company. The company provides seismic data on petroleum blocks and provides drilling services. The company was incorporated in 1985 and is based in Makati, Philippines. Nido operates as a subsidiary of Nido Petroleum Ltd.

Industry overview (5/6)

Recent developments in the Philippine oil and gas industry

Service contracts as of 2012

As of 2012, there were 27 active service contracts for oil in the Philippines. Production is done by local players such as PNOC and several large international operators. These international operators include ExxonMobil, Shell Pilipinas Exploration, Nido Petroleum, BHP Billiton (BHP) and Galoc Production Company.

Exploration and developments

Forum Energy Philippines accumulated a total of 564.93 sq km of 3D data over Recto (Reed) Bank in the 800,000-ha SC72 block located in the West Philippine Sea. SC72, based on the gathered data, may yield around 2M cubic feet per day and reserves could be as high as 44M barrels of oil equivalent and 96B cubic meters of gas. This makes it around two to three times larger than Malampaya.

Otto Energy, then NorAsian Energy, has completed 228.8 km2 worth of 3D data within its 528,000-ha SC69 block in the Camotes Sea. According to the DOE, geophysical surveys encompassing the country's 16 sedimentary basins were completed. NorAsian Energy also drilled two onshore exploratory wells in northwest Leyte and northwest Palawan.

Nido Petroleum also drilled the Gindara-1 exploratory well in SC54B.

High hopes for the Iligan blocks

There are high hopes for SC 59 and SC 62, located northeast of Borneo, since these blocks share the same geological composition as the rich offshore hydrocarbons deposits currently being exploited in Sabah, Malaysia.

List of Service Contracts for Oil

SC 6	Blade Petroleum	SC 54A	Nido Petroleum Phil. Pty Ltd.
SC 6A	Pitkin Petroleum Ltd.	SC 54B	Nido Petroleum Phil. Pty Ltd.
SC 6B	The Philodrill Corp.	SC 55	BHP Billiton Petroleum (Phils.) Corp.
SC 14	Philodrill, Galoc, RMA	SC 56	Mitra Energy (Phils.) Ltd.
SC 37	PNOC-EC	SC 57	PNOC-EC
SC 38	Shell Philippines Exploration	SC 58	Nido Petroleum Phil. Pty Ltd.
SC 40	Forum Exploration	SC 59	BHP Billiton Petroleum (Phils.) Corp.
SC 44	Gas 2 Grid	SC 62	Palawan Sulu Sea Gas inc.
SC 47	PNOC-EC	SC 63	PNOC-EC
SC 49	China International Mining Petroleum Co. Ltd	SC 64	Ranhill Energy Sdn. Bhd.
SC 50	Frigstad Energy Ltd	SC 69	Otto Energy Phils., Inc.
SC 51	Otto Energy Investments Ltd.	SC 70	Polyard Petroleum International
SC 51	Frontier Oil Corporation	SC 72	Forum (GSEC 101) Ltd
SC 53	Pitkin Petroleum Ltd.		

Source: DOE

Industry overview (6/6)

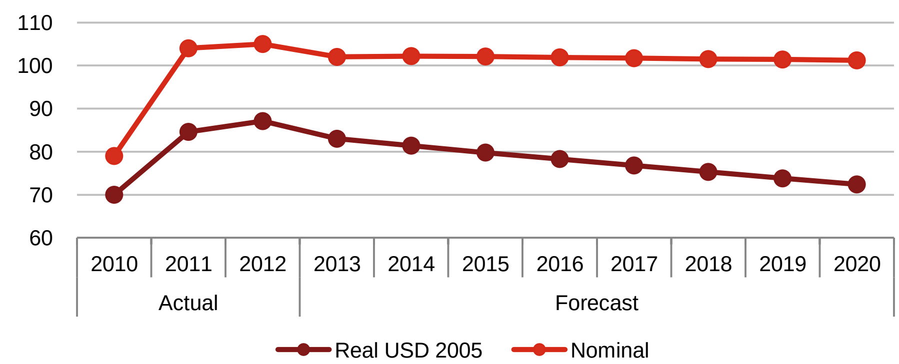
The prices of oil and gas are forecast to go down

Forecast Crude Oil and Gas Prices

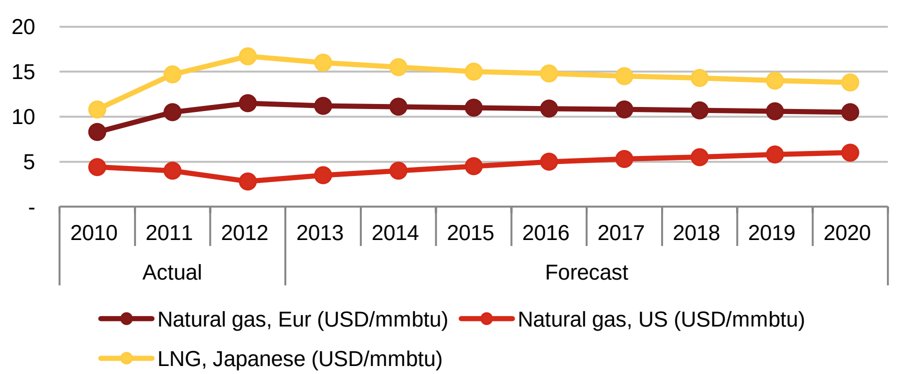
Forecast prices of crude oil, stated in real 2005 USD prices, are estimated to grow at a CAGR of -1.9% from 2013 to 2020. On the other hand, nominal prices are forecast to grow -0.1%. These prices represent the average forecast spot price of the Brent, Dubai, and West Texas Intermediate, equally weighed. The decrease in price may be due to the increasing reliance on renewable energy.

Forecast Japanese and Europe gas prices have a downward trend, with the US being the exception. Real CAGRs are -2.7%, 6.3%, and -4.0% for the European, US, and Japanese markets, respectively. Meanwhile, nominal CAGRs are -0.9%, 8.0%, and -2.1%.

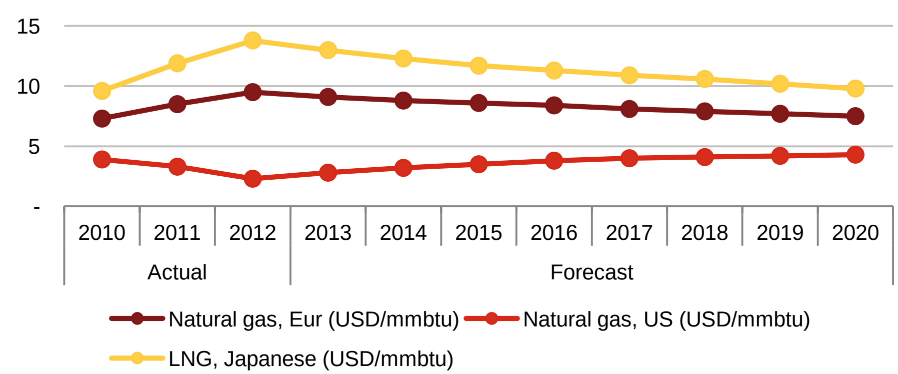
Crude Oil Prices - Average - Spot



Gas Prices (Nominal)



Gas Prices (Real USD 2005 Prices)



Source: World Bank

Valuation risks

The estimated range of values are based on forecasts and key assumptions. Changes to these factors and business conditions may materially and adversely impact the valuation. These factors are as follows:

Resource and probability estimates

The resource and probability estimates are reliant on the technical report of the Client's technical valuation consultant, Add IPS Pty. Ltd ("Add Energy").

For the material subsequent events, the probability estimates are based on Management's best estimates given the current circumstances. These circumstances might change and the effect on the values may be significant.

Cost estimates

The valuation assumed that the cost estimates provided by Management or its joint venture partners represent their best estimates as of the Valuation Date.

Government permits

The valuation assumed that the service contracts will obtain all the necessary operating permits.

Government policies, and legal and regulatory constraints

The valuation assumed that changes in government policies, rules, regulatory environment, and laws will have no material effect on the Company's operations.

Environmental regulations

The valuation assumed that the Company's operations are compliant to health, safety, and environmental laws and regulations

Prospective enhancement multiplier ("PEM")

The valuation assumed that the applied PEM reflects the prospectivity of the current area where the SCs are located.

The resulting values under the MEE ~~is~~ are highly sensitive to changes in the PEM.

General valuation methodology

Multiples of exploration expenditures method ("MEE")

- This approach uses as basis the historical cost of exploration, plus warranted future exploration expenditures already committed to the project.
- The total exploration cost is then multiplied to a PEM, which is determined based on the prospectivity of the area where the SC is located.

Joint venture method ("JV")

- The JV method uses as basis the amount paid or amount to be spent by a joint venture partner on exploration to earn a given percentage of interest in the project.

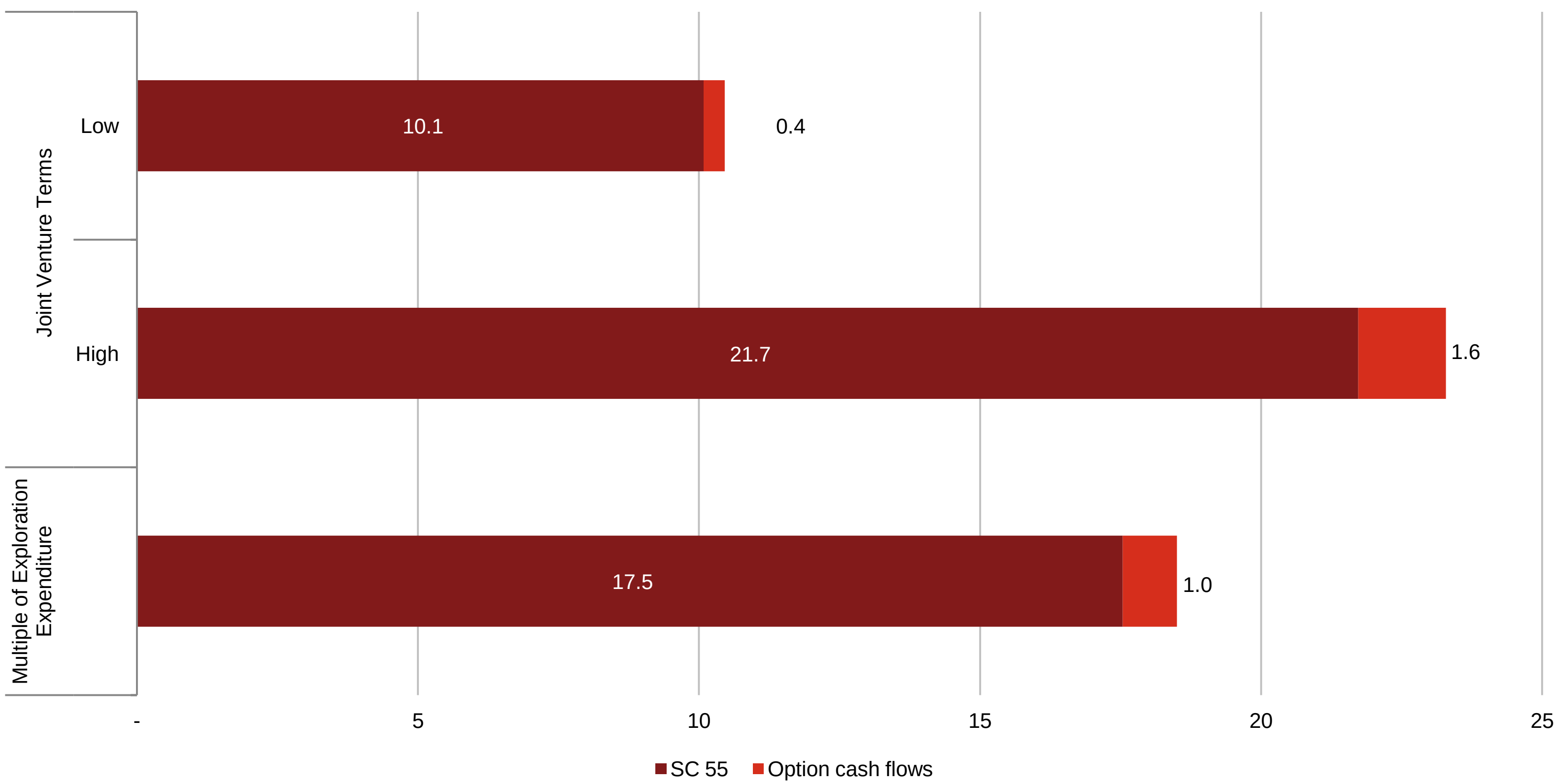
In arriving at our range of estimated values, we considered the results of each of the above approaches that we have regarded as appropriate.

Valuation analysis

Service Contract 55

Based on the assumptions used in valuing SC 55 and the option related cash flows, the calculated ranges of estimated values using the MEE and JV methods as of the Valuation Date are presented in the graph below

SC 55 value based on TA Petroleum's interest plus option cash flows (USD in millions)



The MEE approach

Primary inputs and key assumptions

- The following costs were used to estimate the value of SC 55:

	USD M	Probability	Risked Amount
Historical costs			
BHPB	28.2	100%	28.2
Otto Energy	7.3	100%	7.3
Committed future costs			
1st well firm budget	48.8	100%	48.8
Total costs (USD in millions)			**84.3**

Sources: BHP Billiton Proposed Work Program and Budget (October 12, 2011); BHP Billiton OCM (October 15, 2012); Otto Energy AFE Summary (December 2011); Add Energy report

- BHPB's costs until October 12, 2011 amounted to USD25 M. Its major expenditure was a 2,000 km² 3D seismic acquisition.
- BHPB's 2012 expenditures were assumed to be equal to the 2013 proposed budget for general and administrative costs and overhead costs, since no major work program was conducted in 2012.
- Otto Energy's historical costs from inception to December 2011 were based on its Authorization For Expenditure summary. Its major costs include 2D and 3D seismic acquisitions and interpretations.
- On May 7, 2014, the DOE approved the new work program submitted by Otto for the drilling of the Hawkeye well in SC 55. The total committed cost amounted to USD48.8 M.
- The identification of a defined drill target in Hawkeye suggests that the PEM should be 2.0.

Estimated value

Based on the assumptions used, the calculated estimated value using the MEE approach is presented in the table below:

Total costs	PEM	SC 55 value
84.3	2.0	168.6

**USD in millions*

The amount attributable to TA Petroleum (USD in millions) is:

SC 55 Valuation (@100%)	168.6
Participating interest of P55 *	15%
Participating interest of TA Petroleum in P55	69.351%
Net to TA Petroleum	**17.5**

*Effective interest as of first well.

The JV approach

Background

In May 2011, Otto Energy announced that BHPB has exercised the option to farm-in to SC 55. Under the terms of the agreement, BHBP will earn a 60% interest through the funding of the two deepwater exploration wells and the reimbursement of Otto Energy's past costs.

Should BHPB elect to drill only the first deepwater exploration well, it will transfer back the 30% interest and operatorship of SC 55 to Otto.

Primary inputs and key assumptions

- We assumed two possible scenarios using the JV-approach. The first scenario assumed that only one exploration well will be drilled. On the other hand, the second scenario assumed that two exploration wells will be.
- The valuation followed Add Energy's assumption that Cinco will be the first prospect to be drilled and, in the success case, it will be followed by Hawkeye.

Scenario	Well location	Participating interest	
		BHPB	P55
1 well	Cinco	30%	15%
2 wells	Cinco & Hawkeye	60%	6.82%

- BHPB incurred a significant delay in undertaking the drilling of the Cinco-1 due to the non-availability of a suitable ultra-deepwater rig, and the refusal of the Palawan Council for Sustainable Development ("PCSA") to issue a Strategic Environmental Plan clearance in the third quarter of 2013. As a consequence, BHPB filed a Force Majeure notice with the DOE. PCSD released the clearance in October 2013.
- The following costs and probabilities under the two scenarios, based on the terms of the farm-in agreement, were used to estimate the value of SC 55:
- As agreed with Management, the same budget assigned for the 1st exploration well was assumed for the 2nd.
- The contingent budgets were allocated in case of a discovery or success. The probabilities assigned to the contingent budgets were based on Add Energy's estimated GPoS for Cinco and Hawkeye of 25% and 27%, respectively.
- The reimbursement of past costs was incurred prior to the execution of the farm-in agreement. Hence, there was no free-carry assumed for this.
- In the first week of November 2013, BHPB verbally informed the partners that it has decided not to participate in the drilling of the Cinco-1 well. In March 2014, DOE approved the transfer of the 60% participating interest of BHPB to Otto as a result of the termination of the farm-out agreement between the two parties. This updated valuation report still used the farm-in arrangements entered into between BHPB and Otto in 2011.
- As a result, for the low case, Management assumed a 30% probability of drilling the 1st deepwater well. This probability was multiplied to the cost of drilling the 1st deepwater well.
- BHPB's proposed budget for the 1st exploration well includes a contingent budget of USD27.7 M. The contingent budget was allocated in case of a discovery or success. The probability assigned to the contingent budget was based on Add Energy's estimated Geological Probability of Success ("GPoS") for Cinco of 25%.

The JV approach (cont'd)

1 well	USD M	Probability	Risked amount
Reimbursement of past costs	7.3	100%	7.3
Total Otto Energy costs			**7.3**
BHPB's past costs	28.2	100%	28.2
1st deepwater well (firm budget)	64.7	30%	19.4
1st deepwater well (contingent budget)	27.7	8%	2.1
Total BHPB costs			**49.7**

2 wells	USD M	Probability	Risked amount
Reimbursement of past costs	7.3	100%	7.3
Total Otto Energy costs			**7.3**
BHPB's past costs	28.2	100%	28.2
1st deepwater well (firm budget)	64.7	100%	64.7
1st deepwater well (contingent budget)	27.7	100%	27.7
2nd deepwater well (firm budget)	64.7	100%	64.7
2nd deepwater well (contingent budget)	27.7	27%	7.5
Total BHPB costs			**192.7**

For the high case, Management assumed a 100% probability of drilling the 1st deepwater well .

1 well	USD M	Probability	Risked amount
Reimbursement of past costs	7.3	100%	7.3
Total Otto Energy costs			**7.3**
BHPB's past costs	28.2	100%	28.2
1st deepwater well (firm budget)	64.7	100%	64.7
1st deepwater well (contingent budget)	27.7	25%	6.9
Total BHPB costs			**99.8**

2 wells	USD M	Probability	Risked amount
Reimbursement of past costs	7.3	100%	7.3
Total Otto Energy costs			**7.3**
BHPB's past costs	28.2	100%	28.2
1st deepwater well (firm budget)	64.7	100%	64.7
1st deepwater well (contingent budget)	27.7	100%	27.7
2nd deepwater well (firm budget)	64.7	100%	64.7
2nd deepwater well (contingent budget)	27.7	27%	7.5
Total BHPB costs			**192.7**

The JV approach (cont'd)

Estimated range of values

Based on the assumptions used, the calculated values under the two scenarios are presented in the table below:

For the low case:

Scenario	Participating interest acquired	Net acquisition cost	SC 55 value
1 well	30%	42.1	140.2
2 wells	60%	84.4	140.7

**USD in millions*

For the high case:

Scenario	Participating interest acquired	Net acquisition cost	SC 55 value
1 well	30%	77.2	257.2
2 wells	60%	84.4	140.7

**USD in millions*

- We have computed for weighted values with varying probabilities to find SC 55's value which is attributable to TA Petroleum.
- Based on Add Energy's estimated GPoS for Cinco, we have assumed 75-25 chances that only one well and two wells will be drilled, respectively.

According to Management, it is difficult to secure a specialized rig as these are normally contracted on a long-term basis. Hence, for the low case, an 80% probability of securing a suitable rig was assumed.

Based on the assumptions used, the calculated weighted values using the JV approach are presented in the tables below:

For the low case

Particulars	1 well	2 wells	Weighted value (USD M)
SC 55 Valuation (@100%)	140.2	140.7	
Weights	75.0%	25.0%	
Weighted value	105.2	35.2	
Probability of securing a suitable rig	80%	80%	
Participating interest of P 55	15%	6.82%	
Participating interest of TA Petroleum in P 55	69.351%	69.351%	
Net to TA Petroleum	**8.8**	**1.3**	**10.1**

For the high case

Particulars	1 well	2 wells	Weighted value (USD M)
SC 55 Valuation (@100%)	257.2	140.7	
Weights	75.0%	25.0%	
Weighted value	192.9	35.2	
Probability of securing a suitable rig	100%	100%	
Participating interest of P 55	15%	6.82%	
Participating interest of TA Petroleum in P 55	69.351%	69.351%	
Net to TA Petroleum	**20.1**	**1.7**	**21.7**

Option cash flows

Primary inputs and key assumptions

- The following probabilities were used:

Data		
Probability	**Low**	**High**
Fund 1 deepwater well	30.0%	100.0%
Cinco GPoS	25.0%	25.0%
Fund 2 deepwater well	7.5%	25.0%

The unrisked and risked values of the potential payments from Frontier Gasfields Ltd ("Frontier") to P55 are shown in the table below:

For the low case:

	USD M	Probability	Risked Amount	PV Factor	PV of Cash flows
Payable within 10 days of the commencement date of actual drilling operations "spud-in date" on the first well	0.3	30.0%	0.1	0.94	0.1
Frontier Shares to be paid within 10 days of spud-in date of the first well	0.6	30.0%	0.2	0.94	0.2
Cash paid if option is exercised	3.5	7.5%	0.3	0.86	0.2
Cash paid if option is exercised	3.5	7.5%	0.3	0.83	0.2
Total (USD in millions)					**0.7**

Sources: Add Energy report, SC 55 option agreement

For the high case:

	USD M	Probability	Risked Amount	PV Factor	PV of Cash flows
Payable within 10 days of the commencement date of actual drilling operations "spud-in date" on the first well	0.3	100.0%	0.3	0.94	0.2
Frontier Shares to be paid within 10 days of spud-in date of the first well	0.6	100.0%	0.6	0.94	0.5
Cash paid if option is exercised	3.5	25.0%	0.9	0.86	0.8
Cash paid if option is exercised	3.5	25.0%	0.9	0.83	0.7
Total (USD in millions)					**2.3**

- The present value ("PV") factor was based on the following:
  - A cost of equity of 13.0%. We have approximated the relevant discount rate by using inputs from the selected comparable company and available market data. The comparable companies that were used in our analysis were Oriental Petroleum and Minerals Corp., PetroEnergy Resources Corp., South China Resources, Inc., The Philodrill Corporation, and Philex Petroleum Corp.
  - The timing of cash flows were based on the schedule of sub-phase 4, and the terms of the option agreement. Due to the force majeure, Management assumed a 14-month delay in the schedule.

Option cash flows

Estimated value

The amount attributable to TA Petroleum (USD in millions) is:

For the low case:

	USD M
Options cash flows	0.7
Participating interest of TA Petroleum in P55	69.351%
Net to TA Petroleum - high case	**0.5**

For the low case, an 80% probability of securing a suitable rig was assumed. The resulting value is as follows:

Net to TA Petroleum - high case	0.5
Probability of securing suitable rig	80.0%
Net to TA Petroleum - low case	**0.4**

For the high case:

	USD M
Options cash flows	2.3
Participating interest of TA Petroleum in P55	69.351%
Net to TA Petroleum	**1.6**

Net to TA Petroleum - high case	1.6
Probability of securing suitable rig	100%
Net to TA Petroleum - low case	**1.6**

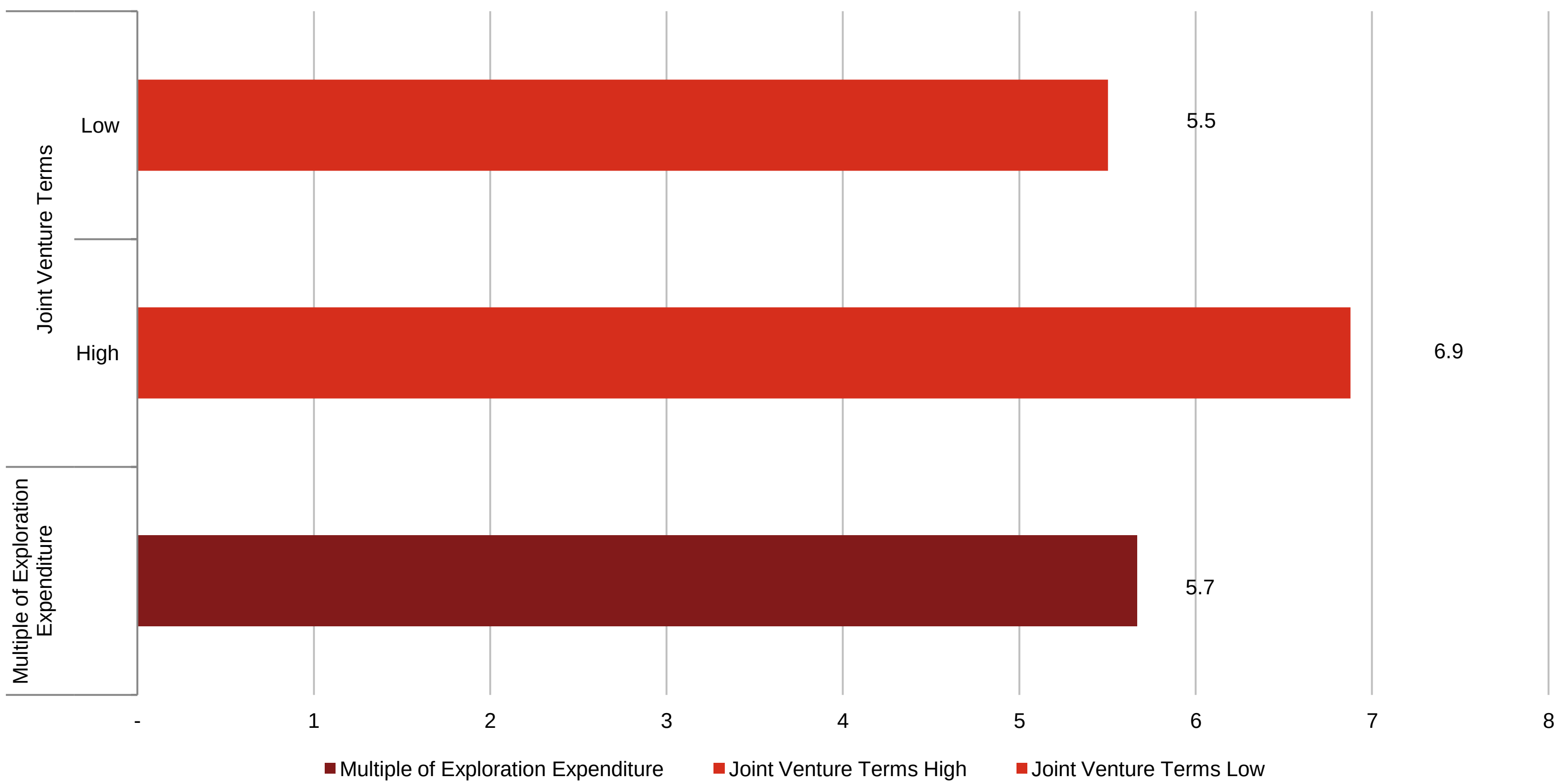
For the mid-case

	Value	Weight	Weighted value
Low	0.4	50.0%	0.2
High	1.6	50.0%	0.8
Mid-case			**1.0**

Service Contract 69

Based on the assumptions used in valuing SC 69, the calculated range of estimated values using the MEE and JV methods as of the Valuation Date is presented in the graph below:

SC 69 value based on TA Petroleum's interest (USD in millions)



The MEE approach

Primary inputs and key assumptions

- The following costs were used to estimate the value of SC 69:

	USD M
Historical Costs	
Sub-Phase 1 - 3,000 km 2D seismic	0.7
Sub-Phase 2 - 900 km 2D seismic	3.0
Sub-Phase 3 - 229 sq km 3D seismic	3.8
Commited future costs	-
Total Costs	**7.6**

Sources: Otto Energy AFE Summary (December 2012); Add Energy report

- The historical costs were based on Otto's Authorization For Expenditure ("AFE") summary as of December 31, 2012.
- Sub-phase 1 included the cost of geological and geophysical review and reprocessing of 3,000 km 2D seismic data.
- In sub-phase 2, the consortium completed and interpreted the results of the 900 km of 2D seismic data.
- The work program for sub-phase 3 involved a 229 sq km 3D seismic survey. The completion of seismic interpretation in the current sub-phase is still on-going. Therefore, no budget has been committed for the next sub-phase.
- SC 69 has a defined drill target, the Lampos and Lampos South. However, on October 10, 2013, Otto filed a request with the DOE for the assignment of the 9% interest to TA Petroleum.

Estimated value

Based on the assumptions used, the calculated estimated value using the multiple of exploration expenditure approach is presented in the table below:

Total costs	PEM	SC 69 value
7.6	1.5	11.3

**USD in millions*

The amount attributable to TA Petroleum (USD in millions) is:

SC 69 Valuation (@100%)	11.3
Participating interest of TA Petroleum	50.0%
Net to TA Petroleum	5.7

The valuation assumed that the participating interest of TA Petroleum will increase from 6% to 15% (pending approval by the DOE) as a result of the withdrawal of Otto. According to management, the final ownership of TA Petroleum is 50% (which includes the remaining half of Otto's 70% interest), although request for approval will still follow.

The JV approach

Background

On February 3, 2011, TA Oil assigned its 9% participating interest to Otto Energy in exchange for the following considerations:

- Reimbursement of certain past costs,
- Shouldering half of TA Oil's 6% share of expenditures in sub-phase 3, and
- Free carry TA Oil's 6% share on the drilling of the first well.

Primary inputs and key assumptions

- The following costs based on the terms of the farm-in agreement, were used to estimate the value of SC 69:

	USD M	Obligation	Probability	Payment
Historical costs				
Reimbursements of past costs	3.5	9%	100%	0.3
Phase 3 - 3D seismic (50%)	1.9	6%	100%	0.1
Future costs				
Phase 4 - 1 well (estimated)	30.0	6%	30%	0.8
Total				**1.2**

- Management estimated the cost of drilling an offshore well to be from USD40-50 M, while the probability of drilling it is 30.0%.
- On October 4, 2013, Otto notified partners of its withdrawal from SC 69, the current sub-phase of which expires on November 7, 2013.
- On October 7, 2013, TA Petroleum and Frontier Gasfields Pty. Ltd. jointly requested the Department of Energy for a six-month extension of the October 7, 2013 deadline to elect to enter the next exploration sub-phase.

The valuation assumed that the farm-in agreement used in the JV approach was executed in an arm's-length basis. Accordingly, the consortium can attract investors on the same terms and conditions as the farm-in agreement used.

Estimated value

Based on the assumptions used, the calculated estimated value using the JV approach is presented in the table below:

Participating interest acquired	Net acquisition cost	SC 69 value
9.00%	1.2	13.8

**USD in millions*

The amount attributable to TA Petroleum (USD in millions) is:

SC 69 Valuation (@100%)	13.8
Participating interest of TA Petroleum	50.0%
Net to TA Petroleum	6.9

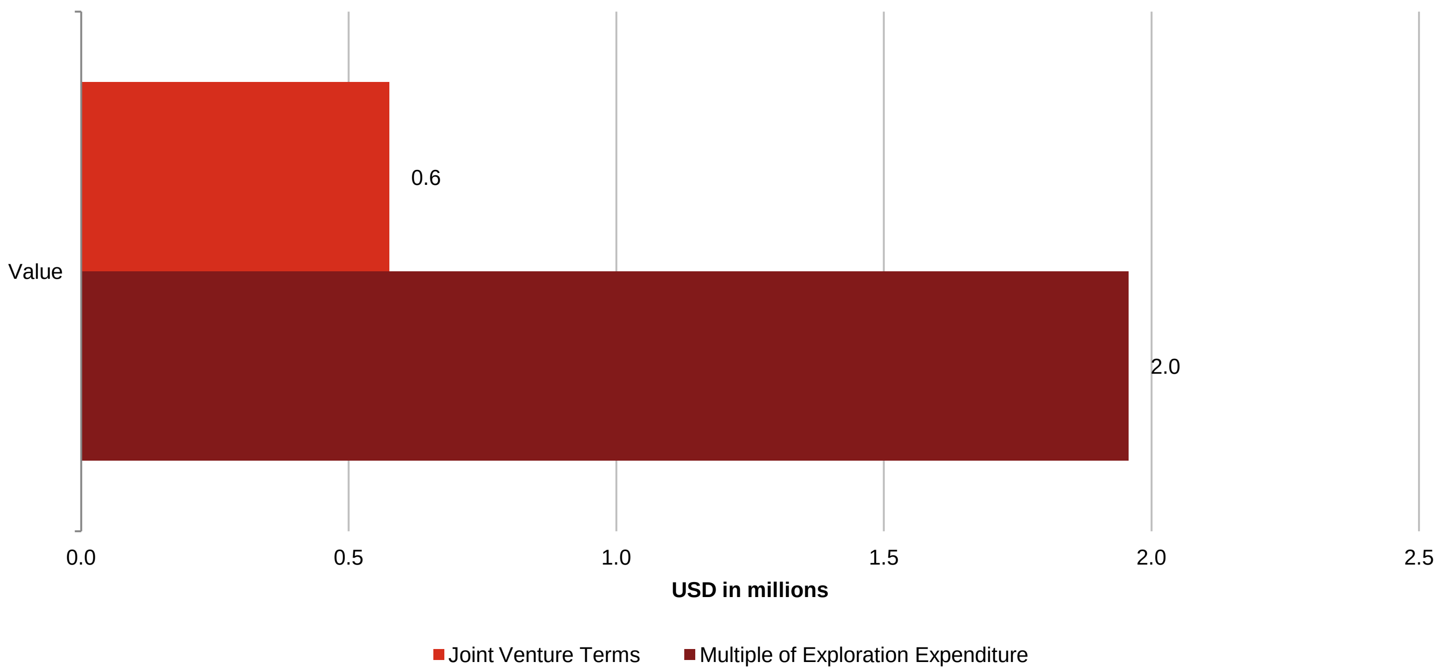
Given the uncertainty in securing a six-month extension from the DOE, an 80% probability was assumed for the low case. The resulting valuation is as follows:

Net to TA Petroleum - high case	6.9
Probability of securing an extension	80.0%
Net to TA Petroleum - low case	**5.5**

Service Contract 51

Based on the assumptions used in valuing SC 51, the calculated range of estimated values using the MEE and JV methods as of the Valuation Date is presented in the graph below:

SC 51 value based on TA Petroleum's interest



The MEE approach

Primary inputs and key assumptions

- The following costs were used to estimate the value of SC 51:

	USD M	Probability	Payment
Historical Costs			
Cost as of December 2012	19.6	100%	19.6
Commited future costs			
Sub-Phase 5 - Duhat-2 well	-	100%	-
Contingent cost - well testing	-	25%	-
Total costs (USD in millions)			**19.6**

Source: Otto Energy AFE Summary (December 2012)

- Otto Energy's spent a total of USD19.2 M as of December 31, 2012, primarily for the drilling of Duhat-1 well, 2D and 3D seismic survey.
- Otto's 2012 general and administrative expense were assumed to be equal to 2012 budget.
- On July 25, 2013, Otto decided to plug and abandon the Duhat-2 well for safety and environmental reasons.
- In its October 2013 meeting, the consortium voted to request the DOE a 6-month extension of the current Sub-Phase 5 from 31 Jan 2014 to 31 July 2014.
- SC 51 identified San Isidro and Argao as the primary drill targets. The results of seismic data acquisition and interpretation, identification of the drill target, and result of current drillings suggests a PEM of 1.5

Estimated value

Based on the assumptions used, the calculated estimated value using the MEE approach is presented in the table below:

Total cost	PEM	SC 51 value
19.6	1.5	29.4

**USD in millions*

The amount attributable to TA Petroleum (USD in millions) is:

SC 51 Valuation (@100%)	29.4
Participating interest of TA Petroleum	6.67%
Net to TA Petroleum	2.0

The JV approach

Background

Under the amended farm-in option agreement entered in January 2011, Swan and Otto are collectively liable for the drilling of two onshore wells in the Northern Block to earn a 40% interest each in SC 51 North, while Swan is obligated to drill one offshore well in the Southern Block to earn 80% in SC 51 South.

Primary inputs and key assumptions

- The following costs, based on the terms of the farm-in agreement, were used to estimate the value of SC 51:

North Block	USD M	Free Carry	Probability	Payment
Historical costs				
Pre-survey planning	0.1	20.0%	100.0%	0.0
2D seismic	5.5	20.0%	100.0%	1.1
Duhat-1 drilling	4.2	20.0%	100.0%	0.8
G&A for 2012 (estimated)	0.3	20.0%	100.0%	0.1
Future costs				
2nd onshore well Duhat-2 (budget)	8.2	20.0%	50.0%	0.8
Total	**18.3**			**2.8**

- The cost of pre-survey planning, 2D seismic, and drilling of the Duhat-1 well were shouldered by both Swan and Otto.
- Management estimated that the probability of successfully drilling the second well is 50%.

South Block	USD M	Free Carry	Probability	Payment
Historical costs				
Site survey	2.0	20.0%	100.0%	0.4
Pre-drill engineering	0.8	20.0%	100.0%	0.2
G&A for 2012	0.3	20.0%	100.0%	0.1
Commited future costs				
Argao-1 (estimated)	42.9	20.0%	40.0%	3.4
Total	**46.0**			**4.1**

- The cost of the site survey and pre-drill engineering were shouldered by Swan.
- Swan estimated the cost of drilling an off-shore well to be USD42.9M.
- Management estimated that the probability of drilling the Argao-1 well is 40%.
- The general and administrative costs for 2012 were assumed to be equal to the 2012 budget.
- The historical costs as of December 31, 2012 were based on the AFE summary for SC 51.
- On May 5, 2014, Otto withdrew from SC 51. No change was effected in the calculations as, according to Management, the probabilities assigned for the drilling of the wells already considered the possibility of withdrawal of the JV partner.

The JV approach

Estimated value

Based on the assumptions used, the calculated estimated value using the JV approach is presented in the table below:

Block	Participating interest acquired	Net acquisition cost	SC 51 value
North	80%	2.8	3.6
South	80%	4.1	5.1
Total			**8.6**

**USD in millions*

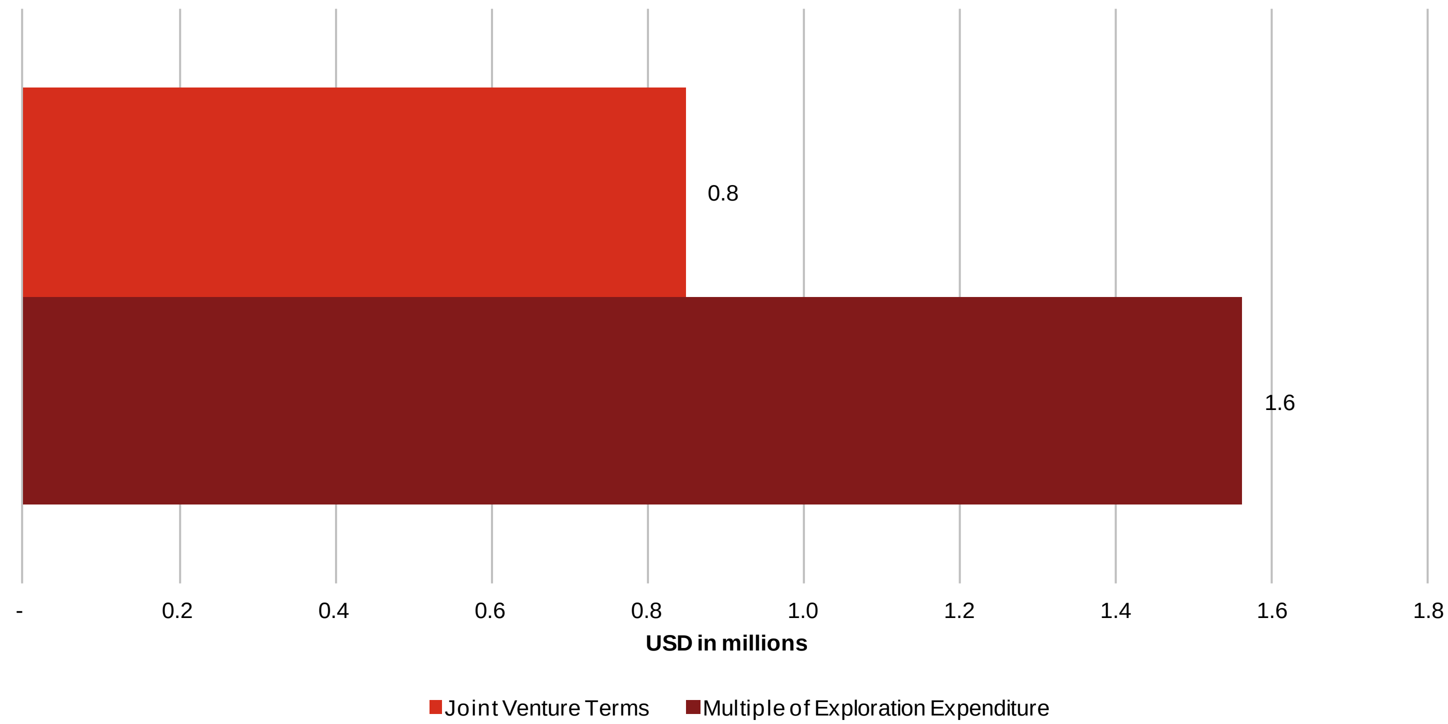
The amount attributable to TA Petroleum (USD in millions) is:

SC 51 (@100%)	8.6
Participating interest of TA Petroleum	6.67%
Net to TA Petroleum	0.6

Service Contract 6A

Based on the assumptions used in valuing SC 6A, the calculated range of estimated values using the MEE and JV methods as of the Valuation Date is presented in the graph below:

SC 6A value based on TA Petroleum's interest



The MEE approach

Primary inputs and key assumptions

- The following costs were used to estimate the value of SC 6A:

	USD M
Historical expenditures pre Pitkin farm in	40.0
Reimbursement of historical expenditures post Pitkin farm i	0.2
Committed phase 1 500 sq km 3D seismic	4.5
Total costs (USD in millions)	**44.6**

Sources: Pitkin Petroleum PLC 2013 proposed work program and budget, SC 6A Farm-in agreement, Management estimate

- Management estimated historical expenditures pre-Pitkin Petroleum Plc's ("Pitkin") farm-in to be USD40M.
- Pitkin's proposed 2013 budget included the following: 1) 3D seismic program, 2) office costs, 3) manpower allocations, and 4) training / development / scholarship funds.
- The presence of an interesting target and a committed work program to 3D seismic data acquisition and interpretation suggests that the PEM should be 1.5.

Estimated value

Based on the assumptions used, the calculated estimated value using the multiple of exploration expenditure approach is presented in the table below:

Total costs	PEM	SC 6A value
44.6	1.5	66.9

**USD in millions*

The amount attributable to TA Petroleum (USD in millions) is:

SC 6A Valuation (@100%)	66.9
Participating interest of TA Petroleum	2.334%
Net to TA Petroleum	**1.6**

The JV approach

Background

In July 2011, The Philodrill Corp., PetroEnergy Resources Corp., Anglo Philippine Holdings Corp., Trans-Asia Oil & Energy Development Corp., Forum Energy Philippines Corp., and Philex Petroleum Corp., collectively the "Farmors," agreed to transfer and assign to Pitkin a 70% participating interest in SC 6A through the funding of the a 3D seismic program and two exploration wells. If Pitkin does not elect to drill any well or only elects to drill one, Pitkin shall cede and reassign its participating interest at no cost to the Farmors.

Additionally, Pitkin will reimburse each Farmor for documented expenditures previously incurred in relation to SC 6A, in an amount up to but not exceeding USD150,000.

Primary inputs and key assumptions

- The following costs based on the terms of the farm-in agreement were used to estimate the value of SC 6A:

	USD M
Reimbursement of expenditures	0.2
Total	**0.2**
Phase 1 - 500 sq km 3D seismic	4.5
Phase 2 - 1 well	35.0
Phase 3 - 1 well	45.0
Total	**84.5**

Sources: SC 6A Farm-in agreement, Pitkin Petroleum PLC 2013 proposed work program and budget, Management estimates

- Management estimated the cost of the first well to be from USD30-40 M and the 2nd well to be from USD40-50 M.

Estimated value

Based on the assumptions used, the calculated estimated value using the JV approach is presented in the table below:

Participating interest acquired	Net acquisition cost	SC 6A value
70%	25.5	36.4

USD in millions

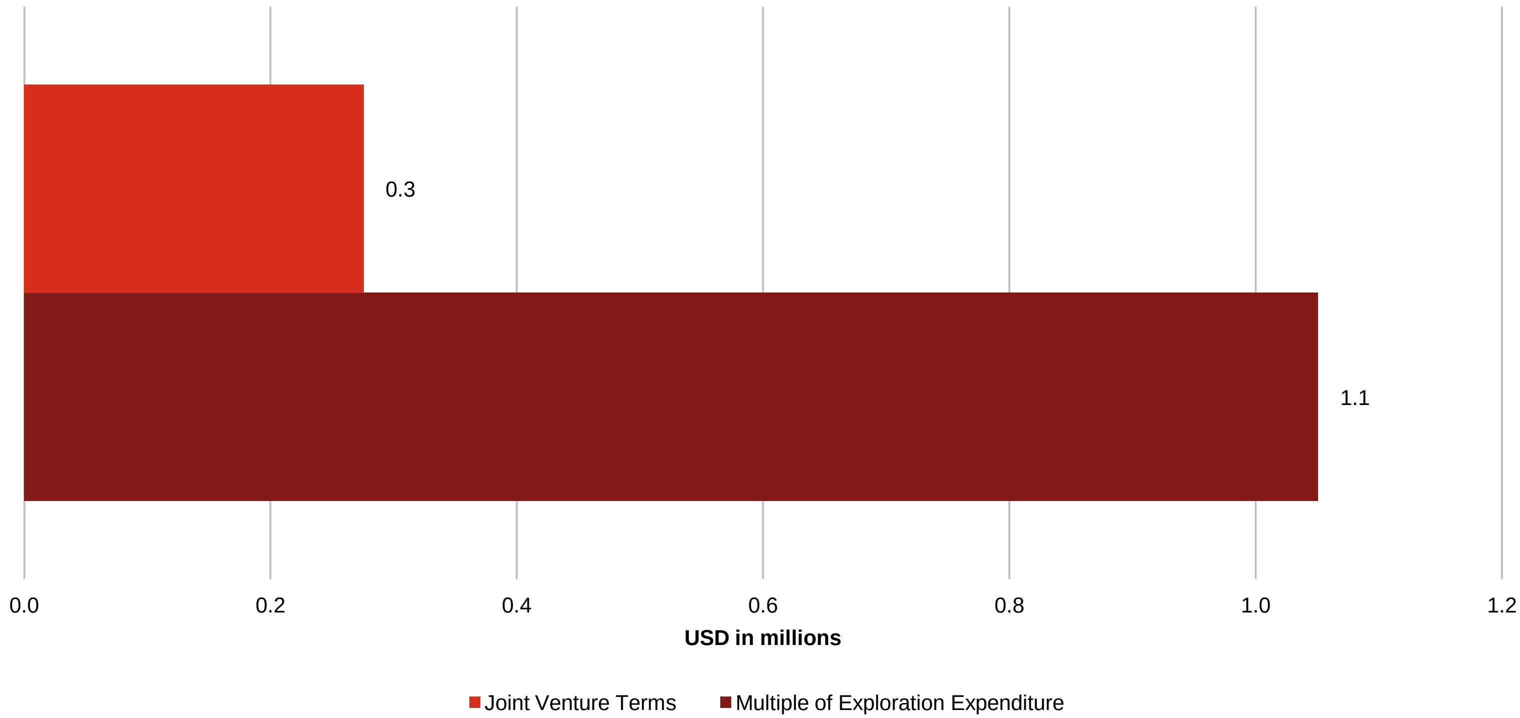
The amount attributable to TA Petroleum (USD in millions) is:

SC 6A Valuation (@100%)	36.4
Participating interest of TA Petroleum	2.334%
Net to TA Petroleum	**0.8**

Service Contract 6B

Based on the assumptions used in valuing SC 6B, the calculated range of estimated values using the MEE and JV methods as of the Valuation Date is presented in the graph below:

SC 6B value based on TA Petroleum's interest



The MEE approach

Primary inputs and key assumptions

- The following costs were used to estimate the value of SC 6B:

	USD M
Historical Costs	6.7
Commited future costs	0.8
Total Costs	**7.5**

Source: Department of Energy validated cost recoverable letter (August 13, 2012); Add Energy report

- The total cost of USD669k represents Department of Energy (DOE) - validated recoverable costs as of December 31, 2009. TA Petroleum had a 10% interest in SC 6B prior to 2000, when substantially all the above costs were incurred.
- Major expenses were primarily related to the drilling of the Bonita well.
- In December 2012, the consortium failed to bag DOE's approval to revive the Bonita field.
- On August 2, 2013, the same decision was reaffirmed by the DOE due to the failure of one of the farminees to demonstrate technical and financial capacity. However, the presence of a drillable target and history of oil production suggest a PEM of 1.0.
- On March 1, 2014, there was an additional committed budget amounting to USD0.6m for the extension phase of SC 6B. This expenditure was considered in the MEE approach.

Estimated value

Based on the assumptions used, the calculated estimated value using the multiple of exploration expenditure approach is presented in the table below:

Total costs	PEM	SC 6B value
7.5	1.0	7.5

**USD in millions*

The amount attributable to TA Petroleum (USD in millions) is:

SC 69 Valuation (@100%)	7.5
Participating interest of TA Petroleum	14.06%
Net to TA Petroleum	1.1

The valuation assumed that the participating interest of TA Petroleum remains at 14.06% even after the failure of the farminees to demonstrate their financial capacity as service contractor to the DOE and subsequent DOE disapproval of the proposed farm-in.

The JV approach

Background

In December 2011, Peak Oil and Gas Philippines Limited (Australia), Blade Petroleum Philippines Limited (Australia), and VenturOil Philippines, Inc. acquired a 64.53% participating interest in exchange for carrying the farm-out parties in all future work programs and budgets until first oil production. In the above farm-in agreement, Nido Petroleum retained its 7.812% interest and did not participate in assigning 70% of its working interest to the farminees.

Primary inputs and key assumptions

- The following costs based on the terms of the farm-in agreement were used to estimate the value of SC 6B:

	USD M	Free Carry	Probability	Payment
Future costs				
G&G Studies	0.2	27.7%	100.0%	0.1
Drill Exploration Well	12.5	27.7%	25.0%	0.9
Complete Well and Tie-back to Cadlao	10.0	27.7%	12.5%	0.3
Total purchase price	**22.7**			**1.3**

- The above work programs represent forecast activities to successfully tie-back the SC 6B to the Cadlao field.
- Based on the terms of the contract, only the remaining interests of the farmors of 27.66% were considered in determining the purchase price. Nido Petroleum will shoulder its own cost in the above work programs.
- Management estimated that the probability of drilling an exploration well is 25%, while the completion of the tie-back to Cadlao is 12.5%.

Our valuation assumed that the farm-in agreement used in the JV approach was executed in an arm's-length basis. Accordingly, the consortium can attract investors on the same terms and conditions as the farm-in agreement used.

Estimated value

Based on the assumptions used, the calculated estimated value using the joint venture approach is presented in the table below:

Participating interest acquired	Net acquisition cost	SC 6B value
64.53%	1.3	2.0

**USD in millions*

The amount attributable to TA Petroleum (USD in millions) is:

SC 6B Valuation (@100%)	2.0
Participating interest of TA Petroleum	14.06%
Net to TA Petroleum	0.3

Appendices

Sources of information

In the course of our valuation analyses, we relied upon interviews with the Client, financial and other information obtained from Management, and from various public and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in performing our valuation include:

- Historical, committed, and future costs regarding the SCs provided by the Client;
- Service contracts and farm -in agreements provided by the Client;
- Discussions with the Client;
- Capital IQ's on-line database covering financial markets, commodities, local stock prices, and news;
- Publicly available resources, such as publications, etc.;
- Disclosures in the Philippine Stock Exchange ("PSE") website;
- Company websites; and
- Technical valuation reports provided by the Client's technical valuation team, Add IPS Pty. Ltd.

Cost of equity

- *Cost of Equity* – The cost of equity capital is estimated using the Capital Asset Pricing Model (CAPM), which assumes the cost of equity is equal to the return on risk-free securities plus the ERP adjusted for the company's systematic risk (Beta). The general formula for the cost of equity is:
  - Ke = Rf + Beta * (Rm – Rf)
    - Rf = Risk-free rate of return
    - Beta = Systematic risk for the company's equity
    - Rm – Rf = ERP = The equity market's return premium over the risk free return

Glossary

Term	Definition
Add Energy	Add IPS Pty. Ltd
AFE	Authorization For Expenditure
BHPB	BHP Billiton
CAGR	Compound Annual Growth Rate
Capital IQ	S&P Capital IQ
CAPM	Capital Asset Pricing Model
Client / TA Oil	Trans-Asia Oil and Energy Development Corporation
Company / TA Petroleum	Trans-Asia Petroleum Corporation
CMLLC	Chevron Malampaya LLC
DOE	Department of Energy
EIA	Energy Information Administration
ERP	Equity Risk Premium
Frontier	Frontier Gasfields Ltd.
FY	Financial Year Beginning 1 January and Ending 31 December
GAAP	Generally Accepted Accounting Principles
GPoS	Geological Probability of Success
Kd	Cost of Debt
Ke	Cost of Equity

Glossary

Term	Definition
LTM	Last Twelve Months
Management	The management of TA Oil
MEE Method	Multiple of Exploration Expenditure Method
MMbbls	Million Barrels
JV Method	Joint Venture Method
Km	Kilometer
PCSA	Palawan Council for Sustainable Development
PE	Price to Earnings Ratio
PEM	Prospective Enhancement Multiplier
P55	Palawan55 Exploration & Production Corporation
PhP	Philippine Peso
Pitkin	Pitkin Petroleum Plc
PNOC	Philippine National Oil Corporation
PSE	Philippine Stocks Exchange
PV	Present Value
PwC	PricewaterhouseCoopers LLP
Rf	Risk-free Rate
RoW	Rest of the World
SC	Service Contract

Glossary

Term	Definition
SEC	Securities and Exchange Commission
SEP Clearance	Strategic Environmental Plan Clearance
SIC	Standard Industrial Classification
SPEX	Shell Pilipinas Exploration BV
SSP	Small Stock Premium
Swan	Swan Oil and Gas Ltd.
TA Oil	Trans-Asia Oil and Energy Development Corporation
TA Petroleum	Trans-Asia Petroleum Corporation
Tcf	Trillion Cubic Feet
USD	US Dollars
Valuation Date	March 31, 2014

Isla Lipana & Co.

The Board of Directors
Trans-Asia Oil and Energy Development Corporation
11th Floor, PHINMA Plaza, 39 Plaza Drive, Rockwell Center,
Makati City, 1200

August 8, 2014

Attention: Mr. Pythagoras L. Brion, Jr.
Senior Vice President and Chief Finance Officer

Gentlemen:

This updated fairness opinion ("Updated Opinion") has been prepared by ("PwC" or "Isla Lipana & Co."), a member firm of PricewaterhouseCoopers, to comply with the PSE Memorandum No. 2011-0104 requiring that the date of the fairness opinion and valuation report must not be more than three months before the transaction date. This Updated Opinion considered the subsequent events from the date of our original valuation report (November 18, 2013) to the date of this Updated Opinion. Based on our calculation and after considering the subsequent events, we re-confirm, that the price of Php4.60 is fair to TA Oil as this still falls within our estimated range of values.

Very truly yours,

Mary Jade T. Roxas – Divinagracia, CFA
Managing Partner

Updated Fairness Opinion to Trans-Asia Oil and Energy Development Corporation

pwc

Isla Lipana & Co.

Isla Lipana & Co.

The Board of Directors
Trans-Asia Oil and Energy Development Corporation
11th Floor, PHINMA Plaza, 39 Plaza Drive, Rockwell Center,
Makati City, 1200

August 8, 2014

Attention: Mr. Pythagoras L. Brion, Jr.
Senior Vice President and Chief Finance Officer

Gentlemen:

You have requested our updated opinion ("Opinion"), as to the fairness from a financial point of view, to the stockholders of Trans-Asia Oil and Energy Development Corporation ("TA Oil") of the price per share of Trans-Asia Petroleum Corporation ("TA Petroleum") for purposes of listing by way of introduction (the "Transaction").

This Opinion will serve as an update on the fairness opinion we issued on November 18, 2013.

The new valuation date is March 31, 2014.

In connection with our Opinion, we have:

i. Considered that all the tasks performed for the completion of our original report dated November 18, 2013 remain relevant except on the subsequent events specifically stated herein;

ii. Considered certain financial and other information relating to TA Petroleum that were publicly available or has been furnished to us, including historical costs and budget estimates;

iii. Discussed with members of TA Oil's and TA Petroleum's management to understand TA Petroleum's business, operations, historical financial results, future prospects, and budget estimates;

iv. Considered the financial consideration of certain publicly-listed companies in businesses similar to those of TA Petroleum;

v. Performed research to better understand the oil and gas industry;

vi. Performed multiple of exploration expenditure and joint venture method valuation; and

vii. Considered such other information, analyses and investigations and financial, economic and market data as we deemed relevant and appropriate for purposes of this opinion.

The opinion expressed below is subject to the following qualifications and limitations:

i. Based on the new valuation date of March 31, 2014, we relied on Management's estimate on the impact of the following subsequent events after our main report last November 18, 2013:
   - On March 1, 2014, there was an additional committed budget amounting to USD0.6m for the extension phase of SC 6B. This expenditure was considered in the MEE approach.
   - On May 5, 2014, Otto withdrew from SC 51. This development has no significant impact on SC 51 since the main valuation report already considered this possibility.
   - On May 7, 2014, the DOE approved the new work program submitted by Otto for the drilling of the Hawkeye well in SC 55. As a result of this development, the committed budget in the SC 55 valuation was updated based on the new work program. This updated expenditure was considered in the MEE approach.

ii. In arriving at our Opinion, we assumed that all other assumptions used in our original valuation report remain the same or have no material impact on the updated range of values, other than those specifically stated herein.

The following qualifications and limitations cited in our original fairness opinion remains the same:

iii. In arriving at our Opinion, we have relied upon and assumed, without independent verification, the accuracy and completeness of all financial and other information that were publicly available or furnished to us by TA Oil and TA Petroleum. With respect to the historical costs and budget estimates used by us, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of TA Oil and TA Petroleum's management, their technical valuation team, and their joint venture partners, as to TA Petroleum's future work programs.

iv. Our work with respect to any prospective financial information does not constitute an examination, compilation, or agreed-upon procedures engagement of historical costs and budget estimates. We express no assurance of any kind on such information since there will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

v. We have not made an independent evaluation or appraisal of the assets of TA Petroleum. We have not been requested to, and did not, solicit third-party indications of interest in acquiring all or any part of TA Petroleum.

vi. Our services with respect to the Transaction do not constitute, nor should they be construed to constitute in any way, a review or audit of or any other procedures with respect to any financial information, nor should such services be relied upon by any person to disclose weaknesses in internal controls or financial statement errors or irregularities.

vii. Our Opinion does not address, and should not be construed to address, either the underlying business decision to effect the Transaction or whether the price per share used in the Transaction represents the best price.

viii. We express no view as to the national or local tax consequences of the Transaction.

ix. Our estimates of share value reflect the fair values as of the valuation date, including the following service contracts (SCs) of TA Petroleum:

1. SC 6 Block A
2. SC 6 Block B
3. SC 51
4. SC 55 (through Palawan55 Exploration and Production Corporation)
5. SC69

x. We have relied on the technical reports of TA Petroleum's technical valuation team, Add IPS Pty. Ltd, for the geological probabilities of success. If these assumptions and estimates prove to be incorrect, the results of our valuation could be materially and adversely affected. We take no responsibility for any report coming from TA Oil, TA Petroleum, and Add IPS Pty, Ltd.

xi. Management assumed that a prospective enhancement multiplier (PEM) of 2.0 is appropriate for SC 55, 1.5 for SCs 6A, 51, and 69, and 1.0 for SC 6B. The above assessments were based on the current prospectivity of the area where the SCs are located.

xii. TA Petroleum's operations are subject to health, safety, and environmental laws and regulations enforced by the Philippine Government. Failure by TA Petroleum to comply with the applicable laws and regulations may give rise to significant liabilities, and could materially and adversely affect the results of our valuation.

xiii. The Philippine Government exercises significant influence over the oil and gas industry. Changes in government policies, rules, regulatory environment, and laws may have a material effect on TA Petroleum's results of operations, and consequently its valuation.

xiv. Our valuation assumed that the farm-in agreements were executed in an arm's-length manner. Accordingly, the consortium in all SCs can attract investors on the same terms and conditions as the most recent farm-in agreements.

xv. The commencement of the drilling and other work programs in SCs 6A and 6B are dependent on the issuance of the Palawan local government of the necessary permits.

xvi. Our Opinion is based on business, economic, market and other conditions as they exist as of the date hereof or as of the date of the information provided to us. We have not considered events subsequent to the date of our Opinion.

xvii. We have relied on Management's probability estimates on the impact of the following subsequent events from the valuation date (September 30, 2013) to the date of our valuation report (November 18, 2013) for SCs 55 and 69 to estimate values for the low case scenario.

- In November 2013, BHP Billiton verbally informed the partners that it has decided not to participate in the drilling of the Cinco-1 well. As a result, Management estimated that the probability of drilling the first well will only be 30%. Furthermore, they assumed that there is only 80% probability that the partners will be able to secure a specialized rig required for this well.

- On October 4, 2013, Otto notified its partners of its withdrawal from SC 69. Consequently, Management estimated that the probability of drilling the offshore well will only be 30%.

- On October 7, 2013, TA Petroleum and Frontier Gasfields Pty. Ltd. jointly requested the Department of Energy ("DOE") for a six-month extension of the deadline to enter the next sub-phase of SC 69. As a result, Management assumed that there is an 80% probability that the remaining partners will be able to secure extension from the DOE.

xviii. Our Opinion should not be construed as providing TA Oil, TA Petroleum, or any third party with an investment advice. Neither are we expressing an opinion on the continued viability of TA Petroleum.

xix. We have not considered the impact of any force majeure events after the date of the accompanying valuation report which may delay or cause the joint venture partners to abandon any or all of the SCs.

xx. This Opinion is effective as of the date hereof. We have no obligation to update the Opinion unless requested by you in writing to do so and expressly disclaim any responsibility to do so in the absence of any such request.

The results of our updated valuation show the following range of values:

As of March 31, 2014

USD in millions	MEE	JV	
		Low	High
SC 55	18.5	10.5	23.3
SC 69	5.7	5.5	6.9
SC 51	2.0	0.6	0.6
SC 6A	1.6	0.8	0.8
SC 6B	1.1	0.3	0.3
Total value of SCs	28.7	17.7	31.9

PhP in millions USD1.00 = PhP44.82	MEE	JV	
		Low	High
Total value of SCs	1,288.3	791.6	1,428.4
Excess cash as of Valuation Date	156.6	156.6	156.6
Total equity value	1,444.9	948.2	1,585.1
Price per share (250 million shares)	5.78	3.79	6.34

Based upon and subject to the foregoing, it is our opinion that as of the valuation date and after considering the subsequent events enumerated above, the Php4.60 per share to be used as the listing price for the Transaction is fair to TA Oil from a financial point of view.

Isla Lipana & Co. has been accredited by the Philippine Stock Exchange ("PSE") to issue fairness opinions and valuation reports in accordance with the rules of the PSE.

Neither Isla Lipana & Co. nor the individuals involved with this analysis have any present nor contemplated future interest in TA Oil and TA Petroleum or any other interest that might tend to prevent making a fair and unbiased valuation. In our letter dated February 22, 2013, we have requested the PSE to consider Isla Lipana & Co. as independent in connection with the Transaction. On February 28, 2013, we received confirmation from PSE of our independence.

We will receive a fee as compensation for our services in rendering this Opinion. No portion of our fees or expense reimbursements is refundable or contingent upon the consummation of the Transaction or the tenor of the conclusions reached in this Opinion.

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Isla Lipana & Co.

This letter is for the information of the Board of Directors of TA Oil in connection with the Transaction described herein. We understand that this Opinion will be submitted to the PSE and the Securities and Exchange Commission.

Very truly yours,

Mary Jade T. Roxas – Divinagracia, CFA
Managing Partner

Deals

Project Aceite

Valuation Report in Support of the Fairness Opinion on Trans-Asia Petroleum Corporation's Value as of September 30, 2013

Strictly private and confidential

18 November 2013

pwc

Pythagoras L. Brion, Jr.
Senior Vice President and Chief Finance Officer
Trans-Asia Oil and Energy Development Corporation
11th Floor, PHINMA Plaza, 39 Plaza Drive, Rockwell Center,
Makati City, 1200

18 November 2013

Dear Mr. Brion,

This report (the "Report") has been prepared by Isla Lipana & Co. ("we," "PwC Philippines," or the "Firm"), a member firm of PricewaterhouseCoopers, solely for Trans-Asia Oil and Energy Development Corporation ("You," "TA Oil," "Management," or the "Client") in connection with the issuance of a fairness opinion, from a financial point of view, of the price per share of Trans-Asia Petroleum Corporation (formerly Trans-Asia (Karang Besar) Petroleum Corporation) ("TA Petroleum" or the "Company") for purposes of listing by way of introduction.

This Report is solely for the use of TA Oil to assist it in determining a reasonable value for TA Petroleum's shares.

This Report has been prepared in accordance with our engagement letter dated January 30, 2013, and is solely for the purpose stated herein and should not be relied upon for any other purpose. This Report is strictly confidential and, save to the extent required by applicable law and/or regulation, must not be released to any third-party without our expressed written consent, which is at our sole discretion.

To the fullest extent permitted by law, we accept no duty of care to any third-party in connection with the provisions of this Report and/or any related information or explanation (together, the "Information"). Accordingly, regardless of the form of action, whether in contract, tort or otherwise, and to the extent permitted by applicable law, the Firm accepts no liability of any kind to any third-party and disclaims all responsibility for the consequences of any third-party acting or refraining to act in reliance on the Information.

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Our Report is not intended to be the basis for investment decisions and any action you take must ultimately remain a decision for you, taking into account matters outside the scope of our work of which you are aware of.

The information used by the Firm in preparing this Report have been obtained from a variety of sources. These include public disclosures , and information obtained, discussed, and agreed with TA Oil. TA Oil is solely responsible for the data and financial forecasts it provided to us.

Internally-prepared financial information provided by the management of TA Oil have been accepted without further verification as correctly reflecting results of operations and the financial and business condition of TA Petroleum.While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of TA Petroleum's existing business records. Moreover, except where otherwise stated in the Report, we did not subject the financial information in the Report to checking or verification procedures. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of TA Oil and TA Petroleum. Our work cannot be relied upon to discover errors, irregularities, or illegal acts.

As part of the fair value measurement process, prospective financial information was utilized. All such prospective financial information were prepared by TA Oil and represented its management's best estimates of such future results as of September 30, 2013, the valuation date ("Valuation Date"). Unless otherwise noted, all descriptions and comments in this Report relate to this measurement date.

Accordingly, TA Oil understands and accepts that the Advisory Group of Isla Lipana and Co., a member firm of PricewaterhouseCoopers, has not been employed in the capacity of examining certified public accountants and therefore has not expressed any form of comfort or assurance on the achievability of forecasts or the reasonableness of underlying assumptions beyond what is generally accepted under the standards common to the business fair value measurement profession.

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We performed our review with the assumption that all information obtained in the valuation of TA Petroleum, including representations and warranties by TA Oil's management and its third-party consultants, are true, accurate, and provided in good faith.

Moreover, the scope of our work does not include a compliance review of financial information to tax laws and Philippine financial reporting standards. Accordingly, this Report may not have identified all matters that might be of concern to you.

Our conclusions are based upon the information available as at the date of the Report. Economic conditions, market factors, and changes in the performance of the business may result in our conclusions becoming quickly outdated and may require updating from time to time or before any major decisions are taken based on the Report.

In any event, if you intend to make any decision based on the Report more than three months from the date of the Report, you must request our written confirmation as to the currency of our conclusions.

Forecasts relate to future events and are based on assumptions which may not remain valid for the whole of the relevant period. We express no assurance of any kind on such prospective or forecast information since there will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those results may be material. Consequently, these information cannot be relied upon to the same extent as that derived from audited accounts for completed accounting periods. Accordingly, we express no opinion as to how closely the actual results achieved will correspond to the forecasts for TA Petroleum and we take no responsibility of any kind for the achievement of any expected result.

By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value, and we normally express our valuation as falling within expected ranges, which in our opinion is reasonable and defensible, and others might wish to argue for different values.

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If you require any clarification or further information, please contact me at 845-2728 local 2060, or in my absence Noel R.Custodio at local 3064.

Yours faithfully,

Mary Jade T. Roxas – Divinagracia, CFA
Engagement Partner

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Our scope and process

Scope of work	The Service Contracts covered by our valuation are 6A, 6B, 51, 69, and 55.
Sources of information	The information used by PwC in preparing this Report has been obtained from a variety of sources as indicated within the Report / Appendix 1. While our work has involved analysis of financial information and/or accounting records, it has not included an audit in accordance with generally accepted auditing standards. Moreover, except where otherwise stated in the Report, we have we not subjected the financial information in the Report to checking or verification procedures. Accordingly we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us, except where otherwise stated herein, and no assurance is given.
Basis of valuation	The basis of our valuation is fair value. We define fair value as the amount that would be negotiated at the Valuation Date, in an open and unrestricted market, between a knowledgeable, willing, but not anxious buyer, and a knowledgeable, willing, but not anxious seller, acting at arm's-length basis.

At a glance – our conclusions

We have calculated an estimated range of values of the following Service Contracts ("SCs") based on TA Petroleum's interest. SC 55 contributes about 60-73% of the total value of the SCs.

USD in millions	MEE	JV	
		Low	High
SC 55	23.2	10.4	23.2
SC 69	5.7	5.5	6.9
SC 51	2.0	0.6	0.6
SC 6A	1.6	0.8	0.8
SC 6B	1.0	0.3	0.3
Total value of SCs	33.3	17.6	31.8

PhP in millions USD1.00 = PhP43.54	MEE	JV	
		Low	High
Total value of SCs	1,451.5	767.8	1,382.7
Excess cash as of Valuation Date	168.6	168.6	168.6
Total equity value	1,620.1	936.4	1,551.3
Price per share (250 million shares)	6.48	3.75	6.21

Our analysis and conclusions

Business overview (1/2)

TA Oil has four SCs under the DOE. These SCs are located in offshore Palawan, Eastern Visayas, and Northwest Leyte. SC 55 is potentially as large as the Philippines' largest gas field, the Malampaya Project. These SCs are currently in the exploration stage.

SCs and TA Petroleum's Partners

Partner	SC 6A	SC 6B	SC 69	SC 51	SC 55
TA Petroleum's Interest	2.334%	14.063%	6.000%	6.667%	6.820%
Pitkin Petroleum Plc	4				
Philodrill Corporation	4	4			
PetroEnergy Resources Corp.	4			4	
Peak Oil and Gas Ltd.		4			
Blade Petroleum Phils. Ltd.		4			
Venturoil Philippines, Inc.		4			
Nido Petroleum, Inc.		4			
Otto Energy Investments Ltd.			4	4	4
Alcorn Gold Resources Corp.	4	4		4	
Frontier Gasfields Pty. Ltd.			4		
BHP Billiton					4
Anglo Phil Holdings Corp.	4				
Forum Energy Phils.	4	4			
Philex Petroleum Corp.	4				
Phoenix Gas & Oil Exploration Co., Inc.		4			
Oriental Petroleum & Minerals Corp.		4			

Service Contract 6 ("SC 6")

SC 6 is located in Offshore Northwest Palawan. It comprises of Block A with 108,000 hectares, an oil and gas contract; and Block B with 53,300 hectares, an oil contract. Both Blocks A and B have a work program involving geological and geophysical studies. Block A's program also includes a new 3D seismic acquisition that is scheduled in 2013.

Service Contract 69 ("SC 69")

SC 69 covers an area located in the Camotes Sea, Eastern Visayas. The interpretation of the 229 sq km 3D seismic data in 2012 confirmed the presence of two sizeable reef structures: Lampos and Lampos South; and a third smaller prospect, Managau East. The combined resource estimates for Lampos and Lampos South range between 52MMbbls and 1,169MMbbls with a mean in place volume of 503MMbbls. The completion of the seismic interpretation work and pre-drill studies were extended to November 7, 2013.

Service Contract 51 ("SC 51")

SC 51 covers an area located in the Cebu Strait and Northwest Leyte. In early 2011, the joint operating agreement was amended to accommodate the entry of Swan Oil and Gas Ltd. ("Swan"), and to split SC 51 into the Northern and Southern Blocks, after Otto Energy Investments Ltd. ("Otto") elected not to participate in the Southern Block. In 2012, Swan failed to perform its obligation and was forced to give up its interest in SC 51.

The remaining local partners of the Southern Block executed a farm-in option agreement with Frontier Oil Corporation, giving the latter an option to acquire an 80% interest, in exchange for drilling the offshore Argao-1 exploratory well. Frontier did not exercise the option.

In 2012, Otto acquired 100km of new high-quality 2D seismic data over the San Isidro anticline in the Northern Block. The results of the new seismic data confirmed a large target. The mean resource of Duhat-2 is estimated to be 23MMbbls, with an upside potential of 59MMbbls.

Business overview (2/2)

TA Oil has four SCs under the DOE. These SCs are located in offshore Palawan, Eastern Visayas, and Northwest Leyte. SC 55 is potentially as large as the Philippines' largest gas field, the Malampaya Project. These SCs are currently in the exploration stage.

On July 25, 2013, Otto decided to plug and abandon Duhat-2 well for safety and environmental reasons.

Service Contract 55 ("SC 55")

SC 55 covers 900,000 hectares located in offshore West Palawan. It is a deepwater block in the middle of a proven regional oil and gas fairway that extents from the productive Borneo offshore region in the southwest, to the offshore Philippine production assets northwest of Palawan.

BHP Billiton ("BHPB") is the current operator of SC 55. In early 2012, BHPB requested an extension of sub-phase 4 in order to secure an appropriate ultra deepwater rig. In May 2012, the Department of Energy ("DOE") approved an extension of 12 months. The revised work schedule is shown below:

Sub-phase	Date	Work program
4	August 2011 – August 2013	1 deepwater well
5	August 2013 – August 2014	1 deepwater well

On May 6, 2013, TA Oil disclosed that BHPB formally filed a notice of force majeure in order to preserve the term of the current exploration sub-phase that involved the drilling of one exploratory well. The declaration of force majeure comes amid delays in receiving the Strategic Environmental Plan Clearance ("SEP Clearance") for SC 55 from the Palawan Provincial Council for Sustainable Development.

According to TA Oil's disclosure to the PSE, all critical permits have been obtained with the exception of the SEP Clearance by the Provincial Council for Sustainable Development which was submitted in August 2012. The Sangguniang Panlalawigan has requested the submission by BHPB, as the Operator, of a comprehensive socio-economic development program for Palawan prior to recommending the endorsement of the SEP Clearance by the PCSD, which is not a requirement under Philippine Law, nor has it been required for exploration approvals in the past.

As of October 2013, Management disclosed that BHPB has already received the SEP Clearance for Cinco-1, signed by Governor Alvarez of Palawan.

The DOE is looking at SC 55 as the potential next big gas field after the Malampaya project. It has many prospects, including Cinco and Hawkeye.

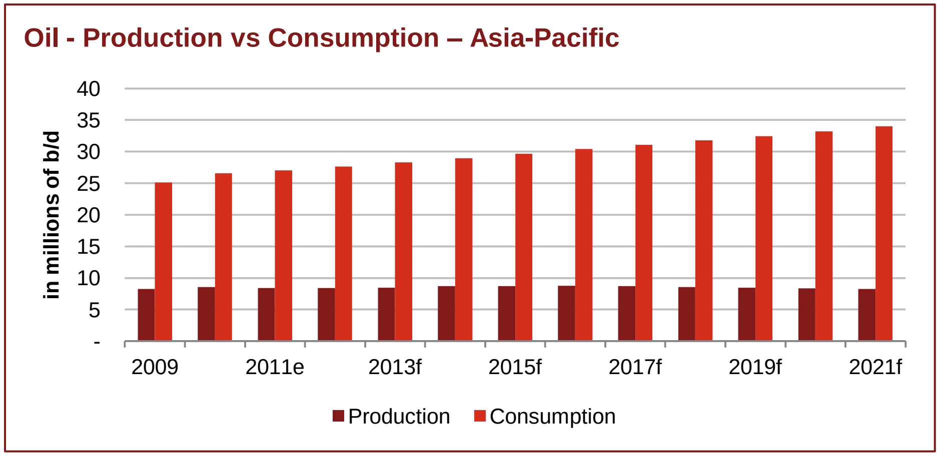
In Cinco alone, the total unrisked potential mean recoverable resource estimates are as follows:

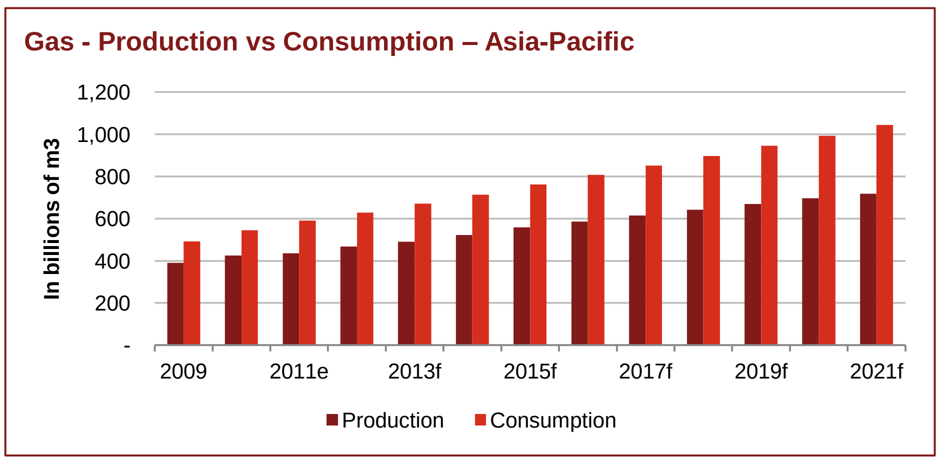
- Gas: 2.1 Tcf
- Condensate: 74 MMbbls

TA Oil's stake in SC 55 is held through Palawan55 Exploration & Production Corp. ("P55"). TA Petroleum owns 69.351% of P55, while the remaining 30.649% is owned by TA Oil.

Industry overview (1/6)

Asia will remain a net oil and gas importer through 2021. However, rising production and gains in efficiency will slow down growth in imports.





Source: BMI, PwC Analysis

Global increase in demand for power

There has been growing demand for power globally due to expanding economies, growing urbanization, and efforts to address underemployment in rural areas, mainly in developing countries, particularly in Asia.

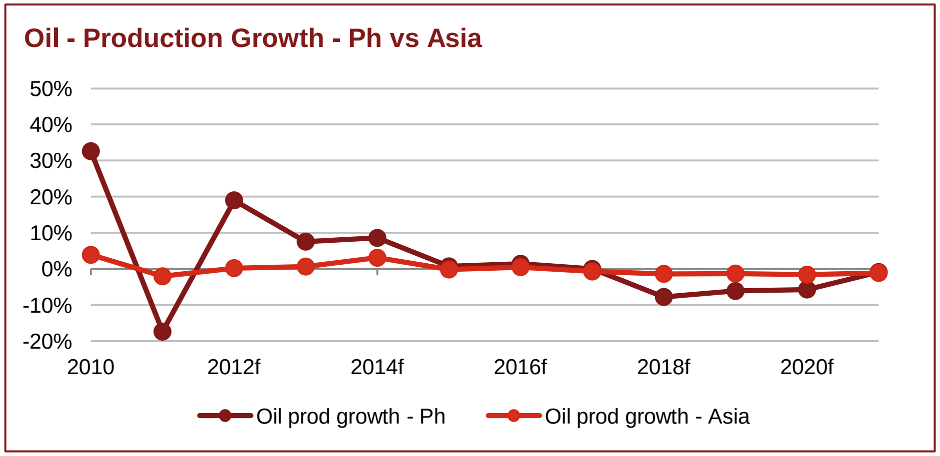
Asia-Pacific: forecasts and growing countries

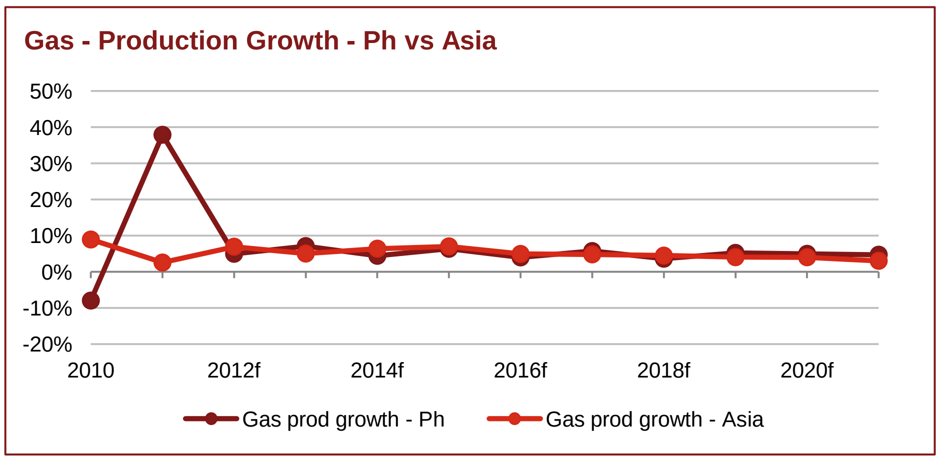
China is the largest oil and gas producer and consumer in Asia, consuming 49.6% and producing 35.9% of the continent's total oil and gas in 2011. Its oil production is forecast to grow, from 2013 to 2021, at a compound annual growth rate (CAGR) of 0.2%, second only to Malaysia's 2%. It is also expected to be a larger consumer than the US by 2030. By the end of 2021, China and Malaysia's forecast oil production will comprise 52.9% and 9.6% of Asia's total, respectively.

On gas production, Papua New Guinea and Australia's CAGR are estimated to be 70.1% and 9.3% from 2013-2021, respectively. By the end of 2021, they are expected to have a share of 21.0% and 2.9% of Asia-Pacific's total gas production.

Industry overview (2/6)

The Philippines' oil production growth is forecast to slow down from 2013 to 2021, while its gas production growth is forecast to be at par with Asia's growth from 2013 to 2021.





Source: BMI, PwC Analysis

The Philippines' oil production

The Philippines' share in Asia's total oil production was 0.3% in 2011. By the end of 2021, it is forecast to be 0.4%. The Philippines' oil production CAGR is forecast to be 1.4%, higher than that of Asia's which shows a -0.2% growth.

The Philippines' proven oil reserves of 138.5M barrels in 2011, as reported by the US Energy Information Administration (EIA), is likely to remain fairly steady over the next five years as increased offshore exploration and appraisal offsets losses from maturing fields.

The Department of Energy (DOE) and Philippine National Oil Company (PNOC) are looking to raise domestic production of oil. Philippine oil production is due to rise further once the Galoc Phase II enters operation.

The Philippines's gas production

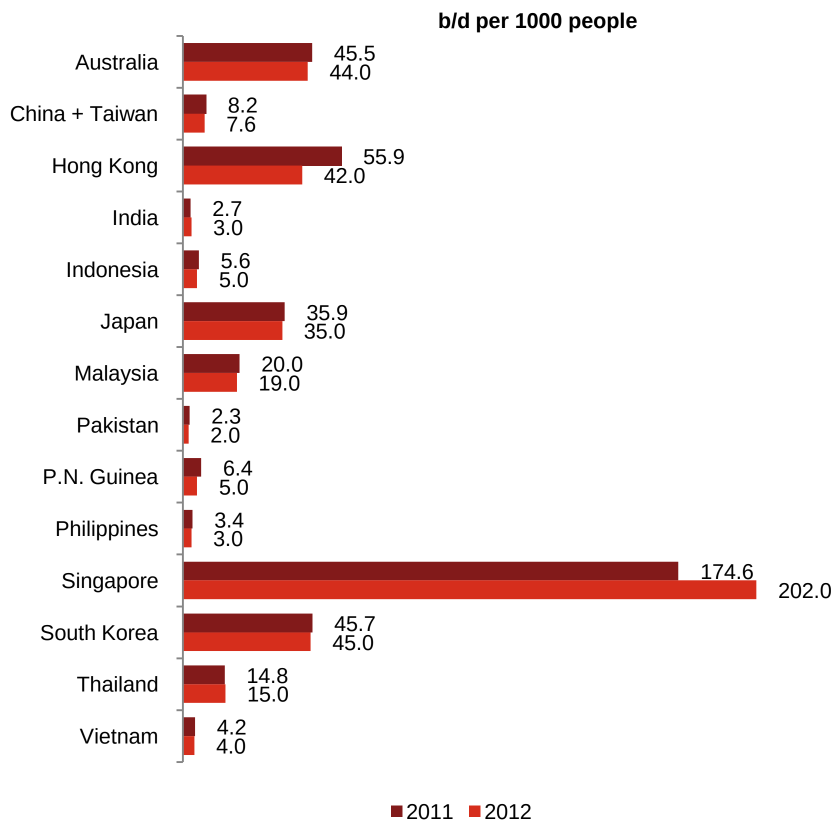
The Philippines contributed 0.9% of Asia's total gas production in 2011. This was still small as compared to countries like China (23.8%), Indonesia (17.5%), Malaysia (14.4%), and Australia (12.3%). Unlike oil production, its gas production forecasts show a positive outlook. With a 5.2% CAGR from 2011 to 2021, the Philippines' share in Asia's total gas production in2021 will be maintained at 0.9% by 2021.

The Philippines is largely self-sufficient in terms of natural gas output. Its gas supply comes from the Malampaya Gas Project, which is operated by Chevron, Royal Dutch Shell, and PNOC.

Industry overview (3/6)

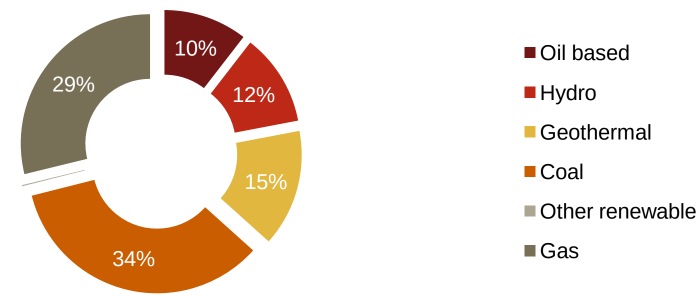
The Philippines relies heavily on alternative sources, thus having a low reliance on oil as fuel for electricity production.

Oil - Average Consumption - Asia



Source: BMI, World Bank, IndexMundi, PwC Analysis

Electricity Source - Philippines (2010)



Oil consumption

In Asia, the Philippines is one of the minimal users of oil, with 3.0 barrels per day per 1000 people consumption. The heaviest user of oil is Singapore with 202 barrels per day per 1000 people consumption. Australia, Hong Kong, and South Korea follow with 44, 42, and 45 barrels per day per 1000 people consumption, respectively. Consumption rates use 2012 data.

The low consumption of the Philippines can be traced to the reliance on geothermal, hydroelectric, and gas-sourced energy.

Industry overview (4/6)

Major players in the oil and gas industry in the Philippines

Financial Highlights (2011)

	PhP in billions	GR	Profit	Assets
A	SPEX	27.4	13.6	24.2
B	PNOC-EC	10.2	3.0	12.9
C	PNOC	5.6	5.2	43.4
D	CMLLC	29.0	13.4	43.9
E	Galoc	5.0	2.3	2.6
F	Nido	2.6	1.1	3.0

Source: Public Information

A. Shell Pilipinas Exploration BV ("SPEX")

SPEX is one of the entities within the Royal Dutch Shell Group plc, the ultimate parent company. Its was established to explore and develop gaseous hydrocarbons in the Philippines. SPEX currently operates SC 38. It used to operate SC 60, but gave it up on November 2012.

B & C. PNOC Exploration Corp. (PNOC-EC) and Philippine National Oil Company ("PNOC")

Established in 1973, PNOC, which is run by the government of the Philippines, is responsible for ensuring adequate national energy provision and has control over the country's upstream segment. Through the PNOC-EC, its exploration arm, it has a 10% interest in the Malampaya Project.

D. Chevron Malampaya LLC ("CMLLC")

CMLLC is an exploration company incorporated in Delaware, USA. It is one of Chervron's two upstream business units in the Philippines.

E. Galoc Production Company ("Galoc")

Galoc is a branch of Galoc Production Company (GPC), a limited liability company incorporated in Bahrain. The home office, through the branch, is tasked to develop the Galoc Field and Galoc Sub Block. In 2011, Otto Energy ("Otto") acquired 100% of Galoc Production Company SA (the home office's parent) allowing Otto to gain full effective ownership of Galoc.

F. Nido Production (Galoc) Pty. Ltd. ("Nido")

Nido operates as an oil production company. The company provides seismic data on petroleum blocks and provides drilling services. The company was incorporated in 1985 and is based in Makati, Philippines. Nido operates as a subsidiary of Nido Petroleum Ltd.

Industry overview (5/6)

Recent developments in the Philippine oil and gas industry

Service contracts as of 2012

As of 2012, there were 27 active service contracts for oil in the Philippines. Production is done by local players such as PNOC and several large international operators. These international operators include ExxonMobil, Shell Pilipinas Exploration, Nido Petroleum, BHP Billiton (BHP) and Galoc Production Company.

Exploration and developments

Forum Energy Philippines accumulated a total of 564.93 sq km of 3D data over Recto (Reed) Bank in the 800,000-ha SC72 block located in the West Philippine Sea. SC72, based on the gathered data, may yield around 2M cubic feet per day and reserves could be as high as 44M barrels of oil equivalent and 96B cubic meters of gas. This makes it around two to three times larger than Malampaya.

Otto Energy, then NorAsian Energy, has completed 228.8 km2 worth of 3D data within its 528,000-ha SC69 block in the Camotes Sea. According to the DOE, geophysical surveys encompassing the country's 16 sedimentary basins were completed. NorAsian Energy also drilled two onshore exploratory wells in northwest Leyte and northwest Palawan.

Nido Petroleum also drilled the Gindara-1 exploratory well in SC54B.

High hopes for the Iligan blocks

There are high hopes for SC 59 and SC 62, located northeast of Borneo, since these blocks share the same geological composition as the rich offshore hydrocarbons deposits currently being exploited in Sabah, Malaysia.

List of Service Contracts for Oil

SC 6	Blade Petroleum	SC 54A	Nido Petroleum Phil. Pty Ltd.
SC 6A	Pitkin Petroleum Ltd.	SC 54B	Nido Petroleum Phil. Pty Ltd.
SC 6B	The Philodrill Corp.	SC 55	BHP Billiton Petroleum (Phils.) Corp.
SC 14	Philodrill, Galoc, RMA	SC 56	Mitra Energy (Phils.) Ltd.
SC 37	PNOC-EC	SC 57	PNOC-EC
SC 38	Shell Philippines Exploration	SC 58	Nido Petroleum Phil. Pty Ltd.
SC 40	Forum Exploration	SC 59	BHP Billiton Petroleum (Phils.) Corp.
SC 44	Gas 2 Grid	SC 62	Palawan Sulu Sea Gas inc.
SC 47	PNOC-EC	SC 63	PNOC-EC
SC 49	China International Mining Petroleum Co. Ltd	SC 64	Ranhill Energy Sdn. Bhd.
SC 50	Frigstad Energy Ltd	SC 69	Otto Energy Phils., Inc.
SC 51	Otto Energy Investments Ltd.	SC 70	Polyard Petroleum International
SC 51	Frontier Oil Corporation	SC 72	Forum (GSEC 101) Ltd
SC 53	Pitkin Petroleum Ltd.		

Source: DOE

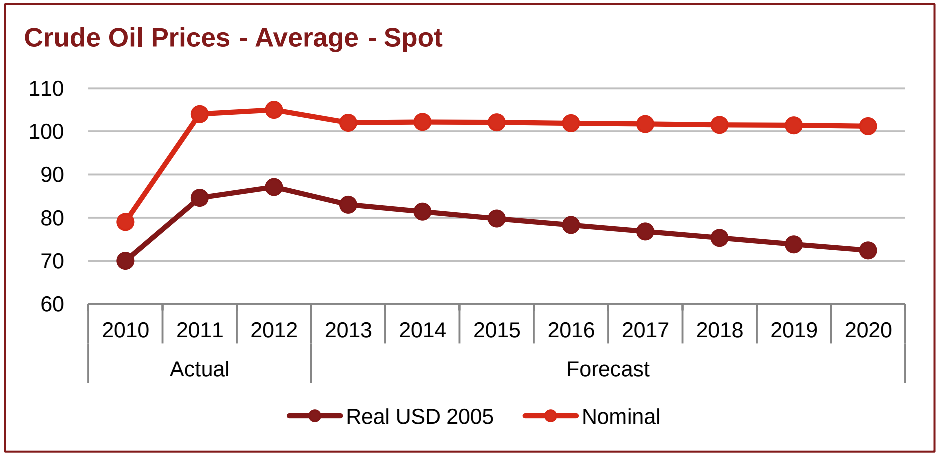
Industry overview (6/6)

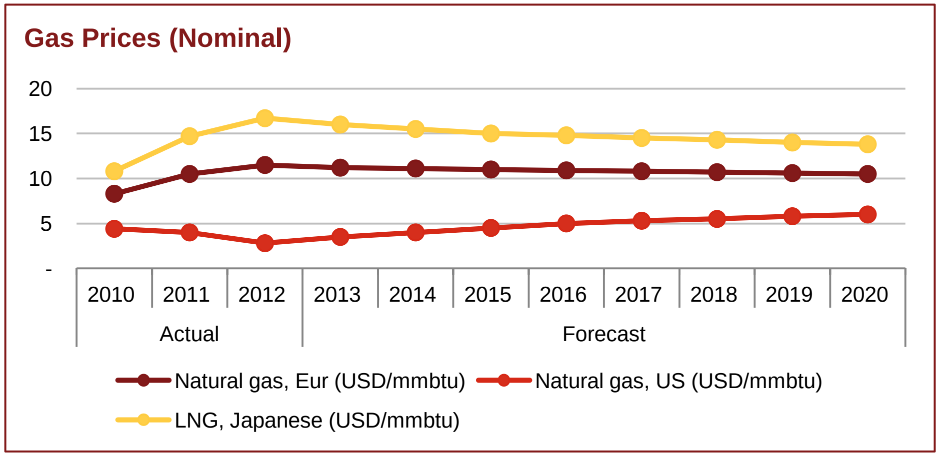
The prices of oil and gas are forecast to go down

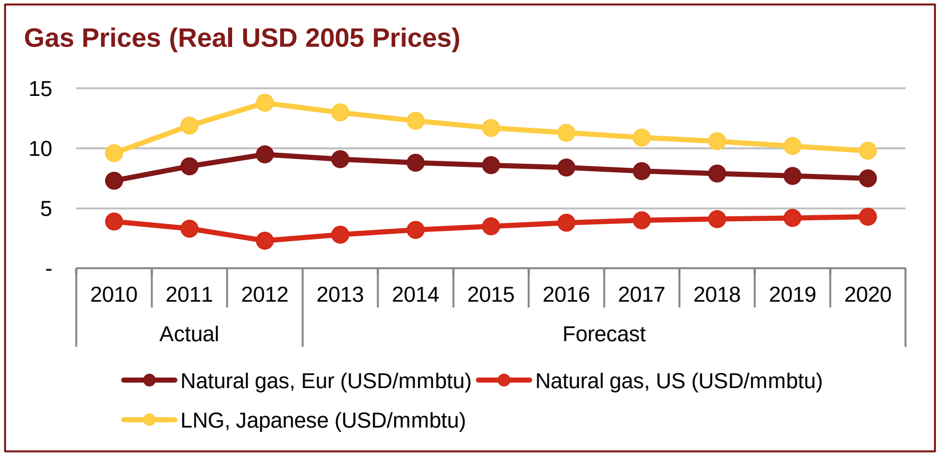
Forecast Crude Oil and Gas Prices

Forecast prices of crude oil, stated in real 2005 USD prices, are estimated to grow at a CAGR of -1.9% from 2013 to 2020. On the other hand, nominal prices are forecast to grow -0.1%. These prices represent the average forecast spot price of the Brent, Dubai, and West Texas Intermediate, equally weighed. The decrease in price may be due to the increasing reliance on renewable energy.

Forecast Japanese and Europe gas prices have a downward trend, with the US being the exception. Real CAGRs are -2.7%, 6.3%, and -4.0% for the European, US, and Japanese markets, respectively. Meanwhile, nominal CAGRs are -0.9%, 8.0%, and -2.1%.







Source: World Bank

Valuation risks

The estimated range of values are based on forecasts and key assumptions. Changes to these factors and business conditions may materially and adversely impact the valuation. These factors are as follows:

Resource and probability estimates

The resource and probability estimates are reliant on the technical report of the Client's technical valuation consultant, Add IPS Pty. Ltd ("Add Energy").

For the material subsequent events, the probability estimates are based on Management's best estimates given the current circumstances. These circumstances might change and the effect on the values may be significant.

Cost estimates

The valuation assumed that the cost estimates provided by Management or its joint venture partners represent their best estimates as of the Valuation Date.

Government permits

The valuation assumed that the service contracts will obtain all the necessary operating permits.

Government policies, and legal and regulatory constraints

The valuation assumed that changes in government policies, rules, regulatory environment, and laws will have no material effect on the Company's operations.

Environmental regulations

The valuation assumed that the Company's operations are compliant to health, safety, and environmental laws and regulations

Prospective enhancement multiplier ("PEM")

The valuation assumed that the applied PEM reflects the prospectivity of the current area where the SCs are located.

The resulting values under the MEE ~~is~~ are highly sensitive to changes in the PEM.

General valuation methodology

Multiples of exploration expenditures method ("MEE")

- This approach uses as basis the historical cost of exploration, plus warranted future exploration expenditures already committed to the project.
- The total exploration cost is then multiplied to a PEM, which is determined based on the prospectivity of the area where the SC is located.

Joint venture method ("JV")

- The JV method uses as basis the amount paid or amount to be spent by a joint venture partner on exploration to earn a given percentage of interest in the project.

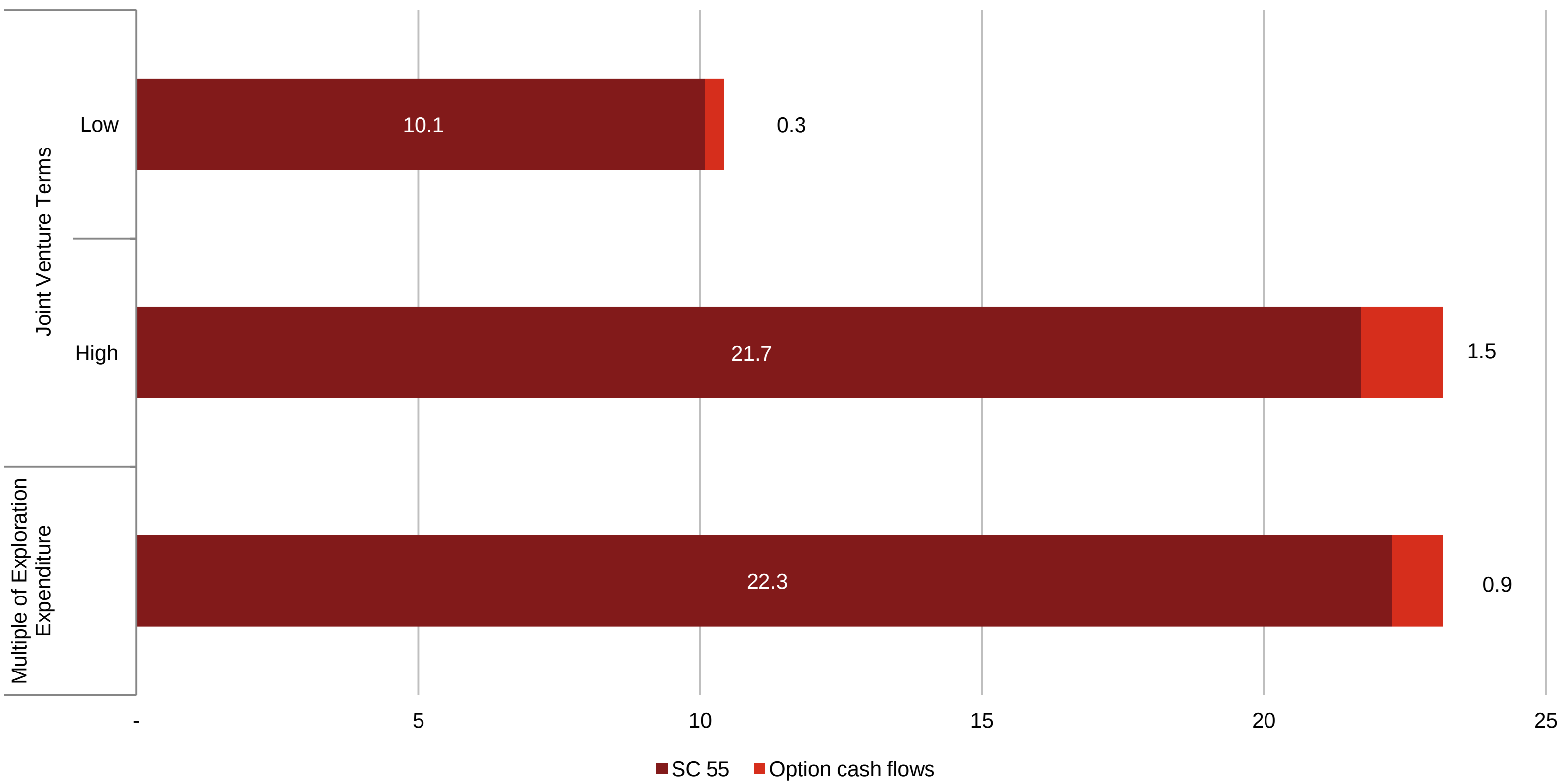
In arriving at our range of estimated values, we considered the results of each of the above approaches that we have regarded as appropriate.

Valuation analysis

Service Contract 55

Based on the assumptions used in valuing SC 55 and the option related cash flows, the calculated ranges of estimated values using the MEE and JV methods as of the Valuation Date are presented in the graph below

SC 55 value based on TA Petroleum's interest plus option cash flows (USD in millions)



The MEE approach

Primary inputs and key assumptions

- The following costs were used to estimate the value of SC 55:

	USD M	Probability	Risked Amount
Historical costs			
BHPB	28.2	100%	28.2
Otto Energy	7.3	100%	7.3
Committed future costs			
1st well firm budget	64.7	100%	64.7
1st well contingent budget	27.7	25%	6.9
Total costs (USD in millions)			**107.1**

Sources: BHP Billiton Proposed Work Program and Budget (October 12, 2011); BHP Billiton OCM (October 15, 2012); Otto Energy AFE Summary (December 2011); Add Energy report

- BHPB's costs until October 12, 2011 amounted to USD25 M. Its major expenditure was a 2,000 km² 3D seismic acquisition.
- BHPB's 2012 expenditures were assumed to be equal to the 2013 proposed budget for general and administrative costs and overhead costs, since no major work program was conducted in 2012.
- Otto Energy's historical costs from inception to December 2011 were based on its Authorization For Expenditure summary. Its major costs include 2D and 3D seismic acquisitions and interpretations.
- BHPB's proposed budget for the 1st exploration well includes a contingent budget of USD27.7 M. The contingent budget was allocated in case of a discovery or success. The probability assigned to the contingent budget was based on Add Energy's estimated Geological Probability of Success ("GPoS") for Cinco of 25%.
- The identification of a defined drill target in Cinco, following 3D seismic data acquisition and interpretation suggests that the PEM should be 2.

Estimated value

Based on the assumptions used, the calculated estimated value using the MEE approach is presented in the table below:

Total costs	PEM	SC 55 value
107.1	2.0	214.2

**USD in millions*

The amount attributable to TA Petroleum (USD in millions) is:

SC 55 Valuation (@100%)	214.2
Participating interest of P55 *	15%
Participating interest of TA Petroleum in P55	69.351%
Net to TA Petroleum	**22.3**

*Effective interest as of first well.

The JV approach

Background

In May 2011, Otto Energy announced that BHPB has exercised the option to farm-in to SC 55. Under the terms of the agreement, BHBP will earn a 60% interest through the funding of the two deepwater exploration wells and the reimbursement of Otto Energy's past costs.

Should BHPB elect to drill only the first deepwater exploration well, it will transfer back the 30% interest and operatorship of SC 55 to Otto.

Primary inputs and key assumptions

- We assumed two possible scenarios using the JV-approach. The first scenario assumed that only one exploration well will be drilled. On the other hand, the second scenario assumed that two exploration wells will be.
- The valuation followed Add Energy's assumption that Cinco will be the first prospect to be drilled and, in the success case, it will be followed by Hawkeye.

Scenario	Well location	Participating interest	
		BHPB	P55
1 well	Cinco	30%	15%
2 wells	Cinco & Hawkeye	60%	6.82%

- BHPB incurred a significant delay in undertaking the drilling of the Cinco-1 due to the non-availability of a suitable ultra-deepwater rig, and the refusal of the Palawan Council for Sustainable Development ("PCSA") to issue a Strategic Environmental Plan clearance in the third quarter of 2013. As a consequence, BHPB filed a Force Majeure notice with the DOE. PCSD released the clearance in October 2013.
- The following costs and probabilities under the two scenarios, based on the terms of the farm-in agreement, were used to estimate the value of SC 55:
- As agreed with Management, the same budget assigned for the 1st exploration well was assumed for the 2nd.
- The contingent budgets were allocated in case of a discovery or success. The probabilities assigned to the contingent budgets were based on Add Energy's estimated GPoS for Cinco and Hawkeye of 25% and 27%, respectively.
- The reimbursement of past costs was incurred prior to the execution of the farm-in agreement. Hence, there was no free-carry assumed for this.

The JV approach (cont'd)

In the first week of November 2013, BHPB verbally informed the partners that it has decided not to participate in the drilling of the Cinco-1 well.

As a result, for the low case, Management assumed a 30% probability of drilling the 1st deepwater well. This probability was multiplied to the cost of drilling the 1st deepwater well.

1 well	USD M	Probability	Risked amount
Reimbursement of past costs	7.3	100%	7.3
Total Otto Energy costs			**7.3**
BHPB's past costs	28.2	100%	28.2
1st deepwater well (firm budget)	64.7	30%	19.4
1st deepwater well (contingent budget)	27.7	8%	2.1
Total BHPB costs			**49.7**

2 wells	USD M	Probability	Risked amount
Reimbursement of past costs	7.3	100%	7.3
Total Otto Energy costs			**7.3**
BHPB's past costs	28.2	100%	28.2
1st deepwater well (firm budget)	64.7	100%	64.7
1st deepwater well (contingent budget)	27.7	100%	27.7
2nd deepwater well (firm budget)	64.7	100%	64.7
2nd deepwater well (contingent budget)	27.7	27%	7.5
Total BHPB costs			**192.7**

For the high case, Management assumed a 100% probability of drilling the 1st deepwater well .

1 well	USD M	Probability	Risked amount
Reimbursement of past costs	7.3	100%	7.3
Total Otto Energy costs			**7.3**
BHPB's past costs	28.2	100%	28.2
1st deepwater well (firm budget)	64.7	100%	64.7
1st deepwater well (contingent budget)	27.7	25%	6.9
Total BHPB costs			**99.8**

2 wells	USD M	Probability	Risked amount
Reimbursement of past costs	7.3	100%	7.3
Total Otto Energy costs			**7.3**
BHPB's past costs	28.2	100%	28.2
1st deepwater well (firm budget)	64.7	100%	64.7
1st deepwater well (contingent budget)	27.7	100%	27.7
2nd deepwater well (firm budget)	64.7	100%	64.7
2nd deepwater well (contingent budget)	27.7	27%	7.5
Total BHPB costs			**192.7**

The JV approach (cont'd)

Estimated range of values

Based on the assumptions used, the calculated values under the two scenarios are presented in the table below:

For the low case:

Scenario	Participating interest acquired	Net acquisition cost	SC 55 value
1 well	30%	42.1	140.2
2 wells	60%	84.4	140.7

USD in millions

For the high case:

Scenario	Participating interest acquired	Net acquisition cost	SC 55 value
1 well	30%	77.2	257.2
2 wells	60%	84.4	140.7

USD in millions

- We have computed for weighted values with varying probabilities to find SC 55's value which is attributable to TA Petroleum.
- Based on Add Energy's estimated GPoS for Cinco, we have assumed 75-25 chances that only one well and two wells will be drilled, respectively.

According to Management, it is difficult to secure a specialized rig as these are normally contracted on a long-term basis. Hence, for the low case, an 80% probability of securing a suitable rig was assumed.

Based on the assumptions used, the calculated weighted values using the JV approach are presented in the tables below:

For the low case

Particulars	1 well	2 wells	Weighted value (USD M)
SC 55 Valuation (@100%)	140.2	140.7	
Weights	75.0%	25.0%	
Weighted value	105.2	35.2	
Probability of securing a suitable rig	80%	80%	
Participating interest of P 55	15%	6.82%	
Participating interest of TA Petroleum in P 55	69.351%	69.351%	
Net to TA Petroleum	**8.8**	**1.3**	**10.1**

For the high case

Particulars	1 well	2 wells	Weighted value (USD M)
SC 55 Valuation (@100%)	257.2	140.7	
Weights	75.0%	25.0%	
Weighted value	192.9	35.2	
Probability of securing a suitable rig	100%	100%	
Participating interest of P 55	15%	6.82%	
Participating interest of TA Petroleum in P 55	69.351%	69.351%	
Net to TA Petroleum	**20.1**	**1.7**	**21.7**

Option cash flows

Primary inputs and key assumptions

- The following probabilities were used:

Data

Probability	**Low**	**High**
Fund 1 deepwater well	30.0%	100.0%
Cinco GPoS	25.0%	25.0%
Fund 2 deepwater well	7.5%	25.0%

The unrisked and risked values of the potential payments from Frontier Gasfields Ltd ("Frontier") to P55 are shown in the table below:

For the low case:

	USD M	Probability	Risked Amount	PV Factor	PV of Cash flows
Payable within 10 days of the commencement date of actual drilling operations "spud-in date" on the first well	0.3	30.0%	0.1	0.88	0.1
Frontier Shares to be paid within 10 days of spud-in date of the first well	0.6	30.0%	0.2	0.88	0.2
Cash paid if option is exercised	3.5	7.5%	0.3	0.79	0.2
Cash paid if option is exercised	3.5	7.5%	0.3	0.77	0.2
Total (USD in millions)					**0.6**

Sources: Add Energy report, SC 55 option agreement

For the high case:

	USD M	Probability	Risked Amount	PV Factor	PV of Cash flows
Payable within 10 days of the commencement date of actual drilling operations "spud-in date" on the first well	0.3	100.0%	0.3	0.88	0.2
Frontier Shares to be paid within 10 days of spud-in date of the first well	0.6	100.0%	0.6	0.88	0.5
Cash paid if option is exercised	3.5	25.0%	0.9	0.79	0.7
Cash paid if option is exercised	3.5	25.0%	0.9	0.77	0.7
Total (USD in millions)					**2.1**

- The present value ("PV") factor was based on the following:
  - A cost of equity of 14%. We have approximated the relevant discount rate by using inputs from the selected comparable company and available market data. The comparable companies that were used in our analysis were Oriental Petroleum and Minerals Corp., PetroEnergy Resources Corp., South China Resources, Inc., The Philodrill Corporation, and Philex Petroleum Corp.
  - The timing of cash flows were based on the schedule of sub-phase 4, and the terms of the option agreement. Due to the force majeure, Management assumed a 14-month delay in the schedule.

Option cash flows

Estimated value

The amount attributable to TA Petroleum (USD in millions) is:

For the low case:

	USD M
Options cash flows	0.6
Participating interest of TA Petroleum in P55	69.351%
Net to TA Petroleum - high case	**0.4**

For the low case, an 80% probability of securing a suitable rig was assumed. The resulting value is as follows:

Net to TA Petroleum - high case	0.4
Probability of securing suitable rig	80.0%
Net to TA Petroleum - low case	**0.3**

For the high case:

	USD M
Options cash flows	2.1
Participating interest of TA Petroleum in P55	69.351%
Net to TA Petroleum	**1.5**

Net to TA Petroleum - high case	1.5
Probability of securing suitable rig	100%
Net to TA Petroleum - low case	**1.5**

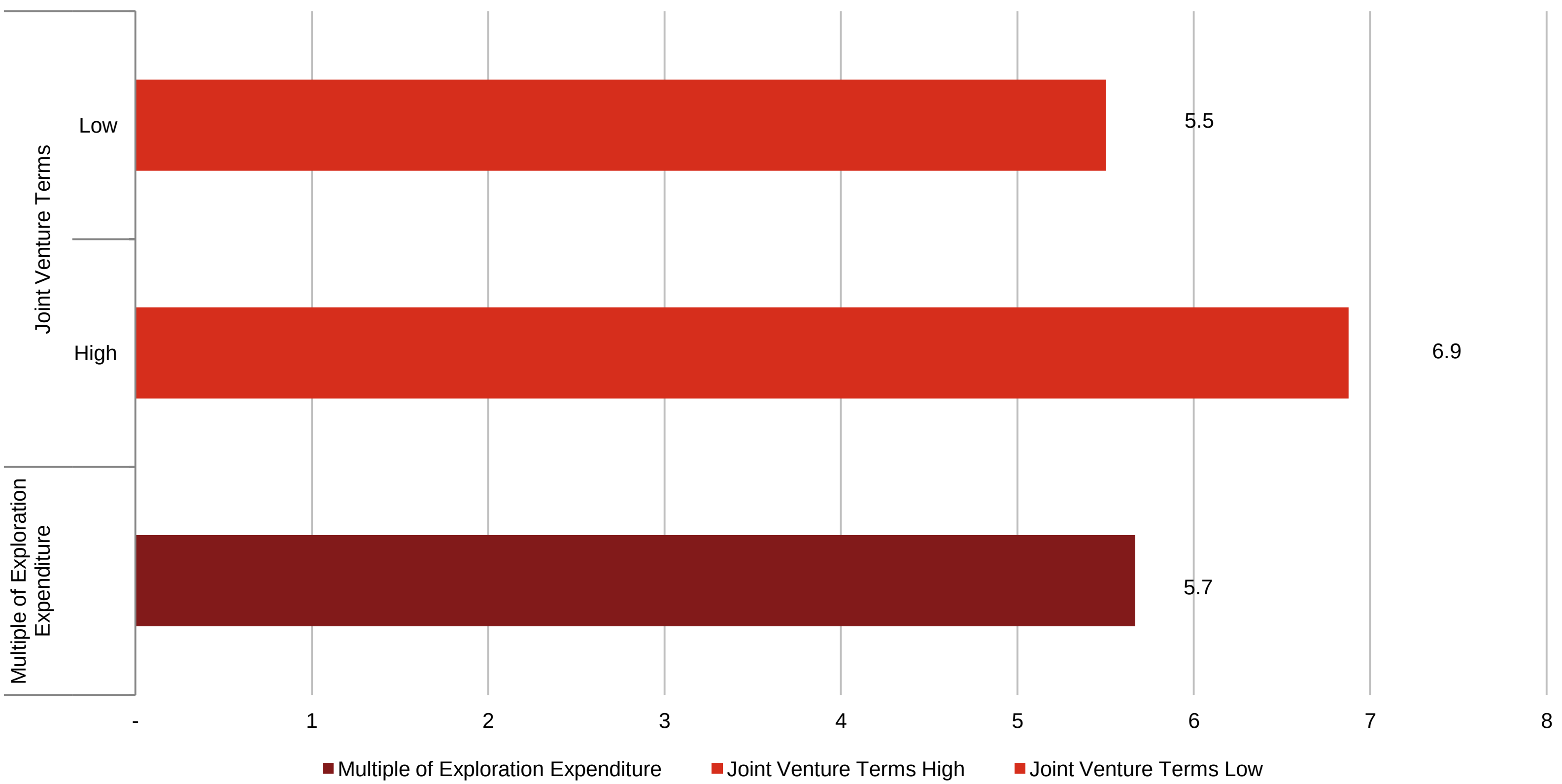
For the mid-case

	Value	Weight	Weighted value
Low	0.3	50.0%	0.2
High	1.5	50.0%	0.7
Mid-case			**0.9**

Service Contract 69

Based on the assumptions used in valuing SC 69, the calculated range of estimated values using the MEE and JV methods as of the Valuation Date is presented in the graph below:

SC 69 value based on TA Petroleum's interest (USD in millions)



The MEE approach

Primary inputs and key assumptions

- The following costs were used to estimate the value of SC 69:

	USD M
Historical Costs	
Sub-Phase 1 - 3,000 km 2D seismic	0.7
Sub-Phase 2 - 900 km 2D seismic	3.0
Sub-Phase 3 - 229 sq km 3D seismic	3.8
Commited future costs	-
Total Costs	**7.6**

Sources: Otto Energy AFE Summary (December 2012); Add Energy report

- The historical costs were based on Otto's Authorization For Expenditure ("AFE") summary as of December 31, 2012.
- Sub-phase 1 included the cost of geological and geophysical review and reprocessing of 3,000 km 2D seismic data.
- In sub-phase 2, the consortium completed and interpreted the results of the 900 km of 2D seismic data.
- The work program for sub-phase 3 involved a 229 sq km 3D seismic survey. The completion of seismic interpretation in the current sub-phase is still on-going. Therefore, no budget has been committed for the next sub-phase.
- SC 69 has a defined drill target, the Lampos and Lampos South. However, on October 10, 2013, Otto filed a request with the DOE for the assignment of the 9% interest to TA Petroleum.

Estimated value

Based on the assumptions used, the calculated estimated value using the multiple of exploration expenditure approach is presented in the table below:

Total costs	PEM	SC 69 value
7.6	1.5	11.3

**USD in millions*

The amount attributable to TA Petroleum (USD in millions) is:

SC 69 Valuation (@100%)	11.3
Participating interest of TA Petroleum	50.0%
Net to TA Petroleum	5.7

The valuation assumed that the participating interest of TA Petroleum will increase from 6% to 15% (pending approval by the DOE) as a result of the withdrawal of Otto. According to management, the final ownership of TA Petroleum is 50% (which includes the remaining half of Otto's 70% interest), although request for approval will still follow.

The JV approach

Background

On February 3, 2011, TA Oil assigned its 9% participating interest to Otto Energy in exchange for the following considerations:

- Reimbursement of certain past costs,
- Shouldering half of TA Oil's 6% share of expenditures in sub-phase 3, and
- Free carry TA Oil's 6% share on the drilling of the first well.

Primary inputs and key assumptions

- The following costs based on the terms of the farm-in agreement, were used to estimate the value of SC 69:

	USD M	Obligation	Probability	Payment
Historical costs				
Reimbursements of past costs	3.5	9%	100%	0.3
Phase 3 - 3D seismic (50%)	1.9	6%	100%	0.1
Future costs				
Phase 4 - 1 well (estimated)	30.0	6%	30%	0.8
Total				**1.2**

- Management estimated the cost of drilling an offshore well to be from USD40-50 M, while the probability of drilling it is 30.0%.
- On October 4, 2013, Otto notified partners of its withdrawal from SC 69, the current sub-phase of which expires on November 7, 2013.
- On October 7, 2013, TA Petroleum and Frontier Gasfields Pty. Ltd. jointly requested the Department of Energy for a six-month extension of the October 7, 2013 deadline to elect to enter the next exploration sub-phase.

The valuation assumed that the farm-in agreement used in the JV approach was executed in an arm's-length basis. Accordingly, the consortium can attract investors on the same terms and conditions as the farm-in agreement used.

Estimated value

Based on the assumptions used, the calculated estimated value using the JV approach is presented in the table below:

Participating interest acquired	Net acquisition cost	SC 69 value
9.00%	1.2	13.8

**USD in millions*

The amount attributable to TA Petroleum (USD in millions) is:

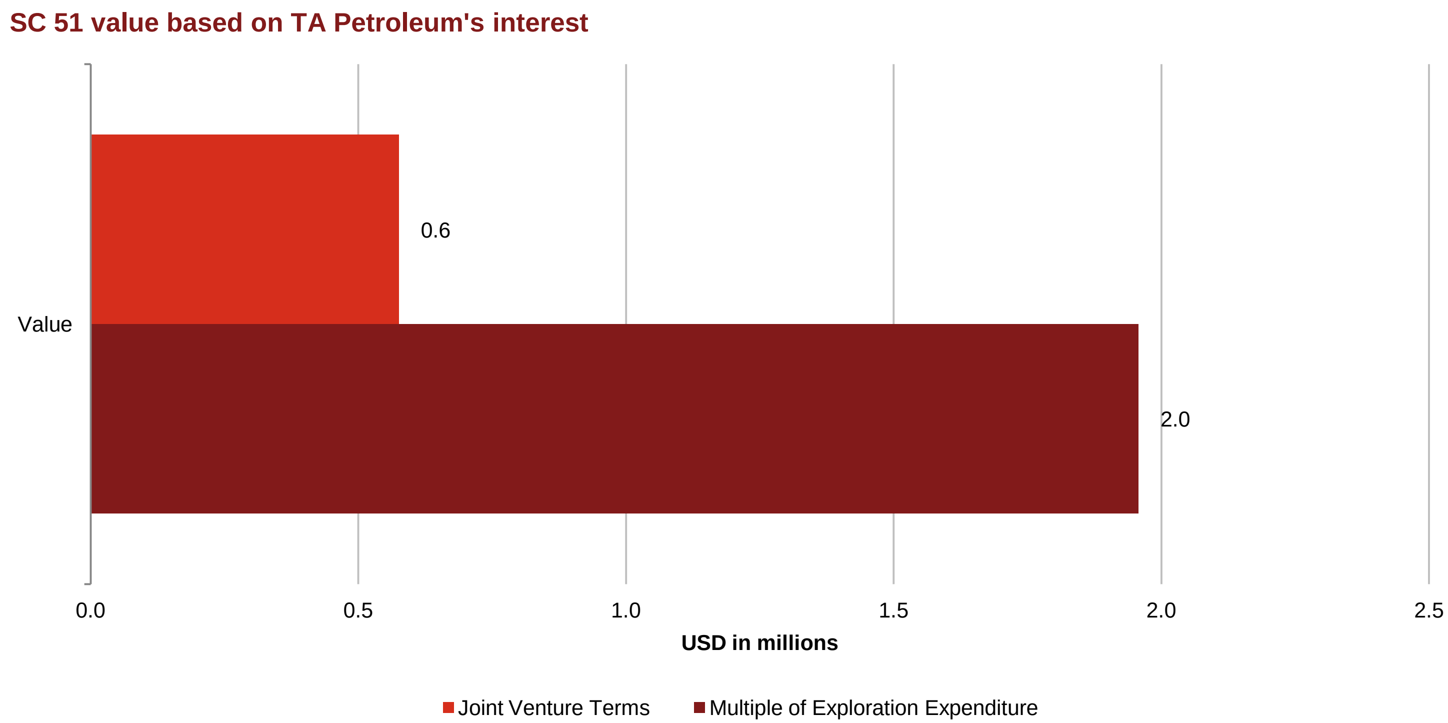
SC 69 Valuation (@100%)	13.8
Participating interest of TA Petroleum	50.0%
Net to TA Petroleum	6.9

Given the uncertainty in securing a six-month extension from the DOE, an 80% probability was assumed for the low case. The resulting valuation is as follows:

Net to TA Petroleum - high case	6.9
Probability of securing an extension	80.0%
Net to TA Petroleum - low case	**5.5**

Service Contract 51

Based on the assumptions used in valuing SC 51, the calculated range of estimated values using the MEE and JV methods as of the Valuation Date is presented in the graph below:



The MEE approach

Primary inputs and key assumptions

- The following costs were used to estimate the value of SC 51:

	USD M	Probability	Payment
Historical Costs			
Cost as of December 2012	19.6	100%	19.6
Commited future costs			
Sub-Phase 5 - Duhat-2 well	-	100%	-
Contingent cost - well testing	-	25%	-
Total costs (USD in millions)			**19.6**

Source: Otto Energy AFE Summary (December 2012)

- Otto Energy's spent a total of USD19.2 M as of December 31, 2012, primarily for the drilling of Duhat-1 well, 2D and 3D seismic survey.
- Otto's 2012 general and administrative expense were assumed to be equal to 2012 budget.
- On July 25, 2013, Otto decided to plug and abandon the Duhat-2 well for safety and environmental reasons.
- In its October 2013 meeting, the consortium voted to request the DOE a 6-month extension of the current Sub-Phase 5 from 31 Jan 2014 to 31 July 2014.
- SC 51 identified San Isidro and Argao as the primary drill targets. The results of seismic data acquisition and interpretation, identification of the drill target, and result of current drillings suggests a PEM of 1.5

Estimated value

Based on the assumptions used, the calculated estimated value using the MEE approach is presented in the table below:

Total cost	PEM	SC 51 value
19.6	1.5	29.4

**USD in millions*

The amount attributable to TA Petroleum (USD in millions) is:

SC 51 Valuation (@100%)	29.4
Participating interest of TA Petroleum	6.67%
Net to TA Petroleum	2.0

The JV approach

Background

Under the amended farm-in option agreement entered in January 2011, Swan and Otto are collectively liable for the drilling of two onshore wells in the Northern Block to earn a 40% interest each in SC 51 North, while Swan is obligated to drill one offshore well in the Southern Block to earn 80% in SC 51 South.

Primary inputs and key assumptions

- The following costs, based on the terms of the farm-in agreement, were used to estimate the value of SC 51:

North Block	USD M	Free Carry	Probability	Payment
Historical costs				
Pre-survey planning	0.1	20.0%	100.0%	0.0
2D seismic	5.5	20.0%	100.0%	1.1
Duhat-1 drilling	4.2	20.0%	100.0%	0.8
G&A for 2012 (estimated)	0.3	20.0%	100.0%	0.1
Future costs				
2nd onshore well Duhat-2 (budget)	8.2	20.0%	50.0%	0.8
Total	**18.3**			**2.8**

- The cost of pre-survey planning, 2D seismic, and drilling of the Duhat-1 well were shouldered by both Swan and Otto.
- Management estimated that the probability of successfully drilling the second well is 50%.

South Block	USD M	Free Carry	Probability	Payment
Historical costs				
Site survey	2.0	20.0%	100.0%	0.4
Pre-drill engineering	0.8	20.0%	100.0%	0.2
G&A for 2012	0.3	20.0%	100.0%	0.1
Commited future costs				
Argao-1 (estimated)	42.9	20.0%	40.0%	3.4
Total	**46.0**			**4.1**

- The cost of the site survey and pre-drill engineering were shouldered by Swan.
- Swan estimated the cost of drilling an off-shore well to be USD42.9M.
- Management estimated that the probability of drilling the Argao-1 well is 40%.
- The general and administrative costs for 2012 were assumed to be equal to the 2012 budget.
- The historical costs as of December 31, 2012 were based on the AFE summary for SC 51.

The JV approach

Estimated value

Based on the assumptions used, the calculated estimated value using the JV approach is presented in the table below:

Block	Participating interest acquired	Net acquisition cost	SC 51 value
North	80%	2.8	3.6
South	80%	4.1	5.1
Total			**8.6**

**USD in millions*

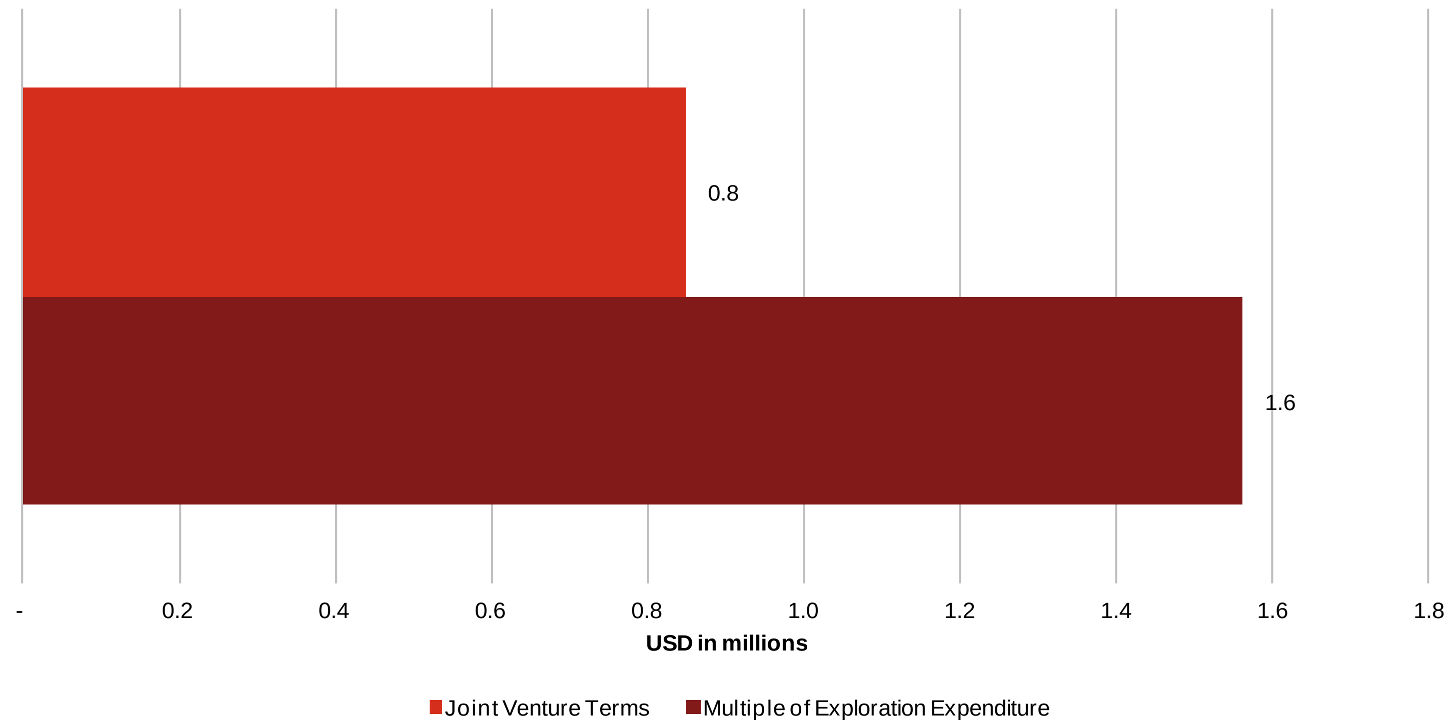
The amount attributable to TA Petroleum (USD in millions) is:

SC 51 (@100%)	8.6
Participating interest of TA Petroleum	6.67%
Net to TA Petroleum	0.6

Service Contract 6A

Based on the assumptions used in valuing SC 6A, the calculated range of estimated values using the MEE and JV methods as of the Valuation Date is presented in the graph below:

SC 6A value based on TA Petroleum's interest



The MEE approach

Primary inputs and key assumptions

- The following costs were used to estimate the value of SC 6A:

	USD M
Historical expenditures pre Pitkin farm in	40.0
Reimbursement of historical expenditures post Pitkin farm i	0.2
Committed phase 1 500 sq km 3D seismic	4.5
Total costs (USD in millions)	**44.6**

Sources: Pitkin Petroleum PLC 2013 proposed work program and budget, SC 6A Farm-in agreement, Management estimate

- Management estimated historical expenditures pre-Pitkin Petroleum Plc's ("Pitkin") farm-in to be USD40M.
- Pitkin's proposed 2013 budget included the following: 1) 3D seismic program, 2) office costs, 3) manpower allocations, and 4) training / development / scholarship funds.
- The presence of an interesting target and a committed work program to 3D seismic data acquisition and interpretation suggests that the PEM should be 1.5.

Estimated value

Based on the assumptions used, the calculated estimated value using the multiple of exploration expenditure approach is presented in the table below:

Total costs	PEM	SC 6A value
44.6	1.5	66.9

**USD in millions*

The amount attributable to TA Petroleum (USD in millions) is:

SC 6A Valuation (@100%)	66.9
Participating interest of TA Petroleum	2.334%
Net to TA Petroleum	**1.6**

The JV approach

Background

In July 2011, The Philodrill Corp., PetroEnergy Resources Corp., Anglo Philippine Holdings Corp., Trans-Asia Oil & Energy Development Corp., Forum Energy Philippines Corp., and Philex Petroleum Corp., collectively the "Farmors," agreed to transfer and assign to Pitkin a 70% participating interest in SC 6A through the funding of the a 3D seismic program and two exploration wells. If Pitkin does not elect to drill any well or only elects to drill one, Pitkin shall cede and reassign its participating interest at no cost to the Farmors.

Additionally, Pitkin will reimburse each Farmor for documented expenditures previously incurred in relation to SC 6A, in an amount up to but not exceeding USD150,000.

Primary inputs and key assumptions

- The following costs based on the terms of the farm-in agreement were used to estimate the value of SC 6A:

	USD M
Reimbursement of expenditures	0.2
Total	**0.2**
Phase 1 - 500 sq km 3D seismic	4.5
Phase 2 - 1 well	35.0
Phase 3 - 1 well	45.0
Total	**84.5**

Sources: SC 6A Farm-in agreement, Pitkin Petroleum PLC 2013 proposed work program and budget, Management estimates

- Management estimated the cost of the first well to be from USD30-40 M and the 2nd well to be from USD40-50 M.

Estimated value

Based on the assumptions used, the calculated estimated value using the JV approach is presented in the table below:

Participating interest acquired	Net acquisition cost	SC 6A value
70%	25.5	36.4

**USD in millions*

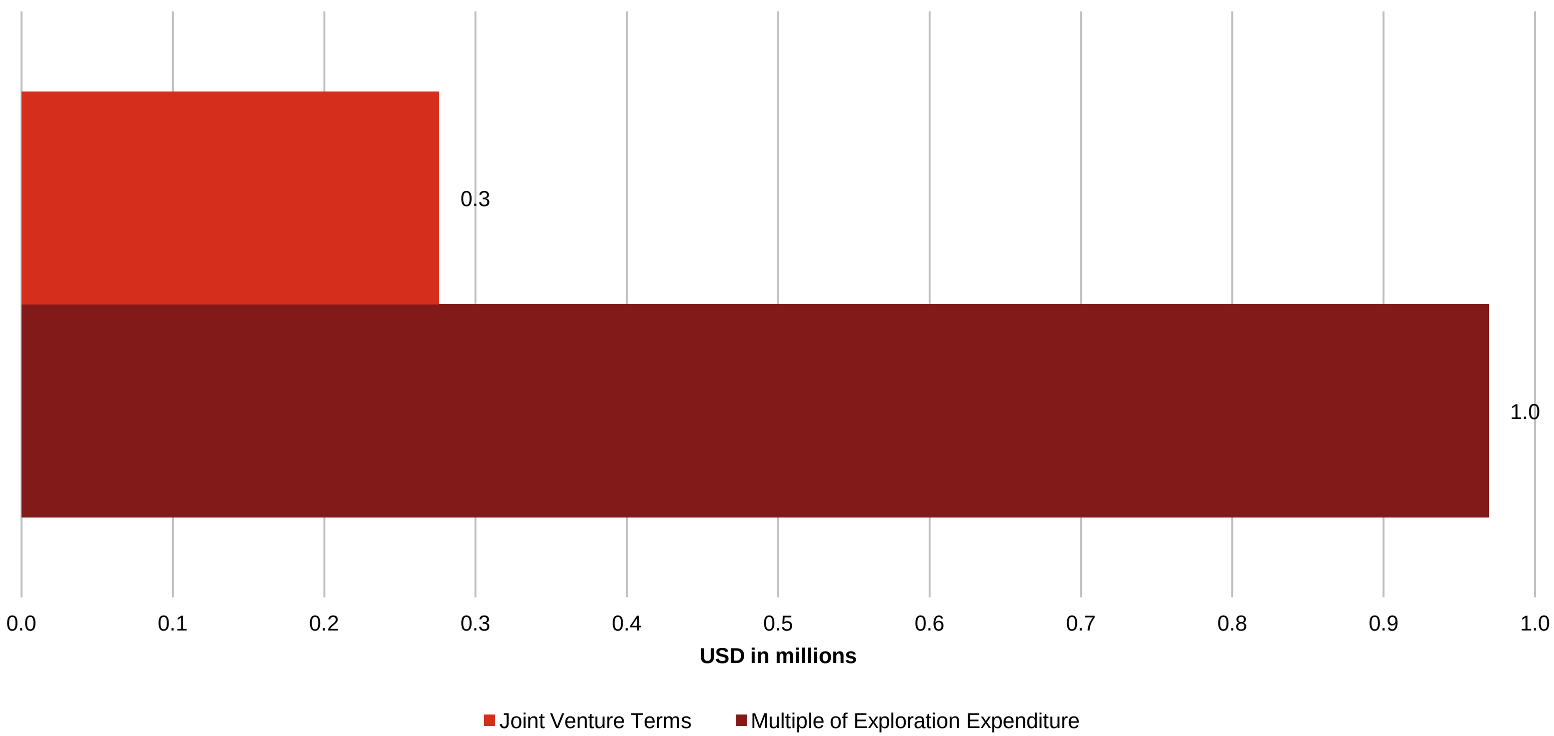
The amount attributable to TA Petroleum (USD in millions) is:

SC 6A Valuation (@100%)	36.4
Participating interest of TA Petroleum	2.334%
Net to TA Petroleum	**0.8**

Service Contract 6B

Based on the assumptions used in valuing SC 6B, the calculated range of estimated values using the MEE and JV methods as of the Valuation Date is presented in the graph below:

SC 6B value based on TA Petroleum's interest



The MEE approach

Primary inputs and key assumptions

- The following costs were used to estimate the value of SC 6B:

	USD M
Historical Costs	6.7
Commited future costs	0.2
Total Costs	**6.9**

Source: Department of Energy validated cost recoverable letter (August 13, 2012); Add Energy report

- The total cost of USD669k represents Department of Energy (DOE) - validated recoverable costs as of December 31, 2009. TA Petroleum had a 10% interest in SC 6B prior to 2000, when substantially all the above costs were incurred.
- Major expenses were primarily related to the drilling of the Bonita well.
- In December 2012, the consortium failed to bag DOE's approval to revive the Bonita field.
- On August 2, 2013, the same decision was reaffirmed by the DOE due to the failure of one of the farminees to demonstrate technical and financial capacity. However, the presence of a drillable target and history of oil production suggest a PEM of 1.0.

Estimated value

Based on the assumptions used, the calculated estimated value using the multiple of exploration expenditure approach is presented in the table below:

Total costs	PEM	SC 6B value
6.9	1.0	6.9

**USD in millions*

The amount attributable to TA Petroleum (USD in millions) is:

SC 69 Valuation (@100%)	6.9
Participating interest of TA Petroleum	14.06%
Net to TA Petroleum	1.0

The valuation assumed that the participating interest of TA Petroleum remains at 14.06% even after the failure of the farminees to demonstrate their financial capacity as service contractor to the DOE and subsequent DOE disapproval of the proposed farm-in.

The JV approach

Background

In December 2011, Peak Oil and Gas Philippines Limited (Australia), Blade Petroleum Philippines Limited (Australia), and VenturOil Philippines, Inc. acquired a 64.53% participating interest in exchange for carrying the farm-out parties in all future work programs and budgets until first oil production. In the above farm-in agreement, Nido Petroleum retained its 7.812% interest and did not participate in assigning 70% of its working interest to the farminees.

Primary inputs and key assumptions

- The following costs based on the terms of the farm-in agreement were used to estimate the value of SC 6B:

	USD M	Free Carry	Probability	Payment
Future costs				
G&G Studies	0.2	27.7%	100.0%	0.1
Drill Exploration Well	12.5	27.7%	25.0%	0.9
Complete Well and Tie-back to Cadlao	10.0	27.7%	12.5%	0.3
Total purchase price	**22.7**			**1.3**

- The above work programs represent forecast activities to successfully tie-back the SC 6B to the Cadlao field.
- Based on the terms of the contract, only the remaining interests of the farmors of 27.66% were considered in determining the purchase price. Nido Petroleum will shoulder its own cost in the above work programs.
- Management estimated that the probability of drilling an exploration well is 25%, while the completion of the tie-back to Cadlao is 12.5%.

Our valuation assumed that the farm-in agreement used in the JV approach was executed in an arm's-length basis. Accordingly, the consortium can attract investors on the same terms and conditions as the farm-in agreement used.

Estimated value

Based on the assumptions used, the calculated estimated value using the joint venture approach is presented in the table below:

Participating interest acquired	Net acquisition cost	SC 6B value
64.53%	1.3	2.0

**USD in millions*

The amount attributable to TA Petroleum (USD in millions) is:

SC 6B Valuation (@100%)	2.0
Participating interest of TA Petroleum	14.06%
Net to TA Petroleum	0.3

Appendices

Sources of information

In the course of our valuation analyses, we relied upon interviews with the Client, financial and other information obtained from Management, and from various public and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in performing our valuation include:

- Historical, committed, and future costs regarding the SCs provided by the Client;
- Service contracts and farm -in agreements provided by the Client;
- Discussions with the Client;
- Capital IQ's on-line database covering financial markets, commodities, local stock prices, and news;
- Publicly available resources, such as publications, etc.;
- Disclosures in the Philippine Stock Exchange ("PSE") website;
- Company websites; and
- Technical valuation reports provided by the Client's technical valuation team, Add IPS Pty. Ltd.

Cost of equity

- *Cost of Equity* – The cost of equity capital is estimated using the Capital Asset Pricing Model (CAPM), which assumes the cost of equity is equal to the return on risk-free securities plus the ERP adjusted for the company's systematic risk (Beta). The general formula for the cost of equity is:
  - Ke = Rf + Beta * (Rm – Rf)
    - Rf = Risk-free rate of return
    - Beta = Systematic risk for the company's equity
    - Rm – Rf = ERP = The equity market's return premium over the risk free return

Glossary

Term	Definition
Add Energy	Add IPS Pty. Ltd
AFE	Authorization For Expenditure
BHPB	BHP Billiton
CAGR	Compound Annual Growth Rate
Capital IQ	S&P Capital IQ
CAPM	Capital Asset Pricing Model
Client / TA Oil	Trans-Asia Oil and Energy Development Corporation
Company / TA Petroleum	Trans-Asia Petroleum Corporation
CMLLC	Chevron Malampaya LLC
DOE	Department of Energy
EIA	Energy Information Administration
ERP	Equity Risk Premium
Frontier	Frontier Gasfields Ltd.
FY	Financial Year Beginning 1 January and Ending 31 December
GAAP	Generally Accepted Accounting Principles
GPoS	Geological Probability of Success
Kd	Cost of Debt
Ke	Cost of Equity

Glossary

Term	Definition
LTM	Last Twelve Months
Management	The management of TA Oil
MEE Method	Multiple of Exploration Expenditure Method
MMbbls	Million Barrels
JV Method	Joint Venture Method
Km	Kilometer
PCSA	Palawan Council for Sustainable Development
PE	Price to Earnings Ratio
PEM	Prospective Enhancement Multiplier
P55	Palawan55 Exploration & Production Corporation
PhP	Philippine Peso
Pitkin	Pitkin Petroleum Plc
PNOC	Philippine National Oil Corporation
PSE	Philippine Stocks Exchange
PV	Present Value
PwC	PricewaterhouseCoopers LLP
Rf	Risk-free Rate
RoW	Rest of the World
SC	Service Contract

Glossary

Term	Definition
SEC	Securities and Exchange Commission
SEP Clearance	Strategic Environmental Plan Clearance
SIC	Standard Industrial Classification
SPEX	Shell Pilipinas Exploration BV
SSP	Small Stock Premium
Swan	Swan Oil and Gas Ltd.
TA Oil	Trans-Asia Oil and Energy Development Corporation
TA Petroleum	Trans-Asia Petroleum Corporation
Tcf	Trillion Cubic Feet
USD	US Dollars
Valuation Date	September 30, 2013

Fairness Opinion to Trans-Asia Oil and Energy Development Corporation

pwc

Isla Lipana & Co.

Isla Lipana & Co.

November 18, 2013

The Board of Directors
Trans-Asia Oil and Energy Development Corporation
11th Floor, PHINMA Plaza, 39 Plaza Drive, Rockwell Center,
Makati City, 1200

Attention: Mr. Pythagoras L. Brion, Jr.
Senior Vice President and Chief Finance Officer

Gentlemen:

You have requested our opinion ("Opinion"), as to the fairness from a financial point of view, to the stockholders of Trans-Asia Oil and Energy Development Corporation ("TA Oil") of the price per share of Trans-Asia Petroleum Corporation ("TA Petroleum") for purposes of listing by way of introduction (the "Transaction").

The valuation date is September 30, 2013.

In connection with our Opinion, we have:

i. Considered certain financial and other information relating to TA Petroleum that were publicly available or has been furnished to us, including historical costs and budget estimates;

ii. Discussed with members of TA Oil's and TA Petroleum's management to understand TA Petroleum's business, operations, historical financial results, future prospects, and budget estimates;

iii. Considered the financial consideration of certain publicly-listed companies in businesses similar to those of TA Petroleum;

iv. Performed research to better understand the oil and gas industry;

v. Performed multiple of exploration expenditure and joint venture method valuation; and

vi. Considered such other information, analyses and investigations and financial, economic and market data as we deemed relevant and appropriate for purposes of this opinion.

The opinion expressed below is subject to the following qualifications and limitations:

i. In arriving at our Opinion, we have relied upon and assumed, without independent verification, the accuracy and completeness of all financial and other information that were publicly available or furnished to us by TA Oil and TA Petroleum. With respect to the historical costs and budget estimates used by us, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of TA Oil and TA Petroleum's management, their technical valuation team, and their joint venture partners, as to TA Petroleum's future work programs.

ii. Our work with respect to any prospective financial information does not constitute an examination, compilation, or agreed-upon procedures engagement of historical costs and budget estimates. We express no assurance of any kind on such information since there will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

iii. We have not made an independent evaluation or appraisal of the assets of TA Petroleum. We have not been requested to, and did not, solicit third-party indications of interest in acquiring all or any part of TA Petroleum.

iv. Our services with respect to the Transaction do not constitute, nor should they be construed to constitute in any way, a review or audit of or any other procedures with respect to any financial information, nor should such services be relied upon by any person to disclose weaknesses in internal controls or financial statement errors or irregularities.

v. Our Opinion does not address, and should not be construed to address, either the underlying business decision to effect the Transaction or whether the price per share used in the Transaction represents the best price.

vi. We express no view as to the national or local tax consequences of the Transaction.

vii. Our estimates of share value reflect the fair values as of the valuation date, including the following service contracts (SCs) of TA Petroleum:

1. SC 6 Block A
2. SC 6 Block B
3. SC 51
4. SC 55 (through Palawan55 Exploration and Production Corporation)
5. SC69

viii. We have relied on the technical reports of TA Petroleum's technical valuation team, Add IPS Pty. Ltd, for the geological probabilities of success. If these assumptions and estimates prove to be incorrect, the results of our valuation could be materially and adversely affected. We take no responsibility for any report coming from TA Oil, TA Petroleum, and Add IPS Pty, Ltd.

ix. Management assumed that a prospective enhancement multiplier (PEM) of 2.0 is appropriate for SC 55, 1.5 for SCs 6A, 51, and 69, and 1.0 for SC 6B. The above assessments were based on the current prospectivity of the area where the SCs are located.

x. TA Petroleum's operations are subject to health, safety, and environmental laws and regulations enforced by the Philippine Government. Failure by TA Petroleum to comply with the applicable laws and regulations may give rise to significant liabilities, and could materially and adversely affect the results of our valuation.

xi. The Philippine Government exercises significant influence over the oil and gas industry. Changes in government policies, rules, regulatory environment, and laws may have a material effect on TA Petroleum's results of operations, and consequently its valuation.

xii. Our valuation assumed that the farm-in agreements were executed in an arm's-length manner. Accordingly, the consortium in all SCs can attract investors on the same terms and conditions as the most recent farm-in agreements.

xiii. The commencement of the drilling and other work programs in SCs 6A and 6B are dependent on the issuance of the Palawan local government of the necessary permits.

xiv. Our Opinion is based on business, economic, market and other conditions as they exist as of the date hereof or as of the date of the information provided to us. We have not considered events subsequent to the date of our Opinion.

xv. We have relied on Management's probability estimates on the impact of the following subsequent events for SCs 55 and 69 to estimate values for the low case scenario.

- In November 2013, BHP Billiton verbally informed the partners that it has decided not to participate in the drilling of the Cinco-1 well. As a result, Management estimated that the probability of drilling the first well will only be 30%. Furthermore, they assumed that there is only 80% probability that the partners will be able to secure a specialized rig required for this well.

- On October 4, 2013, Otto notified its partners of its withdrawal from SC 69. Consequently, Management estimated that the probability of drilling the offshore well will only be 30%.

- On October 7, 2013, TA Petroleum and Frontier Gasfields Pty. Ltd. jointly requested the Department of Energy ("DOE") for a six-month extension of the deadline to enter the next sub-phase of SC 69. As a result, Management assumed that there is an 80% probability that the remaining partners will be able to secure extension from the DOE.

xvi. Our Opinion should not be construed as providing TA Oil, TA Petroleum, or any third party with an investment advice. Neither are we expressing an opinion on the continued viability of TA Petroleum.

xvii. We have not considered the impact of any force majeure events after the date of the accompanying valuation report which may delay or cause the joint venture partners to abandon any or all of the SCs.

xviii. This Opinion is effective as of the date hereof. We have no obligation to update the Opinion unless requested by you in writing to do so and expressly disclaim any responsibility to do so in the absence of any such request.

Based upon and subject to the foregoing, it is our opinion that as of the valuation date, the Php4.60 per share to be used as the listing price for the Transaction is fair to TA Oil from a financial point of view.

Isla Lipana & Co. has been accredited by the Philippine Stock Exchange ("PSE") to issue fairness opinions and valuation reports in accordance with the rules of the PSE.

Neither Isla Lipana & Co. nor the individuals involved with this analysis have any present nor contemplated future interest in TA Oil and TA Petroleum or any other interest that might tend to prevent making a fair and unbiased valuation. In our letter dated February 22, 2013, we have requested the PSE to consider Isla Lipana & Co. as independent in connection with the Transaction. On February 28, 2013, we received confirmation from PSE of our independence.

We will receive a fee as compensation for our services in rendering this Opinion. No portion of our fees or expense reimbursements is refundable or contingent upon the consummation of the Transaction or the tenor of the conclusions reached in this Opinion.

This letter is for the information of the Board of Directors of TA Oil in connection with the Transaction described herein. We understand that this Opinion will be submitted to the PSE and the Securities and Exchange Commission.

Very truly yours,

Mary Jade T. Roxas – Divinagracia, CFA
Partner

Annex "C"

Republic of the Philippines
DEPARTMENT OF ENERGY

2nd Indorsement
January 9, 2014

Respectfully recommended to **V. Graciano P. Felimenio**, Director, Markets and Securities Regulation Department, Securities and Exchange Commission, SEC Building, EDSA, Greenhills, City of Mandaluyong, Metro Manila, the Listing by way of Introduction of 250,000,000 Common Shares on the Philippine Stock Exchange Main Board of **Trans-Asia Petroleum Corporation** with the information that this Department validates the disclosures of the company in its Registration Statement and interposes no objection thereon, subject to the condition that said corporation shall comply with the pertinent laws, rules and regulations administered and enforced by the Department.

for **ATTY. RINO E. ABAD**
Director
Energy Resource Development Bureau

ATT:IUO:GHA:BIGG:car

Energy Center, Merritt Rd., Fort Bonifacio, Taguig City, Metro Manila, Philippines
Fax # 812-61-94 Tel # 840-20-08 Fax # 840-21-38 Tel # 840-22-36 Fax # 840-17-31 Tel # 817-86-03 Trunkline 479-29-00
Website: www.doe.gov.ph, E-mail: info@doe.gov.ph

Annex "D"

Appendix I SPE Petroleum Resource Management System

Society of Petroleum Engineers, World Petroleum Council, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers

Definitions and Guidelines, March 2007

Preamble

Petroleum resources are the estimated quantities of hydrocarbons naturally occurring on or within the Earth's crust. Resource assessments estimate total quantities in known and yet-to-be-discovered accumulations; resources evaluations are focused on those quantities that can potentially be recovered and marketed by commercial projects. A petroleum resources management system provides a consistent approach to estimating petroleum quantities, evaluating development projects, and presenting results within a comprehensive classification framework.

International efforts to standardize the definition of petroleum resources and how they are estimated began in the 1930s. Early guidance focused on Proved Reserves. Building on work initiated by the Society of Petroleum Evaluation Engineers (SPEE), SPE published definitions for all Reserves categories in 1987. In the same year, the World Petroleum Council (WPC, then known as the World Petroleum Congress), working independently, published Reserves definitions that were strikingly similar. In 1997, the two organizations jointly released a single set of definitions for Reserves that could be used worldwide. In 2000, the American Association of Petroleum Geologists (AAPG), SPE and WPC jointly developed a classification system for all petroleum resources. This was followed by additional supporting documents: supplemental application evaluation guidelines (2001) and a glossary of terms utilized in Resources definitions (2005). SPE also published standards for estimating and auditing reserves information (revised 2007).

These definitions and the related classification system are now in common use internationally within the petroleum industry. They provide a measure of comparability and reduce the subjective nature of resources estimation. However, the technologies employed in petroleum exploration, development, production and processing continue to evolve and improve. The SPE Oil and Gas Reserves Committee works closely with other organizations to maintain the definitions and issues periodic revisions to keep current with evolving technologies and changing commercial opportunities.

The SPE PRMS document consolidates, builds on, and replaces guidance previously contained in the 1997 Petroleum Reserves Definitions, the 2000 Petroleum Resources Classification and Definitions publications, and the 2001 "Guidelines for the Evaluation of Petroleum Reserves and Resources"; the latter document remains a valuable source of more detailed background information.

These definitions and guidelines are designed to provide a common reference for the international petroleum industry, including national reporting and regulatory disclosure agencies, and to support petroleum project and portfolio management requirements. They are intended to improve clarity in global communications regarding petroleum resources. It is expected that SPE PRMS will be supplemented with industry education programs and application guides addressing their implementation in a wide spectrum of technical and/or commercial settings.

It is understood that these definitions and guidelines allow flexibility for users and agencies to tailor application for their particular needs; however, any modifications to the guidance contained herein should be clearly identified. The definitions and guidelines contained in this document must not be construed as modifying the interpretation or application of any existing regulatory reporting requirements.

The full text of the SPE PRMS Definitions and Guidelines can be viewed at:
www.spe.org/specma/binary/files/6859916Petroleum_Resources_Management_System_2007.pdf

These Definitions and Guidelines are extracted from the Society of Petroleum Engineers / World Petroleum Council / American Association of Petroleum Geologists / Society of Petroleum Evaluation Engineers (SPE/WPC/AAPG/SPEE) Petroleum Resources Management System document ("SPE PRMS"), approved in March 2007.

RESERVES

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.

Reserves must satisfy four criteria: they must be discovered, recoverable, commercial, and remaining based on the development project(s) applied. Reserves are further subdivided in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their development and production status. To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability. There must be a reasonable expectation that all required internal and external approvals will be forthcoming, and there is evidence of firm intention to proceed with development within a reasonable time frame. A reasonable time frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While 5 years is recommended as a benchmark, a longer time frame could be applied where, for example, development of economic projects are deferred at the option of the producer for, among other things, market-related reasons, or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented. To be included in the Reserves class, there must be a high confidence in the commercial producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.

On Production

The development project is currently producing and selling petroleum to market.

The key criterion is that the project is receiving income from sales, rather than the approved development project necessarily being complete. This is the point at which the project "chance of commerciality" can be said to be 100%. The project "decision gate" is the decision to initiate commercial production from the project.

Approved for Development

A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.

At this point, it must be certain that the development project is going ahead. The project must not be subject to any contingencies such as outstanding regulatory approvals or sales contracts. Forecast capital expenditures should be included in the reporting entity's current or following year's approved budget. The project "decision gate" is the decision to start investing capital in the construction of production facilities and/or drilling development wells.

Justified for Development

Implementation of the development project is justified on the basis of reasonable forecast commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals/contracts will be obtained.

In order to move to this level of project maturity, and hence have reserves associated with it, the development project must be commercially viable at the time of reporting, based on the reporting entity's assumptions of future prices, costs, etc. ("forecast case") and the specific circumstances of the project. Evidence of a firm intention to proceed with development within a reasonable time frame will be sufficient to demonstrate commerciality. There should be a development plan in sufficient detail to support the assessment of commerciality and a reasonable expectation that any regulatory approvals or sales contracts required prior to project implementation will be forthcoming. Other than such approvals/contracts, there should be no known contingencies that could preclude the development from proceeding within a reasonable timeframe (see Reserves class). The project "decision gate" is the decision by the reporting entity and its partners, if any, that the project has reached a level of technical and commercial maturity sufficient to justify proceeding with development at that point in time.

Proved Reserves

Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations.

If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. The area of the reservoir considered as Proved includes:

1) the area delineated by drilling and defined by fluid contacts, if any, and
2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data.

In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the lowest known hydrocarbon (LKH) as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved reserves (see "2001 Supplemental Guidelines," Chapter 8). Reserves in undeveloped locations may be classified as Proved provided that the locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially productive. Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations. For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.

Probable Reserves

Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.

It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate. Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria. Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.

Possible Reserves

Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves

The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of commercial production from the reservoir by a defined project. Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.

Probable and Possible Reserves

(See above for separate criteria for Probable Reserves and Possible Reserves.)

The 2P and 3P estimates may be based on reasonable alternative technical and commercial interpretations within the reservoir and/or subject project that are clearly documented, including comparisons to results in successful similar projects. In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area. Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing, faults until this reservoir is penetrated and evaluated as commercially productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources. In conventional accumulations, where drilling has defined a highest known oil (HKO) elevation and there exists the potential for an associated gas cap, Proved oil Reserves should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.

Developed Reserves

Developed Reserves are expected quantities to be recovered from existing wells and facilities.

Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.

Developed Producing Reserves

Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate.

Improved recovery reserves are considered producing only after the improved recovery project is in operation.

Developed Non-Producing Reserves

Developed Non-Producing Reserves include shut-in and behind-pipe Reserves

Shut-in Reserves are expected to be recovered from: completion intervals which are open at the time of the estimate but which have not yet started producing, wells which were shut-in for market conditions or pipeline connections, or install production or transportation facilities for primary or improved recovery Projects or wells not capable of production for mechanical reasons.

Behind-pipe Reserves are expected to be recovered from zones in existing wells which will require additional completion work or future re-completion prior to start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

Undeveloped Reserves

Undeveloped Reserves are quantities expected to be recovered through future investments

1) from new wells on undrilled acreage in known accumulations,
2) from deepening existing wells to a different (but known) reservoir,
3) from infill wells that will increase recovery, or
4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to complete an existing well.

CONTINGENTRESOURCES

Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.

Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

Development Pending

A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.

The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g. drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time frame. Note that disappointing appraisal/evaluation results could Lead to a re-classification of the project to "On Hold" or "Not Viable" status. The project "decision gate" is the decision to undertake further data acquisition and/or studies designed to move the project to a level of technical and commercial maturity at which a decision can be made to proceed with development and production.

Development Unclarified or on Hold

A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.

The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are on hold pending the removal of significant contingencies external to the project, or substantial further appraisal/evaluation activities are required to clarify the potential for eventual commercial development. Development may be subject to a significant time delay. Note that a change in circumstances, such that there is no longer a reasonable expectation that a critical contingency can be removed in the foreseeable future, for example, could Lead to a reclassification of the project to "Not Viable" status. The project "decision gate" is the decision to either proceed with additional evaluation designed to clarify the potential for eventual commercial development or to temporarily suspend or delay further activities pending resolution of external contingencies.

Development Not Viable

A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time due to limited production potential.

The project is not seen to have potential for eventual commercial development at the time of reporting, but the theoretically recoverable quantities are recorded so that the potential opportunity will be recognized in the event of a major change in technology or commercial conditions. The project "decision gate" is the decision not to undertake any further data acquisition or studies on the project for the foreseeable future.

PROSPECTIVE RESOURCES

Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.

Potential accumulations are evaluated according to their chance of discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.

Prospect

A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.

Project activities are focused on assessing the chance of discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.

Lead

A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation in order to be classified as a prospect.

Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to confirm whether or not the Lead can be matured into a prospect. Such evaluation includes the assessment of the chance of discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.

Play

A project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation in order to define specific Leads or prospects.

Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to define specific Leads or prospects for more detailed analysis of their chance of discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.

Annex "E"

Valuation Report

Valuation of Service Contracts

Trans-Asia Oil and Energy Development Corporation

22 March, 2013

add energy

add ips pty ltd

Trans-Asia Oil and Gas Development Corporation
Valuation of Service Contracts

DATE:	REVISION / REFERENCE ID:	PAGES:
March 22, 2013	0	35

add energy

add ips pty ltd

addenergygroup.com

CLIENT:
Trans-Asia Oil and Energy Development Corporation

CONTACT:
Raymundo A. Reyes, Jr

DISTRIBUTION:
Raymundo A. Reyes, Jr

ROLE:	NAME:	SIGNATURE:
Author	Rob Marshall	RobMarshall
Reviewer	Brad Girdwood	

ABSTRACT:

REPORT SUMMARY/DESCRIPTION

In January 2013 Trans-Asia Oil and Energy Corporation (Trans-Asia) commissioned add ips pty ltd to prepare a valuation of Tran-Asia's holdings in four oil and gas Service Contracts in the Republic of the Philippines.

This report presents the results of the valuation work carried out by add ips during February and March 2013.

KEY WORDS:

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1. Introduction

In January 2013 Trans-Asia Oil and Energy Corporation (Trans-Asia) commissioned add ips pty ltd to prepare a valuation of Tran-Asia's holdings in four oil and gas Service Contracts in the Republic of the Philippines.

This report presents the results of the valuation work carried out by add ips during February and March 2013.

2. Data and Scope of Work

For each Service Contract Trans-Asia provided the following documentation:

i. A history of the Service Contract since initial award
ii. Copies of Service Contract and Joint Operating Agreement.
iii. Copies of any currently applicable farm-in agreements and/or option agreements.
iv. Deeds of assignment and assumption.
v. Copies of approved 2013 work programmes and budgets where available.
vi. Copies of presentation material from recent joint venture meetings.
vii. Copies of independent technical assessments where available.

In addition Add ips has gathered information from its own internal sources, from public domain announcements made by the Operators of the four Service Contracts and from information published by the Philippines Department of Energy and on other public domain websites.

Where forecast work programme costs have been used in the valuation, the costs have been checked for reasonableness by add ips and adjusted if necessary.

Where forecasts of potential hydrocarbon resources have been used in the valuations Add ips has used the Operator's assessment of potential volumes. Add ips has not undertaken any independent geological, geophysical or petrophysical analysis and has not attempted to estimate the potential hydrocarbon resources present within any of the Service Contracts. Add ips has not attempted to estimate the Geological Probability of Success (GPOS) of any future exploration well.

3. Disclaimer

Based upon data provided by Trans-Asia and publically available information an estimate has been made of the current risked value of Trans-Asia's interests in Service Contracts 6, 51, 55 and 69 in the Republic of the Philippines.

The valuations are based on a number of key assumptions and should any of these assumptions change, the valuation will change, possibly significantly. However we believe that these are fair valuations based on currently available information.

add ips accepts no liability for the accuracy of these valuations, nor do we warrant that our enquiries have revealed all of the matters, which a more extensive examination might disclose. In particular, we have not independently verified property title, encumbrances, or regulations that apply to these assets.

add ips has no financial interest, other than to the extent of the professional fees receivable for the preparation of this report, which could reasonably be regarded as affecting our ability to give an unbiased view of these assets.

4. Summary of Results

The estimated current risked values of Trans-Asia's interests in each of the four service contract are shown in the table below. All values are in millions of US dollars.

Table 4.1: Summary of Results

Service Contract	Trans-Asia Holding	Estimated Current Risked Value (US$ millions)	Comment
SC 6A (Octon)	2.334%	2.8	
SC 6B (Bonita)	14.063%	0.4	
SC 51 North	6.67%	5.5	
SC 51 South	6.67%	0.0	
SC 55	6.82%	32.9	
SC 55	5% Option	2.3	Trans-Asia has sold the option to Frontier Gasfields
SC 69	6%	4.6	
Total		48.5	

5. Basis for Net Present Value Estimates of Prospective Resources

The potential net present value of a future revenue stream from as yet undiscovered oil, gas or condensate resources depends on many factors, most of which are not yet known. They include the following:

i. The size and nature of the hydrocarbon resource
ii. The presence of contaminants such as CO_2, H_2S, mercury etc
iii. The depth of the reservoir
iv. The nature of the reservoir (thickness, permeability, heterogeneity etc)
v. Future market prices for oil, gas and condensate

vi. Availability and market rates for drilling rigs and other major equipment

vii. If offshore: Water depth, weather patterns, distance to shore, seabed conditions at field location and along pipeline routes, environmental constraints etc.

viii. If onshore: Nature of the terrain and current land use, distance to road or pipeline infrastructure, local population density, environmental constraints etc.

In the absence of the above information it is not possible to calculate a precise value for yet to be discovered resources. However it is possible to make an estimate of the likely net present value (NPV) per unit of production based on publicly available data of analogous developments and knowledge of the Philippines fiscal regime.

5.1 Deepwater

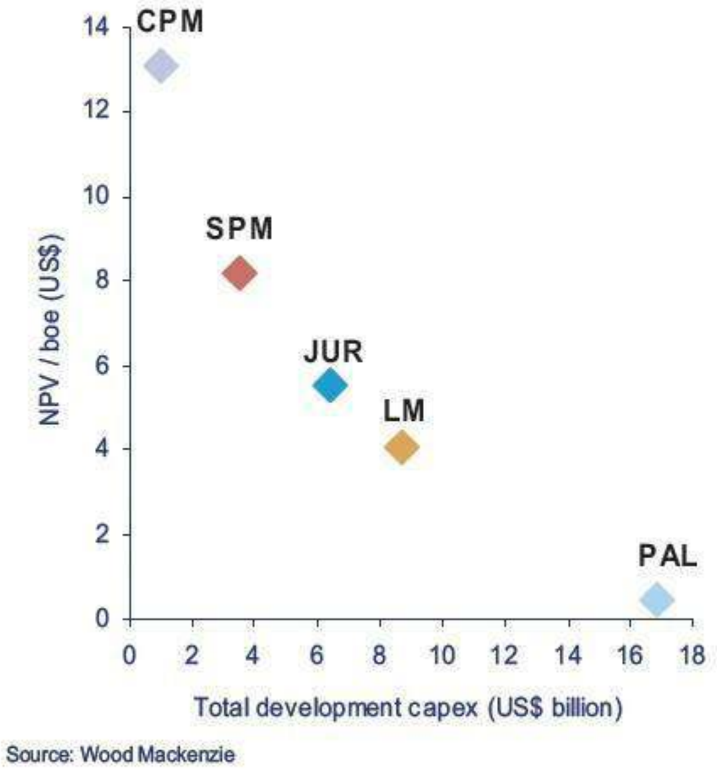
A recent study released by Wood Mackenzie illustrates the range of values than can be achieved in deepwater developments (Figure 5.1). They looked at data from five different geological units that are being developed or considered for development in the Gulf of Mexico. You will see that the NPV per BOE ranges from less than $1 per BOE up to $13 per BOE for different reservoirs. The Paleogene (or Lower Tertiary) data may not be applicable to offshore Palawan because Paleogene wells in the G.O.M. are expensive to drill and complete because targets are very deep and the reservoirs are complex. Operators also need high-specification subsea equipment to manage high pressures and temperatures. A high well count is also required as reservoir qualities are poor. If Paleogene developments are ignored, the potential range of NPV narrows to $4-13 per BOE.

There are two existing deepwater developments in the Philippines, namely Malampaya (gas and condensate) and Galoc (oil). Malampaya data has to be used with care because (i) the development activities commenced in 1998 and the offshore industry cost base has increased substantially since then and (ii) although the wells are in deepwater, the Malampaya platform is in shallower water and this provides significant cost savings. Based on field specific data published by Wood Mackenzie the full life cycle NPV of Malampaya is around $4/BOE and of Galoc is around $10/BOE.

Estimated values of potential deepwater discoveries have also been published by a number of companies engaged in exploring offshore Philippines (see list of references below). The published values average at just over $10/BOE.

Based on the above data it is considered that it would be reasonable to assume an NPV of $10/BBL for oil developments in deepwater offshore the Philippines and an NPV of $0.50/MCF for potential gas developments.

Figure 5.1: NPV per BOE versus Total Capex for Various Reservoirs, Deepwater G.O.M.



Nomenclature	
CPM	Conventional Pliocene and Miocene.
SPM	Subsalt Pliocene and Miocene
JUR	Jurassic
LM	Lower Miocene
PAL	Paleogene

5.2 Shallow Water

A 2011 report by Wood Mackenzie on shallow water developments in S.E. Asia indicated that the average value achieved in the region was $12.8 per BOE. The results were based on data from 60 fields.

There is little published data specific to shallow water fields in the Philippines but a 2011 report on the forthcoming Cadlao project suggested an NPV of around $24/bbl.

Based on the above it is considered that $15 per bbl or $0.75/MCF are reasonable estimates of value for yet to be discovered resources in shallow water in the Philippines.

5.3 Mid Water

Drilling in mid-water depths of 100 to 1000 metres is generally undertaken by semi-submersible drilling rigs which are cheaper than the drill-ships required in deepwater, but more expensive than the jackup rigs used in shallow water. Overall development costs follow the same trend with development costs in mid-water being intermediate between development costs in deepwater and costs in shallow water.

As a result of the relative development costs, the value of discovered resources in mid-water depths will be intermediate between the values anticipated in deepwater or shallow water.

5.4 Onshore

There is almost no data relating the economics of onshore developments in the Philippines. However, by analogy with other countries in S.E. Asia it is known that development economics are typically similar to developments in shallow water offshore.

For the purpose of this study, the assumption is made that resources discovered onshore will have a similar value to resources discovered in shallow water offshore.

5.5 Conclusions

Based on publicly available data and knowledge of the operating environment and fiscal regime, the following are believed to be reasonable estimates of value for as yet undiscovered hydrocarbon resources in the Philippines:

Table 5.1: NPV estimates for as yet undiscovered hydrocarbon resources in the Philippines

	Water Depth (m)	**Gas NPV ($/MCF)**	**Oil/Condensate NPV ($/BBL)**
Onshore	n/a	0.75	15
Shallow Water	Less than 100	0.75	15
Mid Water	100-1000	0.625	12.5
Deep Water	Over 1000	0.50	10

5.6 References

Author & Date	Title	Source
Nido Petroleum June 2010	AGM Presentation	Nido Petroleum website
KPMG January 2011	Independent Experts Report and GCA Valuation of Cadlao Oilfield	Raisama Energy website
DeGolyer & MacNaughton 31 March 2011	Report on Prospective Resources of Certain Prospects Owned by Nido Petroleum in the Philippines	Nido Petroleum website
Wood Mackenzie February 2011	Asset Analysis of SC 14 (Galoc)	Wood Mackenzie
Wood Mackenzie October 2011	Report on Unlocking Value from Small Fields in South East Asia	Wood Mackenzie
Casimir Capital Ltd August 2012	Evaluation of Otto Energy Ltd	Otto Energy website
GMP Securities January 2013	Evaluation of Otto Energy Ltd	Otto Energy website
Wood Mackenzie January 2013	Report: Emerging Plays Boost Economic Attractiveness of Deepwater Gulf of Mexico	Wood Mackenzie

6. Service Contract 6 – Offshore N.W. Palawan

6.1 Background

Service Contract 6 was originally awarded in September 1973 and was amended in February 1978 as a result of various assignments of interest. Oil was produced from the Cadlao Field from August 1981 until November 1991.

After various relinquishments, three separate areas have been retained and the Service Contract has been extended until March 2024. Trans-Asia's current interest in each of these areas is shown in the table below:

Table 6.1: Trans-Asia Interest in SC-6 Retained Areas

Service Contract	SC Phase	Operator	Expiry	Trans-Asia Equity Interest
SC 6 (Cadlao)	Production	Cadco	28/2/2024	Zero
SC 6A (Octon)	Production	Pitkin	28/2/2024	2.334%
SC 6B (Bonita)	Production	Philodrill	28/2/2024	14.063%

6.2 Valuation of SC 6A (Octon)

2011 Farm-in Agreement with Pitkin Petroleum Plc

In July 2011 the SC 6A(Octon) consortium entered into a Farm-in Agreement with Pitkin Petroleum Plc. The outline terms of the Farm-in Agreement are for Pitkin to earn 70% equity in the block in return for reimbursing some past costs and carrying the Farmout Parties though a three phase work programme as shown below:

Table 6.2: Agreed Farm-in work Programme

Phase	Activity	Duration	Status
	Pay back costs of $150,000		Paid
1	G&G Study and Acquire 500 sq km of new 3D Seismic	18 months	Firm, committed
2	Drill one well	18 months	Pitkin Option
3	Drill one well	18 months	Pitkin Option

The resulting changes in equity are shown in the table below. If Pitkin does not complete all three work programme phases the equity in the block will be returned to the farm-out parties.

Table 6.3: SC6A (Octon) Equities Before/After Farm-in

	Prior to Farm-in	**After Farm-in**
Philodrill	51.65%	15.50%
PetroEnergy Resources	16.67%	5.00%
Anglo Philippine Holdings	11.11%	3.33%
Trans-Asia	7.78%	2.33%
Forum Energy	5.56%	1.67%
Philex Petroleum	5.56%	1.67%
Alcorn Gold	1.67%	0.50%
Pitkin Petroleum	0.00%	70.00%
Total	100.00%	100.00%

The initial G&G work undertaken by Pitkin has included a reinterpretation of the existing 3D seismic. In December 2012 Pitkin presented the results of this work which included the potential recoverable reserves for five identified prospects or leads as shown in the table below.

Table 6.4: SC6A (Octon) Prospects and Leads

Prospect/Lead	**Mean Prospective Recoverable Resources (mmbbl)**
Barselisa GCU	135
Barselisa BCU	52
Malajon Anticlinorium GCU	136
East Barselisa GCU	43
East Barselisa BCU	14
Average	76

The value of SC6A (Octon) depends on whether the new 3D confirms the existence of a drillable prospect and Pitkin exercises the option to proceed to Phase-2 and drill an exploration well. In estimating a current value for the block a number of uncertainties have to be addressed as shown in the table below:

Table 6.5: SC6A (Octon) Uncertainties

Uncertainty	Assumption or Probability Used in this Valuation	Basis
Will the new 3D confirm the presence of a drillable prospect?	50%	This is unknown so a 50/50 probability is assigned.
GPOS of first exploration well	25%	Companies rarely drill exploration wells if the GPOS is below 25% so this value is considered conservative.
Probability of a discovery being commercially developed	85%	Pitkin believes the charge would probably be oil. An oil discovery in shallow water offshore Palawan would have an 85% chance of being commercial.
How large might the discovery be?	76 mmbbl	This is the average size of the five prospects identified by Pitkin.

Using the above probabilities a value for Trans-Asia's 2.33% in SC6A (Octon) can be calculated as shown below.

Table 6.6: SC6A (Octon) Valuation

Probability of new 3D defining a drillable prospect	50%	
GPOS for first well	25%	
If discovery, probability of commercial development	85%	
Overall probability of making a commercial discovery	11%	
Mean Prospective Recoverable Resources	76	MM BBL
Oil value on discovery	15	$/BBL
Unrisked value of a commercial oil discovery	1139	$ million
Current risked value of a discovery	121	$ million
Trans-Asia Equity	2.33%	
Current risked value of TrasAsia's share	2.8	$ million

6.3 Valuation of SC 6B (Bonita)

2013 Work Programme
There is no firm work commitment to drill an exploration well in SC6 (Bonita) and thus no value can be ascribed to the block on the basis of 'potential resources'.

2011 Farm-in Agreement with Peak Oil and Gas (and others)
In February 2011 a farm-in agreement was executed with Peak Oil and Gas, Blade Petroleum, and VenturOil (jointly the Farminees) under which the Farminees would

carry the Farmout Parties' (including Trans-Asia) share of costs to drill an exploration well and, in the success case, install a subsea tie-back to the nearby Cadlao production facilities. The Farmout Parties would start to receive cashflow from production only after the Farminees had recovered all of their costs.

The equities in SC 6B (Bonita) before and after the proposed farm-in are shown below:

Table 6.7: SC6B (Bonita) Equities

	Prior to Farm-in	After Farm-in
Phoenix	28.125%	8.438%
Philodrill	21.875%	6.563%
Oriental	14.063%	4.219%
Trans-Asia	14.063%	4.219%
Forum Energy	7.031%	2.109%
Alcorn	7.031%	2.109%
Nido Petroleum	7.812%	7.812%
Farminees	0.000%	64.532%
Total	100.000%	100.000%

The farmout parties claim that the agreement lapsed in December 2012 but this has been disputed by Peak Oil and Gas. The situation is slightly unclear but at the moment the equities in the block are as shown in the 'Prior to Farm-out' column in the table above. Even though the farm-in agreement may have lapsed it can be used as a basis to determine a potential value for SC6B (Bonita).

At the time the farm-in agreement was executed in 2011 the forecast activities and costs for SC6B (Bonita) were as follows:

Table 6.8: SC6B (Bonita) Proposed Farm-in Work Programme

Year	Activity	Gross Cost ($million)	Farm-out Parties Share of Gross Cost ($million)
2012	G&G Studies	0.2	0.06
2013	Drill Exploration Well	12.5	3.46
2014	Complete Well and Tie-back to Cadlao	10.0	2.77
2015	Produce Oil		

The Farminees were to acquire 64.5% equity in the block and in return they would pay the costs of the Farmout parties through the above work programme. In the exploration success case they would recover their costs through the SC cost recovery mechanism.

The consideration to be paid by the Farminees for their 64.5% equity in the block is therefore made up of two components:

a) In the exploration failure case, the cost of the G&G studies and the exploration well are not recovered.
b) In the exploration success case, the costs are recovered some years later and the Farminees are effectively providing an interest free loan to the Farm-out parties.

The proposed exploration target was a prospect called East Cadlao which has mean prospective recoverable resources of around 2.5 mmbbl. The probability of a commercial discovery at East Cadlao was put at 50% by the Farminee's geologists.

The potential cashflow to be provided by the Farminees for the benefit of the Farmout Parties is shown in the table below.

Table 6.9: SC6B (Bonita) Farm-in Work Programme Costs

Year	Activity	Cashflow Provided in Exploration Failure Case ($million)	Cashflow Provided in Exploration Success Case ($million
2012	G&G Studies	-0.06	-0.06
2013	Drill Exploration Well	-3.46	-3.46
2014	Complete Well and Tie-back to Cadlao	0.00	-2.77
2015	Produce Oil and Recover Costs	0.00	+6.28
	Discounted NPV of Cashflow	-2.91	-0.70

Since the two possible exploration outcomes lead to different cashflows and Net Present Values the 'most likely' NPV can be calculated as follows:

Table 6.10: SC6B (Bonita) Farm-in Work Programme NPV

Event	Outcome	POS	Next Event	POS	NPV $million	Risked NPV
	Discovery, complete and tie-back	50%	Recover All Costs	100%	-0.70	-0.35
Farm-in and drill well						
	Dry Hole	50%	No Cost Recovery	100%	-2.91	-1.45
Risked NPV of Cashflow Provided to Farm-out Parties						-1.80

The 2011 Farminees were prepared to provide $1.80 million to the Farmout Parties in order to acquire 64.5% of SC 6B (Bonita).

On the basis that the 2011 Farm-in has lapsed (or not proceeded yet) and Trans-Asia currently holds 14.06% in the Service Contract the value of Trans-Asia's equity can be calculated by analogy.

The value of Trans-Asia's equity is $ 1.8m X 14.06/64.5 = $0.4 million.

6.4 Conclusions

Trans-Asia's current 2.33% equity in SC 6A (Octon) has a current risked value of $2.8 million.

Based on the terms of the 2011 Farm-in Agreement with Peak Oil and Gas and others, the value of Trans-Asia's current 14.06% equity in SC 6B (Bonita) is estimated to be $0.4 million.

Figure 6.1: Map Showing Location of SC6A (Octon)

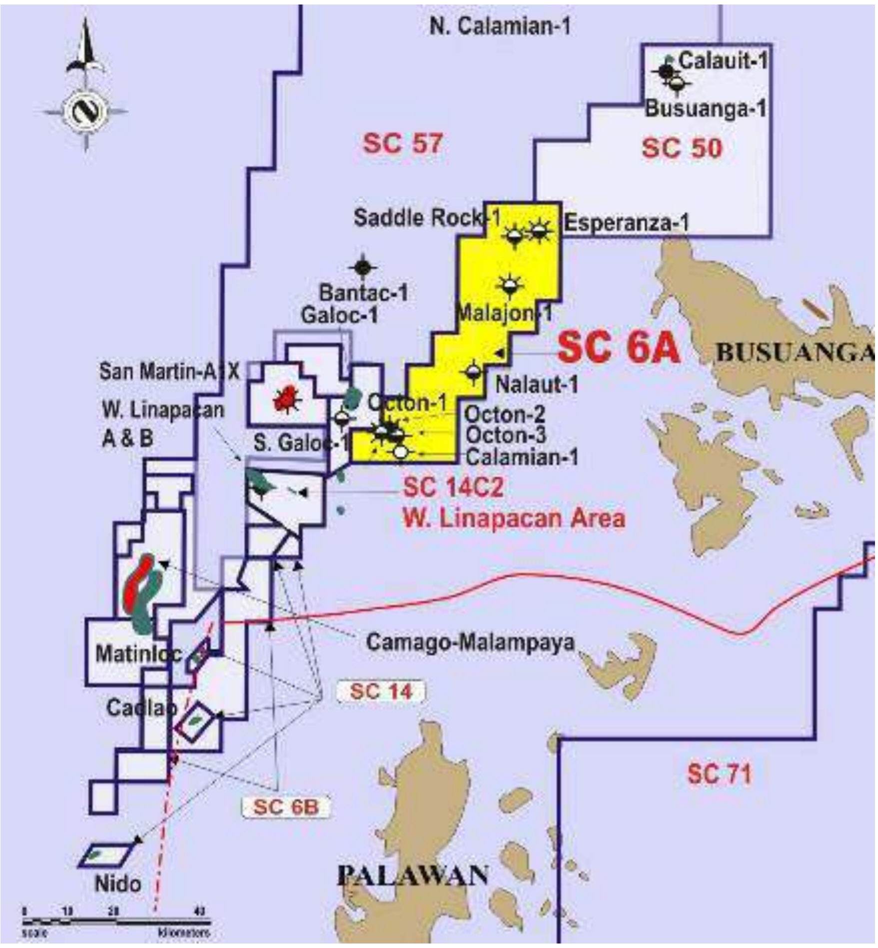
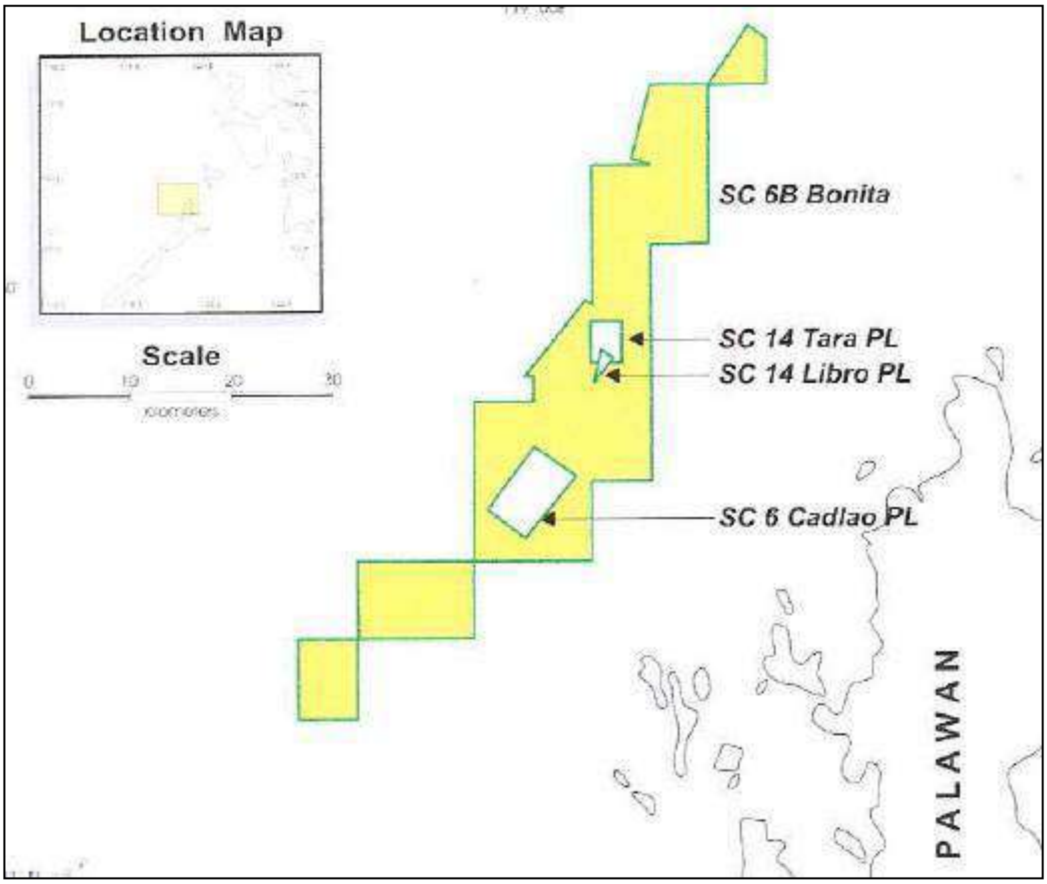


Figure 6.2: Map Showing Location of SC6B (Bonita)



7. Service Contract 51 – East Visayan Basin

7.1 Background

Service Contract 51 was originally awarded to Trans-Asia, Alcorn Gold and PetroEnergy Resources in July 2005. Since then there have been a number of farm-in deals and assignments of interest. The licence covers two blocks in the East Visayan Basin;

a) A northern mostly onshore block on the northwest tip of the island of Leyte; and

b) A southern offshore block between the islands of Cebu and Bohol.

Both blocks can be considered frontier exploration areas and relatively under-explored. At the current time the equities in the two blocks are as follows:

Table 7.1: SC51 North and South Block Equites

	North Block
Otto Energy	80.00%
Alcorn Gold	9.32%
Trans-Asia	6.67%
PetroEnergy	4.01%
Total	100.0%

	South Block
Frontier Oil Corporation (Option)	80.00%
Alcorn Gold	9.32%
Trans-Asia	6.67%
PetroEnergy	4.01%
Total	100.0%

Note:
On 23 October 2012 Frontier Oil Corporation entered into an option agreement under which it secured the option to farm-in to the South Block in return for carrying the other JV parties through the drilling of an exploration well on the offshore Argao Prospect.

At the time of writing this report the FOC farm-in option had not been exercised. If the option is exercised it is the intention of the parties to both blocks to request the Department of Energy to formally separate SC-51 into two separate blocks.

North Block Valuation
During 2012 Otto Energy, on behalf of its Joint Venture partners, acquired 100km of new high quality 2D seismic data over the San Isidro anticline. This anticline has been identified from surface information for sometime but was previously poorly

understood and only defined by sparse and poor quality seismic. The new data has confirmed a large target, the San Isidro Anticline, which will be tested by the Duhat-2 well.

In September 2012 Otto Energy purchased an additional 40% working interest in SC 51 North Block from SWAN Oil & Gas Ltd for A$1.25 million. Otto Energy will perfect earning 80% working interest in SC 51 North Block by paying 100% of the cost of drilling the onshore Duhat-2 well at a cost of circa US$6 million, and then subsequently drilling a second onshore well.

Planning for the Duhat-2 well is already underway and it is expected to be drilled in mid 2013. According to Otto Energy, the mean recoverable resources of the targeted San Isidro anticline are 23MMbbl.

The geological probability of success (GPOS) for Duhat-2 has not been published by the current Operator (Otto Energy). However, in October 2011 Swan Oil and Gas commissioned an independent geologists report from RPS Energy and in that report the GPOS for the San Isidro Prospect was estimated to be 17%. Since that time the Duhat-1 well has been drilled and, although it did not reach the reservoir, it will have undoubtedly provided information about the subsurface conditions and allowed an updated estimate of GPOS to be made.

We consider it is extremely unlikely that Otto Energy would have taken the decision to increase its equity to 80% and pay 100% of the cost of the Duhat-2 well if the GPOS was below 25%. Therefore a conservative GPOS of 25% is used in the analysis.

Since this development would be onshore and the target is at a depth of only 1000m it would probably be commercial even if only a small resource was found. Therefore the probability of a discovery being commercially developed is estimated to be 95%. This reflects a 5% chance that the reservoir quality is so poor that wells will not flow.

Table 7.2: SC51 North Block Valuation

Prospect	**San Isidro**
Mean Prospective Recoverable Resources (MMBBL)	23
Oil NPV ($/BBL)	15
GPOS	25%
Probability of Discovery Being Commercial	95%
Risked NPV ($million)	82
Trans-Asia Equity	6.67%
Risked NPV of Trans-Asia Equity ($ million)	5.5

7.2 South Block Valuation

In 2008 Otto Energy contracted RPS Energy to undertake a seismic interpretation and provide a prospectivity report based on data within the 2D and 3D survey areas of the SC51 Southern Block.

The 3D was specifically acquired to further delineate the Argao prospect, a large anticline interpreted on earlier 2D data. The interpretation confirmed the structural closure of the Argao prospect at eight potentially prospective levels and identified a further six smaller prospects within the 3D area. The mean prospective recoverable resources for the Argao prospect were estimated by RPS to be 49 MMbbl and the geological probability of success was put at 34%. In May 2011 Swan Oil and Gas commissioned an updated independent geologists report from RPS Energy and in that report the GPOS for the Argao was estimated to be 33%.

In 2012 a revised study of SC-51 South Block prospectivity was undertaken by Arex Energy and built on the previous work by RPS. Arex Energy's conclusion was that the most likely reserves for the main viable target within the Argao Prospect (the Intra Toledo) are 12 mmbbls, with an upside of 30 mmbbls. Arex Energy did not provide an estimate of GPOS.

For the purpose of this valuation, the Arex estimate of potential recoverable reserves of 12 mmbbl and the RPS estimate GPOS of 33% will be used.

The value of the South Block is entirely dependent on whether Frontier Oil Corporation exercises its option to farm-in and commits to drilling a well on the Argao Prospect. Until the option is exercised and there is a commitment to drill an exploration well, no value can be ascribed to the South Block.

After the option is exercised and the well is committed, a risked value for the block can be calculated as shown below. Note that even after a well is committed there remains a possibility that a rig may not be secured or that Frontier will have a change of heart. Up until a rig contract is signed the probability of a well being drilled is assumed to be 90%. After a rig contract is signed this would increase to 100%.

Table 7.3: SC51 South Block Valuation

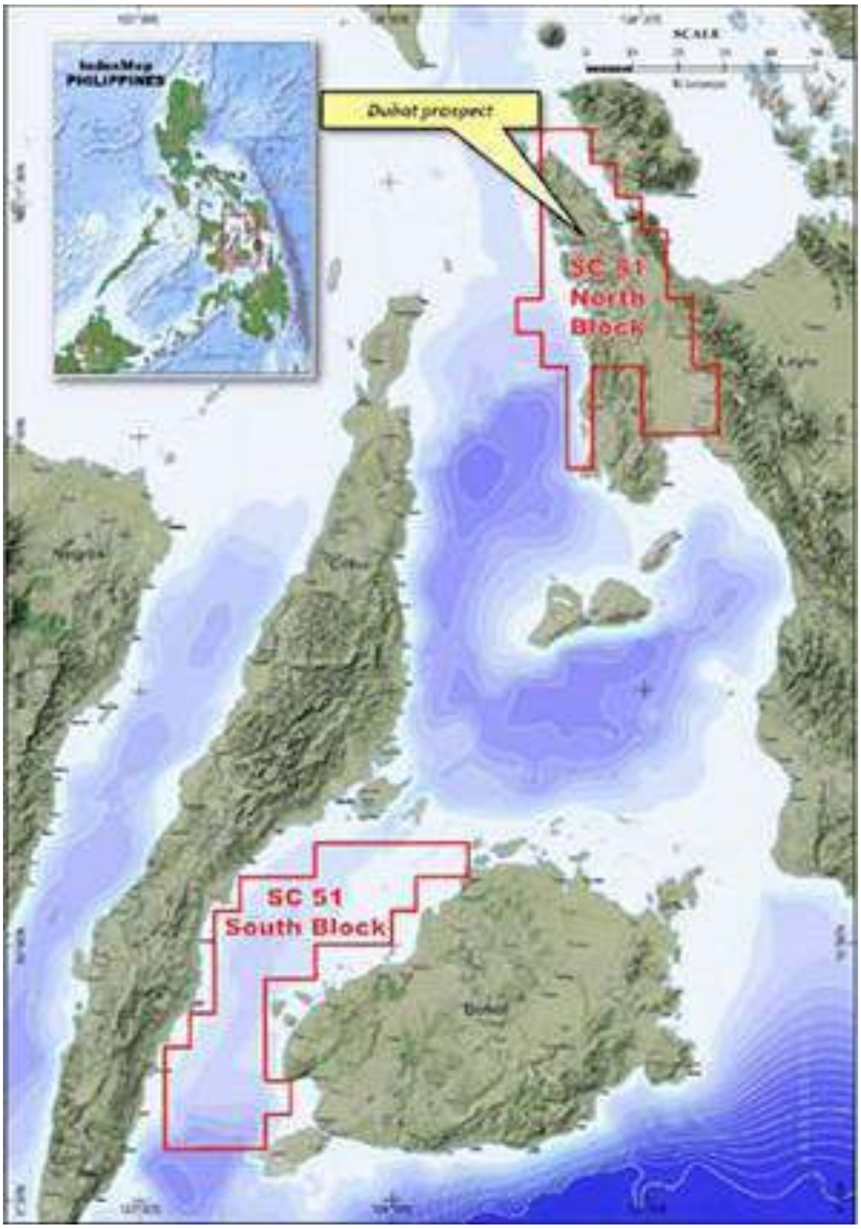
Prospect	**Argao**
Mean Prospective Recoverable Resources (MMBBL)	12
Oil NPV ($/BBL)	12.5
Unrisked Asset NPV ($million)	150
Probability Of Well Being Drilled	90%
GPOS	33%
Probability of Being Commercial	85%
Risked NPV ($million)	38
Trans-Asia Equity	6.67%
Risked NPV of Trans-Asia Equity ($ million)	2.5

7.3 Conclusions

The current risked value of Trans-Asia's 6.67% equity in the North Block is calculated to be $5.5 million.

The current risked value of Trans-Asia's 6.67% equity in the South Block is zero. However if Frontier Oil Corporation exercises its farm-in option and commits to drilling the Argao prospect, the risked value of Trans-Asia's 6.67% equity in the South Block would increase to $2.5 million.

Figure 7.1: Map Showing Location of SC51 North and South Blocks



8. Service Contract 55 - Southwest Palawan.

8.1 Background

Service Contract 55 was awarded in August 2005.

The SC-55 JV has acquired, processed and interpreted a large amount of new 2D and 3D seismic data in the block. The extensive seismic data indicates the presence of an active petroleum system coupled with a series of large to very large Nido Carbonate structures that supplement the previously identified clastic Hawkeye prospect.

In May 2011 Otto Energy announced that BHP Billiton had exercised its option to farm-in to SC-55. Under the terms of the farm-in agreement BHPB will become the Operator and will earn a 60% interest in the licence area by funding two wells and reimbursing Otto's previous costs. BHPB can elect to drill just one well but would relinquish 30% of its interest in the licence back to Otto.

The current working interests in Service Contract 55 are:

Table 8.1: SC55 Equities

Otto Energy (through wholly owned subsidiary NorAsian Energy Ltd)	33.18%
BHP Billiton Petroleum (Philippines) Corporation	60.00%
Trans-Asia Oil and Energy Development Corporation	6.82%

BHPB is now the Operator of SC-55. In early 2012 BHPB requested an extension in order to secure an appropriate ultra deepwater rig with specialised well control equipment to promote safe drilling operations on the proposed Cinco prospect. Availability of such rigs is currently limited and this fact was taken into consideration in determining the duration of the extension. In May 2012 the Philippines Department of Energy approved an extension of 12 months to Exploration Sub-Phase 4 of SC-55. The revised permit timing is as follows:

Table 8.2: Current SC-55 Permit Timing

Sub-Phase	Period	Work Program Commitment
Sub-Phase 4	5 August 2011 to 5 August 2013	Drill 1 well
Sub-Phase 5	5 August 2013 to 5 August 2014	Drill 1 well

The JV has identified at least seven prospects in the block. The potential recoverable reserves for each of these prospects are shown in the table below:

Table 8.3: SC-55 Prospects

Prospect	Gas (TCF)	Condensate (MMBBL)	Oil (MMBBL)	Note
Cinco	2.1	74	0	1
Hawkeye	0.8	27	204	2
Uno	0.9	29	0	1
Tres	4.4	156	0	1
Dos	0.5	18	0	1
Quattro	0.5	19	0	1
Seis	11.0	385	0	1
Total	20.0	708	204	
Notes				
1	Based on recoverable reserve estimates published by Otto Energy			
2	Based on GIIP and STOIIP estimates published by Otto Energy and recovery factors of 30% for oil and 60% for gas			

The initial exploration target (Cinco) is a Nido Carbonate gas/condensate target, analogous to the producing Malampaya Field (2.5 TCF of gas and 81 million barrels of condensate). Detailed interpretation of the 3D seismic data has resulted in an estimated mean gross recoverable resource at Cinco of 2.1 trillion cubic feet of gas and 74 million barrels of condensate.

Water depth at Cinco is 1430m and it is estimated that the cost to drill and test a well will be in the range of $60m to $100m. A cost estimate of $80m is used in this analysis.

8.2 Valuation of SC-55

This valuation is based on the assumption that Cinco will be the first prospect to be drilled and, in the success case, it will be followed by Hawkeye. No value is allocated to the other prospects because there are currently no plans to drill them.

The geological probability of success (GPOS) for Cinco has not been published. However it is extremely unlikely that BHPB would have taken the decision to farm-in and drill an $80m well if the GPOS was below 25%. Therefore a GPOS of 25% is used in the analysis. This is a commitment well and the probability of it being drilled must be close to 100%, however since no announcement of a rig contract has yet been made, a probability of the well being drilled of 90% is used. The GPOS represents the probability of discovering hydrocarbons and does not take into account whether commercial quantities will be found. For large structures offshore

Palawan it is reasonable to assume an 85% probability that a discovery will be commercially developed.

Using the volumetric estimates of recoverable resources and the above probabilities a current risked value of Cinco of $342m can be calculated, as shown in the table below.

The GPOS of Hawkeye has been stated by Otto Energy to be 27%. The drilling of Cinco will provide additional geological data which should reduce the geological risk of subsequent wells. A conservative GPOS of 27% is therefore used for Hawkeye. The overall chance of Hawkeye being drilled is 22.5% on the basis that it will only be drilled if Cinco is a discovery. The risked value of Hawkeye is calculated to be $140m as shown below.

Overall the current risked value of SC-55 is therefore calculated to be $482m as shown in the table below.

Table 8.4: Current Valuation of 100% Equity in SC-55

	Units	**Cinco**	**Hawkeye**	**Total**
Recoverable Gas	TCF	2.10	0.78	
Recoverable Condensate	MMBBL	74	27	
Recoverable Oil	MMBBL	0	204	
Gas NPV	$/MCF	0.50	0.50	
Oil/Condensate NPV	$/BBL	10	10	
Unrisked Asset NPV	$million	1790	2703	
Probability of Well Being Drilled	%	90%	23%	
GPOS	%	25%	27%	
Probability of Discovery Being Commercial	%	85%	85%	
Risked NPV	$million	342	140	482

8.3 Valuation of Trans-Asia's Holding in SC-55

Trans-Asia's value in SC-55 is made up of two components:

1. Trans-Asia has 6.82% direct equity in SC-55 which is carried through the drilling of the first two wells by Otto Energy.

2. Trans-Asia also has the option to acquire an additional 5% equity in SC-55. In 2010 Trans-Asia entered into an agreement to sell this option to Frontier Gasfields and this agreement provides potential future revenue for Trans-Asia.

The current risked value of Trans-Asia's direct equity in SC-55 is simply 6.82% of the overall block value, i.e. $32.9 million.

The unrisked and risked values of the potential payments from Frontier Gasfields Ltd are shown in the table below:

Table 8.5: Frontier Gasfield's Payments to Trans-Asia to Retain and Exercise the Option

	$million	**Probability**	**Risked Amount**
Cash to be paid when well spuds	0.25	90%	0.23
Frontier shares to be provided when well spuds	0.56	90%	0.50
Cash to be paid if option is exercised after a discovery	7.00	22.5%	1.58
Total	7.81		2.30

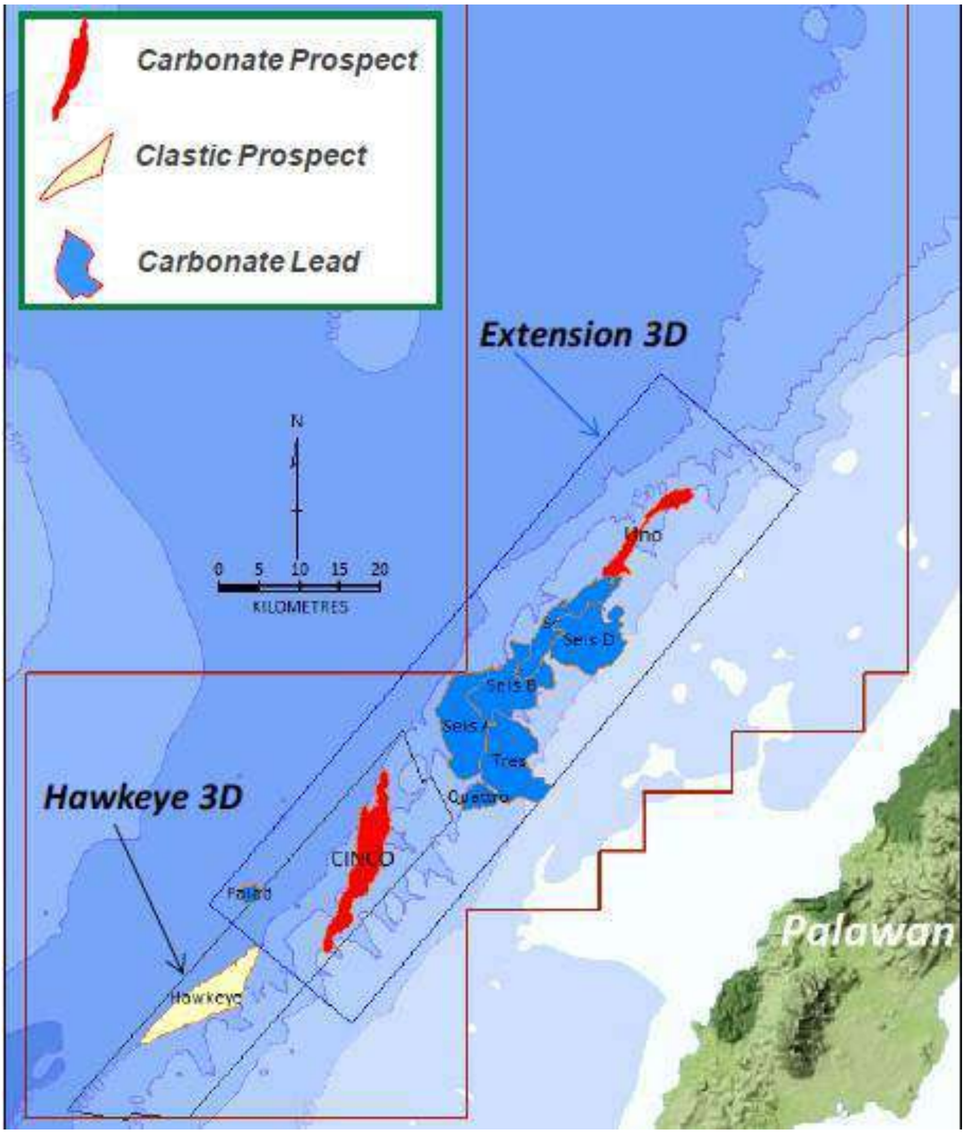
8.4 Conclusions

The current risked value of Trans-Asia's direct 6.82% equity in SC-55 is $ 32.9 million.

The current risked value to Trans-Asia of the option agreement with Frontier Gasfields for SC-55 is $2.3 million.

The combined risked value of Trans-Asia's interests in SC-55 is therefore $ 35.2 million.

Figure 8.1: Map Showing Location of SC55 Prospects



9. Service Contract 69 – East Visayas

9.1 Background

Service Contract 69 was awarded in May 2006. Reprocessing of existing 2D seismic was followed by acquisition of new 2D and 3D seismic.

760 km of 2D seismic data was acquired in 2010 and indicated the presence of two sizeable Upper Miocene reef structures, Lampos and Lampos South. These structures sit immediately adjacent to the Calamangan Trough which is modelled to generate both oil and gas. Some direct hydrocarbon indicators were evident on the 2D seismic data however it was not clear whether gas or oil was most likely. The prospects are analogous to the largest discovered field in the Philippines – Malampaya.

The prospects are located in the Camotes Sea between Northeastern Cebu and Northwestern Leyte. The islands of Cebu and Leyte host numerous surface oil and gas seeps which confirm the presence of an active petroleum system in this region. In addition the prospects are only 40 km from the Villaba -1 well drilled by Ampolex in 1994 which penetrated a 19-m gas column but was not tested.

To further delineate these prospects, 210 km2 of new 3D seismic was acquired in June 2011. This new seismic has improved the definition of Lampos and Lampos South and identified a third smaller prospect, Managau East.

Table 9.1: SC-69 Prospect Details

	Lampos	**Lampos South**	**Managau East**
Water Depth (Metres)	730	670	640
Top Reservoir Depth (Metres)	1,230	1,300	1,660
Mean Recoverable Oil (MMBBL)	62.7	102	24.3
Mean Recoverable Gas (BCF)	184	299	58.2

Note: The prospects are estimated to contain either the volumes of oil or the volumes of gas shown above, not both.
An exploration well is estimated to cost around $45m on a dry hole basis and $60m if a well is fully evaluated and flow tested.

Preliminary economic evaluation suggests that the prospects could be commercially developed with an FPSO if oil filled, but would be only marginally economic if gas filled.

At the present time it is understood that the joint venturers are seeking a new partner to farm-in and fund the drilling of the first exploration well.

9.2 Uncertainties

In estimating a current value for SC-69 a number of uncertainties have to be addressed. These are shown in the table below:

Table 9.2: Key Uncertainties

Uncertainty	Assumption or Probability Used in this Valuation	Basis
Will a new partner farm-in to the block and commit to drilling an exploration well?	40%	No data on the state of the farm-out process has been provided. A farm-out of this nature has to compete with offerings from all around the world.
What will be the terms of the farm-in?	Assume 2-for-1	Industry standard terms would be for the farminee to earn 50% interest in the Service Contract in return for paying 100% of the cost of the first well.
Which well would be drilled first	Not known but assume Lampos South	If the structures have the same GPOS companies would generally choose to drill the larger and more valuable structure first.
GPOS of first exploration well	25%	It is highly unlikely that a farminee would be secured if the GPOS is less than 25%.
Probability of a discovery at the first well being commercially developed	50%	The prospect could contain oil or gas and it is considered unlikely that gas would be commercially developed.
GPOS of second exploration well	50%	The information gathered during the drilling of the first well will improve the probability of success of the second well.
Probability of a discovery at the second well being commercially developed	75%	It is assumed the second well will only be drilled if the results from the first well indicate that the second well is likely to be commercial.

Trans-Asia already has an agreement in place with Otto Energy whereby Otto Energy will pay all of Trans-Asia's costs relating to the drilling of the first exploration well on the block. Therefore Trans-Asia will not need to participate in any farm-out and will retain its current 6% equity in the block. Trans-Asia will have to pay its own way if a second well is drilled.

9.3 Valuation

On the basis that a farm-in partner has not yet been secured and the JV has therefore not committed to drilling an exploration well, the value of Trans-Asia's 6% equity in SC-69 is calculated as shown below:

Table 9.3: SC69 Current Valuation

First Well		
Probability of drilling first well (Lampos South)	40%	
GPOS for first well	25%	
If discovery, probability of commercial development	50%	
Overall probability of making a commercial discovery	5%	
Lampos South Recoverable Oil	102	MM BBL
Oil value on discovery	12.5	$/BBL
Unrisked value of a commercial oil discovery	1275	$ million
Current risked value of a discovery at Lampos South	64	$ million
Cost of exploration well (dry hole basis)	45	$ million
Risked cost of exploration well to current JV partners	0	$ million
Overall risked value of Lampos South to current JV	64	$ million
Share of value retained by Trans-Asia	6%	
Current risked value of TrasAsia's share of Lampos South	3.8	$ million
Second Well		
Probability of drilling second well (Lampos)	5%	
GPOS for second well	50%	
If discovery, probability of commercial development	75%	
Overall probability of making a commercial discovery	2%	
Lampos Recoverable Oil	63	MM BBL
Oil value on discovery	12.5	$/BBL
Unrisked value of a commercial oil discovery	787.5	$ million
Current risked value of a discovery at Lampos South	15	$ million
Cost of exploration well	45	$ million
Risked cost of exploration well to JV	2	$ million
Overall risked value of Lampos South to JV	13	$ million
Share of value retained by Trans-Asia	6.0%	
Current risked value of Trans-Asia's share of Lampos	1	$ million
Current Risked Value of Trans-Asia's Equity in SC-69	**4.6**	**$ million**

If a farminee is secured and the JV commits to drilling an exploration well, the value of Trans-Asia's 6% equity in SC-69 would increase as shown below:

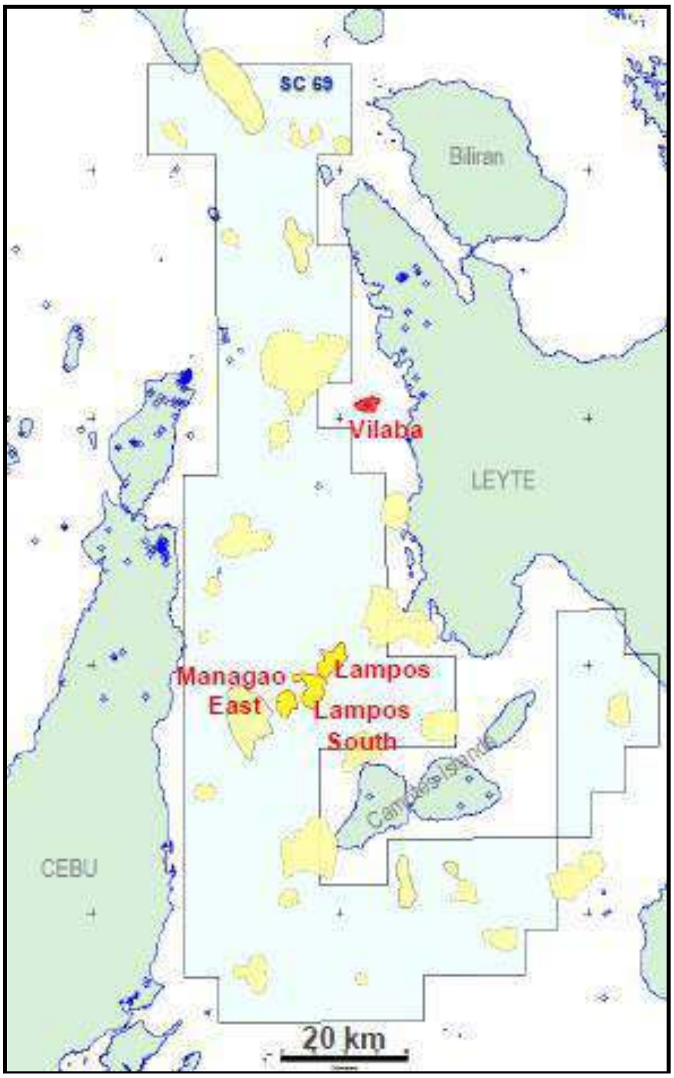
Table 9.4: SC69 Valuation After a Farm-in Pertner is Secured

First Well		
Probability of drilling first well (Lampos South)	100%	
GPOS for first well	25%	
If discovery, probability of commercial development	50%	
Overall probability of making a commercial discovery	13%	
Lampos South Recoverable Oil	102	MM BBL
Oil value on discovery	12.5	$/BBL
Unrisked value of a commercial oil discovery	1275	$ million
Current risked value of a discovery at Lampos South	159	$ million
Cost of exploration well	45	$ million
Risked cost of exploration well to current JV partners	0	$ million
Overall risked value of Lampos South to current JV	159	$ million
Share of value retained by Trans-Asia	6%	
Current risked value of TrasAsia's share of Lampos South	9.6	$ million
Second Well		
Probability of drilling second well (Lampos)	13%	
GPOS for second well	50%	
If discovery, probability of commercial development	75%	
Overall probability of making a commercial discovery	5%	
Lampos Recoverable Oil	63	MM BBL
Oil value on discovery	12.5	$/BBL
Unrisked value of a commercial oil discovery	787.5	$ million
Current risked value of a discovery at Lampos South	37	$ million
Cost of exploration well	45	$ million
Risked cost of exploration well to JV	6	$ million
Overall risked value of Lampos South to JV	31	$ million
Share of value retained by Trans-Asia	6.0%	
Current risked value of Trans-Asia's share of Lampos	2	$ million
Potential Future Risked Value of Trans-Asia's Equity in SC-69	**11.4**	**$ million**

9.4 Conclusions

The current risked value of Trans-Asia's 6% equity in SC-69 is $4.6 million.
If a farm-in partner is secured and the JV commits to drilling an exploration well, the risked value of Trans-Asia's 6% equity in SC-69 would increase to circa $11.4m prior to drilling.

Figure 9.1: Map of SC-69 Showing Lampos, Lampos South and East Managao Prospects



10. Personnel

The report has been prepared by add ips company principal, Mr Brad Girdwood, and principal consultant Mr Rob Marshall.

Brad Girdwood - Operations Manager

- 21 years senior technical and management experience in international upstream oil and gas sector.
- Joined IPS in 2007.
- Drilling Manager for ARC Energy in Perth immediately prior to joining IPS.
- Project Manager for Theiss (CSM) and Queensland Gas Company. GM Surtron Technologies, Directional drilling coordinator & engineer.
- BEng (Mechanical) from Curtin, Western Australia.
- Member Society of Petroleum Engineers (SPE) since 1992.

Rob Marshall – Principal Consultant

- 30 years senior technical and management experience in international upstream oil and gas sector.
- Joined IPS in 2010.
- Founding director Huntriss Energy Pty Ltd 2008.
- Director of Equity Business, Advanced Well Technologies 2007/08
- Group Manager of Developments, Country Manager and Engineering Manager over 10 years with Premier Oil Plc, London and international locations.
- Operations Team Leader, Ampolex (later Mobil) 1993/97
- Consultant Petroleum Engineer 1984/92 numerous clients/projects globally.
- BSc (Hon) Applied Chemistry, Kingston Polytechnic, UK. MEng Petroleum Engineering, Heriot Watt University, UK.
- Member Australian Institute of Company Directors.
- Member Society of Petroleum Engineers (SPE).

11. add ips and add energy

11.1 Capabilities and Services

add ips, together with its sister companies in Australia add lucid and add isrm, comprises a team of more than 100 drilling, completions, and HSSEQ professionals, some being permanent employees whilst others are long term consultants. As an integrated project management consultancy, we have a depth of expertise that is difficult to match outside major operating companies. Essentially we are able to provide a complete outsourced drilling and well construction project management solution to our clients.

The principal members of the management team each have in excess of 20 years experience in drilling and completion engineering, HSSEQ, operations, and management, gained with both independents and majors from all over the world. We combine this experience with that of our staff and long-term associate consultants who add considerable wealth in onsite and office-based engineering and operations supervision.

Our services can broadly be categorized as follows:

- Conceptual evaluation of field development and well management options;
- Development of well delivery processes and management systems suited to well operations;
- Development and implementation of HSSEQ management systems;
- Well engineering, design, planning, contracting and drilling project management;
- Reservoir engineering;
- Completions engineering and production technology;
- Well servicing and well interventions;
- Well engineering audits and peer reviews;
- Unplanned event investigation;
- Performance monitoring and benchmarking;
- Commercial support, including due diligence and valuations.

We are able to provide solutions tailored to the specific requirements of our clients. From full project management through discrete engineering studies to provision of individual consultants and well engineering processes, we can provide an appropriate response.

add ips is not a personnel agency, but offers a team-based solution to our clients which, together with client in-house resources and external service providers, allows the delivery of predictable and high quality results.

11.2 The add energy group as

add energy is a leading provider of solutions and competence to the oil and gas sector on the Norwegian Continental Shelf and an emerging player in a growing number of international markets. Its areas of expertise cover the following main areas:

- Well engineering & management
- Drilling engineering, flow analyses and well kill operations/incident support (playing a central role in the recent Montara and Macondo well kill operations).
- Environmental control & management
- Asset integrity & maintenance management

- Process & Simulator operations
- Training

Add Energy is headquartered in Stavanger with additional offices in Oslo, Aberdeen, Houston, Muscat, Perth, Singapore and Melbourne.

For more information about our companies and our capabilities please refer to the add energy group website at www.addenergygroup.com

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