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東方明珠石油有限公司*

Pearl Oriental Oil Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 632)

VERY SUBSTANTIAL ACQUISITION AND RESUMPTION OF TRADING

Financial Adviser to Pearl Oriental Oil Limited

Hercules

Hercules Capital Limited

THE ACQUISITIONS

On 7 June 2013 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the S&P Agreement with the Vendor, an independent third party, to acquire the Sale Shares. Based on currently available information, the Company expects the Sale Shares to represent 23.10% of the total issued share capital of the Target upon completion of Phase I Acquisition on the basis that the Restructuring is completed before completion of Phase I Acquisition. The S&P Agreement provides for a total consideration of US$105,636,001 (equivalent to approximately HK$823,960,808), on the basis that the Sale Shares will represent not less than 23.79% of the number of total issued shares in the Target immediately following completion of Phase I Acquisition, subject to a pro rata reduction of consideration if the shareholding percentage is in fact lower.

US$10,000,000 (equivalent to approximately HK$78,000,000) of the consideration has been paid in cash. The remaining balance of the consideration for Phase I Acquisition is to be satisfied on completion of Phase I Acquisition as to (i) US$11,000,000 (equivalent to approximately HK$85,800,000) in cash; (ii) US$42,318,000 (equivalent to approximately HK$330,080,400) by the issue of the Consideration Shares; and (iii) US$42,318,001 (equivalent to approximately HK$330,080,408) in any combination of cash and Convertible Notes to be determined at the Purchaser's sole discretion.

Pursuant to the S&P Agreement, the Vendor has also granted the First Option and the Second Option to the Purchaser to acquire the First Option Shares and the Second Option Shares respectively from the Vendor for a consideration of US$1 per Option Share. The First Option and the Second Option are exercisable at any time prior to the first anniversary of the date of completion of Phase I Acquisition at the Purchaser's absolute sole discretion. The total consideration for the First Option Shares and the Second Option Shares of US$196,707,562 (equivalent to approximately HK$1,534,318,984) and US$104,270,938 (equivalent to approximately HK$813,313,316) respectively is to be paid or satisfied as to 50% in cash and 50% by the issue of Convertible Notes. In the event that both the First Option and the Second Option are fully exercised and on the basis that all transactions contemplated under the Restructuring Agreement are fully executed (and all share options fully exercised) and there being no other changes to the share capital of the Target, the Purchaser is expected to have a total equity interest of approximately 63.05% in the enlarged share capital of the Target.

The four major assets held by the Target Group, through a number of Russian subsidiaries, include two onshore oilfields in Russia and two offshore exploration blocks in the Caspian Sea of Russia. The Target Group holds valid subsoil licenses for exploration, survey and production of oil and gas in these oilfields and exploration blocks. Ownership of these assets and subsoil licenses are subject to further due diligence by the Company.

The two existing onshore oilfields, namely the Nizhnechutinskoy Field and the Khudayelskoye Field, have a total licensed area of 395 square kilometers. Nizhnechutinskoy Field has proved (1P) oil reserves of 118 million stbs, proved and probable (2P) oil reserves of 284 million stbs and proved, probable and possible (3P) oil reserves of 609 million stbs. Nizhnechutinskoy Field is in the preliminary stage of production and is ready to go into the stage of full field development. Khudayelskoye Field has 1C (low estimate), 2C (best estimate) and 3C (high estimate) contingent resources of 54 million stbs, 102 million stbs and 157 million stbs, respectively. Khudayelskoye Field is ready to go into the stage of pilot production for the contingent resources and has exploration potential for deeper zones. The Directors consider that the significant confirmed oil reserves and contingent resources and easy access to good facilities including nearby pipeline, railway, main road, power supply and logistics for oil production provide a favourable basis for future development and production of the two existing onshore oilfields of the Target Group.

LISTING RULES IMPLICATIONS

The Acquisitions, in aggregate, constitute a very substantial acquisition for the Company under the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. Since no Shareholders have any material interest in the Acquisitions which is different from other Shareholders and neither the Vendor nor its associates holds any Share as at the date of this announcement, no Shareholders are required to abstain from voting at the SGM to approve the S&P Agreement and transactions contemplated thereunder.

GENERAL

A circular containing, inter alia, further details of the Acquisitions, other disclosures required under the Listing Rules and a notice of the SGM is expected to be despatched to the Shareholders on or before 31 August 2013 so as to allow sufficient time for the Company and the professional parties to prepare the relevant information for inclusion in the circular.

SUSPENSION AND RESUMPTION OF TRADING OF THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 10 June 2013, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 2 July 2013.

Shareholders and potential investors should be aware that the Acquisitions are subject to certain conditions, which include, amongst other things, satisfactory due diligence review of the Target Group by the Company, approval of certain transactions under the Restructuring Agreement by the Target's shareholders and approval and consent by the Russian Government, being fulfilled and thus may or may not proceed. Shareholders and potential investors are advised to exercise extreme caution when dealing in the Shares.

INTRODUCTION

With reference to the announcements of the Company dated 29 January 2013, 25 March 2013 and 23 May 2013 in relation to, among others, a possible investment in the oil and gas sector in Russia, the Board is pleased to announce that the Purchaser, an indirect wholly-owned subsidiary of the Company, has entered into the S&P Agreement with the Vendor to acquire the Sale Shares. Under the S&P Agreement, the Vendor has also granted options to the Purchaser for further acquisitions of the Target Shares. Details of the Acquisitions are set out as follows:

THE S&P AGREEMENT

Date

7 June 2013

Parties to the S&P Agreement

Purchaser: Power East Global Limited, an indirect wholly-owned subsidiary of the Company.

Vendor: Levant Energy Limited, a private investment company incorporated in the United Arab Emirates with limited liability. Its principal activities are investment in oil and gas in Commonwealth of Independent States countries, Central Asia and Africa and investment in energy projects in emerging markets.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Assets to be acquired

The assets to be acquired under the S&P Agreement are the equity interests in the Target, a public limited company incorporated in England and Wales. Pursuant to the S&P Agreement, the Purchaser has agreed to acquire the Sale Shares which are to represent 23.10% of the total issued share capital of the Target upon completion of Phase I Acquisition on the basis that the Restructuring is completed before completion of Phase I Acquisition and there being no other changes to the share capital of the Target.

Pursuant to the S&P Agreement, the Vendor has also granted the First Option and the Second Option to the Purchaser to acquire all (but not some only) of the First Option Shares and the Second Option Shares respectively from the Vendor, which are exercisable at the Purchaser's absolute sole discretion at any time prior to the first anniversary of the date of completion of Phase I Acquisition but subject to approval by the relevant authorities in Russia. In the event that both the First Option and the Second Option are fully exercised and on the basis that all transactions contemplated under the Restructuring Agreement are fully executed (and all share options fully exercised), the Purchaser is expected to have a total equity interest of approximately 63.05% in the enlarged share capital of the Target.

Consideration

The total consideration for the Sale Shares under Phase I Acquisition is US$105,636,001 (equivalent to approximately HK$823,960,808) (subject to adjustment discussed below), and is to be paid or satisfied as follows:

(i) as to US$5,000,000 (equivalent to approximately HK$39,000,000) which has been paid in cash in accordance with the Cooperation Agreement;

(ii) as to US$5,000,000 (equivalent to approximately HK$39,000,000) which has been paid in cash upon execution of the S&P Agreement;

(iii) as to US$11,000,000 (equivalent to approximately HK$85,800,000) in cash upon completion of Phase I Acquisition;

(iv) as to US$42,318,000 (equivalent to approximately HK$330,080,400) by the issue of Consideration Shares at HK$0.55 per Consideration Share upon completion of Phase I Acquisition; and

(v) as to US$42,318,001 (equivalent to approximately HK$330,080,408) in cash or by the issue of Convertible Notes at an initial conversion price of HK$0.55 per Conversion Share or any combination of cash and Convertible Notes, to be determined at the Purchaser's sole discretion, upon completion of Phase I Acquisition.

The consideration for the First Option Shares and the Second Option Shares to be acquired under the First Option and the Second Option is US$1 per Option Share. The total consideration under the First Option and the Second Option of US$196,707,562 (equivalent to approximately HK$1,534,318,984) and US$104,270,938 (equivalent to approximately HK$813,313,316) respectively is to be paid or satisfied as to 50% in cash and 50% by the issue of Convertible Notes.

The Company intends to finance the cash consideration by internal resources and/or proceeds from possible fund raising activities. As at the date of this announcement, no concrete plans for fund raising activities have been determined yet. The Company will make further announcement on the fund raising activities, if any, in compliance with the relevant requirements under the Listing Rules as and when appropriate.

The consideration for the Acquisitions was determined after arm's length negotiations between the Purchaser and the Vendor with reference to (1) a preliminary valuation of the Nizhnechutinskoy Field, one of the major assets of the Target Group, of not less than US$1.0 billion as at 7 June 2013, made by BMI Appraisal Limited, an independent valuer, in accordance with the VALMIN Code and based only on the proved and probable reserves estimated for the Nizhnechutinskoy Field as set out in a technical report (the "CPR") prepared and issued by the Competent Person in April 2013 in accordance with the "Guidelines for Application of the Petroleum Resources Management System, November 2011"; and (2) the amount of oil reserves of the Target Group indicated in the CPR.

Adjustment on the consideration for Phase I Acquisition

The Vendor has undertaken to the Purchaser that immediately following completion of Phase I Acquisition, the Sale Shares to be acquired by the Purchaser pursuant to the S&P Agreement will represent not less than 23.79% of the number of total issued shares in the Target. In the event that the shareholding to be acquired by the Purchaser under Phase I Acquisition represents less than 23.79% of the number of total issued shares in the Target, the consideration for Phase I Acquisition will be reduced as follows:

$$\text{Reduction in consideration} = \frac{\text{US\$105,636,001 x A}}{23.79\%}$$

where "A" represents the shortfall (%) in the percentage of the Sale Shares acquired by the Purchaser from 23.79%.

Based on the currently available information, the Purchaser expects to be interested in approximately 23.10% of the total issued share capital of the Target upon completion of Phase I Acquisition if the Restructuring is completed as intended before completion of Phase I Acquisition. As such, the consideration for Phase I Acquisition will be reduced by approximately US$3,063,844 (equivalent to approximately HK$23,897,983).

If the number of Sale Shares acquired by the Purchaser represents less than 20% of the number of total issued shares in the Target, the Purchaser will be entitled to rescind the S&P Agreement in which case the Vendor will repay to the Purchaser the sum of US$10,000,000 (being the total amount of cash paid by the Purchaser on and before signing of the S&P Agreement) less the costs and expenses incurred by the Vendor for the preparation of the CPR and other matters.

Issue price of the Consideration Shares and initial conversion price under the Convertible Notes

The issue price of HK$0.55 per Consideration Share and the initial conversion price of HK$0.55 per Conversion Share under the Convertible Notes represent (i) a premium of approximately 14.58% over the closing price of HK$0.48 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 18.03% over the average closing price of approximately HK$0.466 per Share for the last five trading days immediately prior to and including the Last Trading Day; (iii) a premium of approximately 16.28% over the average closing price of approximately HK$0.473 per Share for the last ten trading days immediately prior to and including the Last Trading Day; and (iv) a discount of approximately 20.29% to the net asset value attributable to owners of the Company of approximately HK$0.69 per Share, which was calculated based on the audited net asset value attributable to owners of the Company of approximately HK$2,244.22 million as at 31 December 2012 and the number of Shares in issue of 3,241,519,752 as at the date of this announcement. The issue price of the Consideration Shares and the initial conversion price under the Convertible Notes were arrived at after arm's length negotiations between the Purchaser and the Vendor with reference to the Share price during the period of negotiations.

Consideration Shares

The Consideration Shares represent (i) approximately 18.51% of the existing share capital of the Company; (ii) approximately 15.62% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares; (iii) approximately 13.51% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Notes issued under Phase I Acquisition; and (iv) approximately 9.13% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Notes issued under the Acquisitions on the basis that both the First Option and the Second Option are fully exercised by the Purchaser.

The Consideration Shares will, when issued, rank pari passu in all respects with the Shares then in issue save for any dividend, distribution or other payments declared, made or paid by the Company by reference to a record date falling before the date of issue and allotment of the Consideration Shares. The Consideration Shares will be issued under a specific mandate from the Shareholders, which will be sought at the SGM. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange.

Principal terms of the Convertible Notes

The terms of the Convertible Notes were negotiated on an arm's length basis, the principal terms of which are summarized below:

Issuer	:	the Company

Principal amount	:	in aggregate up to US$192,807,251 (equivalent to approximately HK$1,503,896,558) for the Acquisitions, of which (i) up to US$42,318,001 (equivalent to approximately HK$330,080,408) will be issued for Phase I Acquisition; (ii) US$98,353,781 (equivalent to approximately HK$767,159,492) will be issued for Phase II Acquisition; and (iii) US$52,135,469 (equivalent to approximately HK$406,656,658) will be issued for Phase III Acquisition
Interest	:	Nil
Maturity date	:	the day before third anniversary of the date of first issue of the Convertible Notes
Redemption	:	The Company will redeem the Convertible Notes on the maturity date at the redemption amount representing 100% of the principal amount of the Convertible Notes then outstanding.
Default redemption	:	Upon the occurrence of an event of default as set out in the terms and conditions of the Convertible Notes, holders of the Convertible Notes may give notice in writing to the Company whereupon the outstanding principal amount of the Convertible Notes in an amount which is 100% of the principal amount of the Convertible Notes then outstanding shall become immediately due and repayable.
Conversion price	:	The initial conversion price is HK$0.55 per Conversion Share, subject to adjustments in accordance with the terms and conditions of the Convertible Notes. Events triggering adjustments include share consolidation, share subdivision, share reclassification, capitalization of profits or reserves, capital distribution, rights issue, open offer and equity or equity derivatives issues. No adjustment involving an increase in the conversion price will be made, other than in the case of share consolidation or share reclassification.

Conversion rights	:	The Convertible Notes carry the rights to convert the whole or any part (in authorized denomination to be agreed) of the principal amount into Conversion Shares at the initial conversion price of HK$0.55 per Conversion Share during the conversion period. The Company will not be obliged to issue any Conversion Shares if such issue will (i) cause the issued Shares in hands of the "public" (as defined in Rule 8.24 of the Listing Rules) to fall below 25% or such other minimum percentage of the total issued share capital of the Company as prescribed under the Listing Rules that must remain in public hands; or (ii) result in aggregate voting rights in the Company held by the holder of the Convertible Notes and parties acting in concert with it as defined under the Takeovers Code exceeding 29.9%, or if applicable, the maximum percentage (to one decimal place) of the issued Shares it could then acquire without being required to make a mandatory general offer for the Shares under the Takeovers Code.
Conversion period	:	The period commencing on the seventh day after the date of first issue of the Convertible Notes up to and including the date which is seven days prior to the maturity date of the Convertible Notes.
Conversion Shares	:	The Conversion Shares will, when issued, rank pari passu in all respects with all other Shares in issue on the relevant conversion date and will entitle the holders to all dividends, and other distributions, rights or entitlements the record date for which falls after the relevant conversion date. *Phase I Acquisition* Assuming that (i) the principal amount of the Convertible Notes issued for Phase I Acquisition is US$42,318,001 (equivalent to approximately HK$330,080,408); and (ii) all such Convertible Notes are fully converted into Conversion Shares at the initial conversion price of HK$0.55 per Conversion Share, a total of 600,146,196 Conversion Shares will be issued, which represent approximately 18.51% of the existing issued share capital of the Company and approximately 13.51% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares to be issued upon full conversion of the Convertible Notes issued for Phase I Acquisition.

Phase II Acquisition

Assuming that the Convertible Notes issued for Phase II Acquisition are fully converted into Conversion Shares at the initial conversion price of HK$0.55 per Conversion Share, a total of 1,394,835,439 Conversion Shares will be issued, which represent approximately 43.03% of the existing issued share capital of the Company and approximately 23.90% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares to be issued upon full conversion of the Convertible Notes issued for Phase I Acquisition and Phase II Acquisition.

Phase III Acquisition

Assuming that the Convertible Notes issued for Phase III Acquisition are fully converted into Conversion Shares at the initial conversion price of HK$0.55 per Conversion Share, a total of 739,375,742 Conversion Shares will be issued, which represent approximately 22.81% of the existing issued share capital of the Company and approximately 11.24% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares to be issued upon full conversion of the Convertible Notes issued for the Acquisitions.

The Acquisitions

Assuming that (i) the aggregate principal amount of the Convertible Notes issued for the Acquisitions is US$192,807,251 (equivalent to approximately HK$1,503,896,558); and (ii) all such Convertible Notes are fully converted into Conversion Shares at the initial conversion price of HK$0.55 per Conversion Share, a total of 2,734,357,377 Conversion Shares will be issued, which represent approximately 84.35% of the existing issued share capital of the Company and approximately 41.58% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares to be issued upon full conversion of the Convertible Notes issued for the Acquisitions.

The Conversion Shares will be issued under a specific mandate from the Shareholders, which will be sought at the SGM. Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

Application of listing	:	No application will be made by the Company to the Stock Exchange or any other stock exchange for the listing of the Convertible Notes.

Transferability	:	The Convertible Notes may be transferred to any person, provided that any assignment or transfer to a connected person of the Company is subject to prior written consent of the Company and approval of the Shareholders (if so required under, and in compliance with, the Listing Rules). Any assignment or transfer of the Convertible Notes is also subject to compliance with the relevant requirements and provisions under the Listing Rules for so long as the Shares are listed on the Stock Exchange (and the rules of any other stock exchange on which the Shares may be listed at the relevant time) and all applicable laws and regulations.
Voting	:	The holder(s) of the Convertible Notes will not be entitled to receive notices of, attend or vote at any meeting of the Company by reason only of it/them being the holder(s) of the Convertible Notes.
Ranking	:	The Convertible Notes will rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.

Conditions precedent

Completion of the S&P Agreement is conditional upon, inter alia,:

(a) the Purchaser being satisfied, at its absolute discretion, with the results of its technical, legal, financial and commercial due diligence enquiries with respect to the Target;

(b) the Purchaser not being required to make a mandatory offer for the Target pursuant to Rule 9 of the United Kingdom City Code on Takeovers and Mergers in respect of the transactions contemplated by the S&P Agreement;

(c) the Shareholders, other than those required to abstain from voting under the Listing Rules and/or the Takeovers Code, at the SGM having approved the transactions contemplated (and any corporate governance requirements required to fulfill those transactions) under the S&P Agreement (including the acquisition of the Sale Shares and Option Shares, the issue of the Convertible Notes and the issue of the Consideration Shares and the Conversion Shares);

(d) the Listing Committee of the Stock Exchange having granted approval (either unconditionally or subject only to conditions to which neither party has any reasonable objection) for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares;

(e) the Restructuring Agreement having become unconditional in all respects and the Purchaser being satisfied with the restructuring of the Target pursuant to the Restructuring Agreement and other arrangements;

(f) if required under any applicable law, having obtained the approval and/or consent and/or clearance by the Government Commission under Strategic Sectors Law of purchase of the Sale Shares pursuant to the S&P Agreement;

(g) no person having commenced, or threatened to commence, any proceedings or investigation or having enacted or proposed any legislation for the purpose of, or which would or is likely to have the effect of, prohibiting or materially delaying or otherwise detrimentally interfering with the sale and purchase of the Sale Shares;

(h) the Vendor having entered into option agreements with a party to the Restructuring Agreement to acquire a total of 265,213,568 Target Shares from it; and

(i) the Vendor having provided the audited consolidated accounts of the Target and each of the members of the Target Group for the three financial years ended 31 December 2012 to the Purchaser by 18 July 2013 (after a recently agreed one month extension from 18 June 2013 originally set out in the S&P Agreement) or such later date as may be agreed by the Purchaser.

Completion of Phase I Acquisition will take place on the third business day after the day on which all the conditions have been satisfied or waived or at such other time or on such other date as the parties to the S&P Agreement may agree. The Purchaser may by notice in writing to the Vendor waive in whole or in part all or any of the above conditions or extend the period in which such conditions are to be fulfilled. The Purchaser has no intention to waive any of the conditions precedent at the moment. As at the date of this announcement, no conditions precedent have been satisfied or waived. If all the conditions are not fulfilled or waived by the Purchaser in writing to the Vendor in whole or in part on or before 30 September 2013 (or such later date as may be agreed in writing) the S&P Agreement shall lapse and no party shall make any claim against any other in respect of the S&P Agreement, except for any antecedent breach.

The completion of Phase II Acquisition and Phase III Acquisition can take place only after completion of Phase 1 Acquisition and will be conditional upon Russian Governmental Approval, if required. Based on information currently available to the Company and subject to further due diligence, the Company understands that approval by the Government Commission under the Strategic Sectors Law is required where as a result of a transaction a foreign investor acquires (directly or indirectly) 25% or more of voting shares in companies which exploit subsoil resources of federal significance. The Company further understands that based on preliminary due diligence, filing with and prior approval of the Federal Anti-monopoly Service in the Russian Federation of the transactions contemplated in the S&P Agreement in accordance with Federal Law No. 135-FZ as of 26 July 2006 "On Protection of Competition" may also be required.

Directorship in the Target

Under the S&P Agreement, the Vendor is requested upon completion of Phase I Acquisition to vote in favour of the appointment to the board of the Target of such number of directors nominated by the Purchaser as is proportional to the Purchaser's shareholding in the Target, and will procure that the Purchaser will be entitled to nominate one director.

Rescission at the Purchaser's election

If the Vendor fails to comply with its obligations at completion of Phase I Acquisition, the Purchaser may elect to rescind the S&P Agreement by written notice to the Vendor, in which case the Vendor will repay to the Purchaser the sum of US$10,000,000 less costs and expenses incurred by the Vendor, as described in the paragraph headed "Adjustment on the consideration for Phase I Acquisition" above.

INFORMATION ON THE TARGET GROUP

The information below relating to the Target Group is based on information provided by the Vendor, and is subject to further due diligence verification and enquiries by the Company.

Background of the Target Group

The Target is an oil and gas exploration and production company incorporated in England and Wales on 4 February 2005. It was founded by Alexander Kapalin, Boris Royter, Maxim Sidorin and Sergei Rodionov. The Target was admitted to the Alternative Investment Market of the London Stock Exchange ("AIM") on 28 December 2006. Due to certain disputes involving the Target, Kamanisk (an existing shareholder of the Target who advanced certain loans to the Target in 2008 and 2009), Alexander Kapalin and terms of that loan, Kamanisk sought to enforce its share pledges over 100% of the equity interests in KNG and NGPT, being two subsidiaries of the Target which hold the subsoil licenses of the Khudayelskoye Field and the Nizhnechutinskoy Field respectively, in June 2009. In 2009, Alexander Kapalin's shareholding in the Target was transferred to one of the existing shareholders of the Target by way of enforcement of a share charge, and he was removed as a director of the Target on 25 August 2009. The Target reached settlement with Kamanisk and 100% equity interest in those subsidiaries were transferred back to the Target Group pursuant to agreements dated May 2011. In the meantime, various bankruptcy proceedings had been taken out against subsidiaries of the Target, all of which appear to have been settled or the subject of settlement arrangements. Based on public searches done as part of the Company's preliminary due diligence, KNG and NGPT appear to be validly registered and existing legal entities.

On 21 October 2009, the nominated advisor to the Target resigned and the trading of the Target Shares on AIM has been suspended since then. On 24 November 2009, the Target announced that its admission to AIM would be cancelled on 15 December 2009 since the inability of the Target to restore the ownership of the assets from Kamanisk had severely limited the ability of the Target to raise any funding, which had further undermined the operational and financial situation of the Target, and hindered the Target's ability to satisfy the necessary requirements to support its admission to AIM, including engagement of a nominated advisor and development of a timetable for completion of the audit. The Target remains a public company since the cancellation of its admission to AIM.

On 16 April 2010, the Target's creditors approved the terms of a creditors voluntary arrangement pursuant to which the Company was required to repay all borrowings to them within a specified period. That period having passed without payments being made, the directors of the Target appointed Chantrey Vellacott DFK, an independent administrator, with effect from 17 June 2013. The Company understands that the purpose of placing the Target into administration would be to protect the Target against actions being taken by creditors whilst it attempts to put in place funding arrangements and to propose a new creditors voluntary arrangement to its creditors. Accordingly, the administrator can be removed following a successful completion of a new creditors voluntary arrangement. In this regard, the Company notes that parties to the Restructuring Agreement include certain creditors of the Target. The Company does not intend to proceed with the proposed transaction without the Target having implemented a successful new creditors voluntary arrangement and being removed from administration.

Restructuring and Restructuring Agreement

On 5 June 2013, the Vendor has executed the Restructuring Agreement with, inter alia, the Target and certain other of its existing shareholders in respect of a series of share and debt restructuring steps involving share issues for cash or outstanding or future advances and purchases by the Target of its shares or equity securities, by which new funding is to be raised for, and new investors introduced as a result to, the Target Group. These proposed share issue and share repurchases require the approval of shareholders of the Target, and the Company understands that the Target will in due course put the finalised proposals to its shareholders. The Company is given to understand that certain parties to the Restructuring Agreement have irrevocably undertaken to vote in favour of all the transactions contemplated under the Restructuring Agreement, and their shareholding account for approximately 60.18% of the total effective voting rights of the Target after deducting the voting rights of those who have undertaken not to vote on the transactions contemplated under the Restructuring Agreement.

As those transactions contemplated under the Restructuring Agreement have not yet been implemented, it is not possible now to predict with certainty the share capital and shareholding structure of the Target immediately before and after completion of the Acquisitions. As the Vendor will have acquired under the Restructuring Agreement only approximately 18.22% of the issued share capital of the Target upon completion of the Restructuring, the Company understands from the Vendor that it plans to acquire additional Target Shares from other existing shareholders of the Target in order to deliver the Sale Shares on completion of Phase I Acquisition. In addition, option agreements to be entered into by the Vendor with a party to the Restructuring Agreement to acquire a total of 265,213,568 Target Shares as a condition precedent to completion of Phase I Acquisition is intended to ensure the Vendor has sufficient number of Target Shares for completion of Phase II Acquisition and Phase III Acquisition. Accordingly, completion of the Acquisitions is conditional upon, inter alia, the Restructuring Agreement having become unconditional in all respects. Also the S&P Agreement confers the right on the Company not to proceed with the transaction if the Sale Shares represent less than 20% shareholding in the Target, and includes a mechanism for the adjustment of the consideration for Phase I Acquisition (which is based on a 23.79% shareholding on completion of Phase I Acquisition).

The Company's relationship with the Vendor and shareholders of the Target

The Company was first introduced to the ultimate beneficial owner of the Vendor by Mr. Johnny Hon, a senior consultant of the Company, in June 2012 at which time the Company was given to understand that the Vendor/its representatives were already in active discussions with certain shareholders of the Target on the possible restructuring of ownership and debts of the Target. In view of that and not having any relationship with any other shareholders of the Target, the Company considered it more efficacious to work with the Vendor after the Vendor is able to secure a definitive restructuring proposal for the Target. The Company was not involved in the discussions or the negotiations of the Restructuring Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor, the other parties to the Restructuring Agreement, the existing shareholders of the Target and their respective ultimate beneficial owners are independent third party and not connected with the Company and connected persons of the Company.

Major Assets

The principal activities of the Target Group are exploration, development and production of oil and gas with oil reserves mainly located in Russia. Its major assets held through a number of Russian subsidiaries include two onshore oilfields in Russia and two offshore exploration blocks in the Caspian Sea, Republic of Dagestan, Russia, details of which are summarized below:

(i) Nizhnechutinskoy Field

The Target Group has 100% effective interest in the Nizhnechutinskoy Field, which is located in the Ukhtinsky district of the Republic of Komi, Russia. The Nizhnechutinskoy Field was acquired by the co-founders of the Target in 2003 and transferred into the Target Group in March 2005 by means of a share for share exchange. The Target Group holds the subsoil license for the exploration, survey and production of oil and gas in this field, which covers an area of approximately 215 square kilometers. The currently issued subsoil license is valid until April 2024.

Four reservoir layers have been identified in the Nizhnechutinskoy Field. The depth of the reservoirs range from 18 meters to 223 meters (mostly between 60 to 160 meters). The average net pay thickness is about 16 meters. The Nizhnechutinskoy Field is in the preliminary stage of production with basic infrastructure and processing facilities in place. It is producing around 50 barrels per day. The oilfield is ready to go into the stage of full field development. There are a main oil pipeline (owned by Transneft) and a main gas pipeline crossing the oilfield and the railway station of Ukhta is 20 kilometers away from the oilfield. The nearby city Ukhta can provide the power and water supply as well as oil field services for development and production.

The estimated recoverable reserves of the Nizhnechutinskoy Field, as extracted from the CPR, are summarized as follows:

	stb
1P (proved oil reserves)	118 million
2P (proved and probable oil reserves)	284 million
3P (proved, probable and possible oil reserves)	609 million

The probabilistic method is adopted in the reserve estimation of the Nizhnechutinskoy Field as the Competent Person considers that this method better covers the range of uncertainty in the relevant field at its stage of development. Confidence levels of over 90%, 50% and 10% are applied in reserve estimation of P1 (proved), P2 (probable) and P3 (possible) reserves respectively. To recover the above reserves, 3,882 producing wells, 664 water injection wells and 1,890 steam injection wells will be required. The oil volumes are assumed to be recovered over a 30 year period.

(ii) Khudayelskoye Field

The Target Group has 100% effective interest in the Khudayelskoye Field, which is located in the Pechorsky district of the Republic of Komi, Russia. The Khudayelskoye Field was acquired by the co-founders of the Target in 2004 and transferred into the Target Group in March 2005 by means of a share for share exchange. The Target Group holds the subsoil license for exploration and production of oil and gas in this field, which covers an area of approximately 180 square kilometers. The currently issued subsoil license is valid until November 2031.

Four reservoir layers have been identified in the Khudayelskoye Field, including one limestone layer and three sandstones layers. The reservoirs in the oilfield include three blocks. The biggest block's reservoir depth ranges from 161 meters to 329 meters and its average oil thickness is about 35 meters. The Khudayelskoye Field has completed the majority work of exploration. Production of oil in the Khudayelskoye Field has not been started yet but it is ready to go into the stage of pilot production for the contingent oil resources and has exploration potential for deeper zones. A main oil pipeline is 65 kilometers away and the railway station of the nearby city Pechora is 60 kilometers away from the oilfield.

The estimated contingent resources of the Khudayelskoye Field, as extracted from the CPR, are summarized as follows:

	stb
1C (low estimate scenario of contingent resources)	54 million
2C (best estimate scenario of contingent resources)	102 million
3C (high estimate scenario of contingent resources)	157 million

The resources of the Khudayelskoye Field were classified as contingent resources on the basis that the development of the field is unclarified as it has no approved field development plan at the moment and requires additional steam flood pilots. The suggested development method for the Khudayelskoye Field is steamflood. To recover the above resources, 2,050 producing wells and 2,050 steam injection wells will be required. The oil volumes are assumed to be recovered over a 30 year period.

(iii) Izberbash Block

The Target Group acquired 80% effective interest in the Izberbash Block, which is located on the continental shelf of the Caspian Sea, Republic of Dagestan, Russia, through the acquisition of 80% equity interest in Docom Investment Limited in September 2006. The Target Group holds the subsoil license for geological exploration and production of oil and gas in this block, which covers an area of approximately 670 square kilometers. The currently issued subsoil license is valid until July 2023. As the Izberbash Block is still in the exploration stage, no reserves or resources have been estimated yet.

(iv) Sulak Block

The Target Group acquired 80% effective interest in the Sulak Block, which is located on the continental shelf of the Caspian Sea, Republic of Dagestan, Russia, through the acquisition of 80% equity interest in Docom Investment Limited in September 2006. The Target Group holds the subsoil license for geological exploration and production of oil and gas in the Sulak Block, which covers an area of approximately 610 square kilometers. The currently issued subsoil license is valid until July 2023. As the Sulak Block is still in the exploration stage, no reserves or resources have been estimated yet.

Management team

The Target Group has a professional team with relevant expertise and experience in petroleum operations which manages the operation of the oilfields. Profiles of the key members of the management team of the Target Group are summarized as follows:

Mr. Dmitry Chalov

Mr. Dmitry Chalov joined the Target in June 2006 and is acting as Chief Executive Officer of the Target. He has served in a range of finance and strategy functions in the oil and gas industry since 1998, including positions in ABN AMRO and AT Kearney focusing on the Russian oil and gas sector. He served Lukoil Oil Company from 2001 to 2005 and participated in a number of merger and acquisitions and restructuring transactions, with a focus on international markets, including company acquisitions and post-acquisition asset restructuring in Western and Eastern Europe, Asia and Russia.

Mr. Nikolayevich Laptev Nikolay

Mr. Nikolayevich Laptev Nikolay has been the Head of Production and General Manager of KNG and NGPT since February 2009. He is responsible for overseeing the field operations and business development of the operating subsidiaries of the Target Group. He graduated from the State Oil and Gas University in Tyumen and obtained a Master's Degree from the Russian Transport Academy and a Doctor's Degree in Philosophy from the Moscow State Institute of Finance. His oil industry career commenced when he joined Beloil Polska Sp. z o.o. as Deputy General Director of its Tyumen operating subsidiary in 1994. He then continued his career at Lukoil Oil Company, the leading Russian oil company, initially as a General Director of Lukoil-Tyumen and subsequently joined its head office in Moscow as the Head of Business Development and Oil Products Sales and was First Deputy General Director in Lukoil-CenterNefteproduct and Lukoil-Aero.

The Company does not expect to effect any material change to the existing management team of the Target Group as a result of completion of Phase I Acquisition.

Financial information

The unaudited consolidated financial information of the Target Group, which has been prepared in accordance with international financial reporting standards, and the relevant amounts in HK$, for illustration purposes only, are summarized as follows:

	For the year ended			
	31 December 2012		31 December 2011	
		approximately		*approximately*
	GBP'000	*HK$'000*	*GBP'000*	*HK$'000*
Loss before taxation	7,410	88,920	7,095	85,140
Loss after taxation and extraordinary items attributable to the owners of the Target	7,313	87,756	7,083	84,996

	As at 31 December 2012	
		approximately
	GBP'000	*HK$'000*
Net liabilities attributable to owners of the Target	8,515	102,180

As at the date hereof, the Group has no commitments to provide any capital to the Target. The Company noted that the Restructuring Agreement appears to contemplate raising funding in a range of US$40 million to US$60 million for the Target Group through share issues or loans convertible into shares.

REASONS FOR THE ACQUISITIONS

The principal activities of the Group are processing and sales of recycling materials and gas and oil exploration, exploitation and production in certain gas and oil fields located in Uinta Basin, Uintah County, Utah, the United States of America ("USA").

The economic conditions in Europe and the USA are facing challenges and the prices of natural gas were relatively low in the USA last year. As such, the Group has slowed down its oil and gas exploitation activities in Utah and considered investments in other oil exploitation projects. With the continuous economic growth of the PRC, the demand for oil and gas in the PRC is increasing and the National Development and Reform Commission of the PRC forecasted that crude oil imports will account for approximately 60% of the total oil consumption in the PRC in 2013. The Directors are optimistic about the medium- and long-term prospects of the oil and gas industry despite the unfavorable factors in the European and the USA markets as the strong demand of oil and gas in the PRC is expected to offset the unfavorable factors in such markets and have a positive impact on the stability of international oil prices.

According to the information disclosed by Ministry of Energy of the Russian Federation in January 2013, Russia is one of the top ten largest oil reserve countries in the World and has become the largest crude oil production country since 2011 with an average daily production of 10.37 million barrels in 2012. According to the information published by General Administration of Customs of the PRC in March 2013, the PRC imported approximately 170.31 million barrels of crude oil from Russia in 2012, which ranked as the third largest oil supply country of the PRC. President Xi Jinping signed the "Sino-Russia joint statement" with Russia President Vladimir Putin in March 2013, based on which it is expected that the strategic relationship as well as oil and gas trading activities between the PRC and Russia should strengthen. With a supportive political and operating environment, the successful acquisition of the Target Group can bring good opportunities to the Company.

Given that: (i) the Target Group has sizeable 3P (proved, probable and possible) oil reserves of 609 million stbs, of which 284 million stbs are classified as proved and probable oil reserves and 325 million stbs are classified as possible oil reserves, and contingent resources of 157 million stbs, which are classified as 3C and have great development potential; (ii) the Nizhnechutinskoy Field is in production of oil and ready to go into full field development; and (iii) the oilfields of the Target Group are located in the area with easy access to good facilities including nearby main pipeline, railway, main road, power supply and logistics for oil production, the Directors consider that the Acquisitions can enable the Group to significantly increase its oil reserves, enhance its revenue and thus its value to the Shareholders in the long run. The Directors believe that the terms of the S&P Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company intends to exercise the First Option and the Second Option to acquire the majority interest of the Target if and when the Directors consider appropriate.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a summary of the shareholding in the Company as at the date of this announcement, immediately upon completion of Phase I Acquisition and, for illustrative purposes only, (i) upon completion of Phase I Acquisition and full conversion of the Convertible Notes issued under Phase I Acquisition; (ii) upon completion of Phase I Acquisition and full conversion of the Convertible Notes issued under Phase I Acquisition and Phase II Acquisition, subject to the conversion restrictions; (iii) upon completion of Phase I Acquisition and full conversion of the Convertible Notes issued under Phase I Acquisition and Phase II Acquisition, without regard to the conversion restrictions; and (iv) upon completion of Phase I Acquisition and full conversion of the Convertible Notes issued under the Acquisitions, without regard to the conversion restrictions, each prepared on the basis that there would be no changes in the issued share capital of the Company after the date of this announcement other than as stated in each scenario and that the aggregate principal amount of the Convertible Notes issued under Phase I Acquisition is US$42,318,001 (equivalent to approximately HK$330,080,408).

	As at the date of this announcement		Immediately upon completion of Phase I Acquisition		Upon completion of Phase I Acquisition and full conversion of the Convertible Notes issued under Phase I Acquisition		Upon completion of Phase I Acquisition and full conversion of the Convertible Notes issued under Phase I Acquisition and Phase II Acquisition, subject to the conversion restrictions (Note 3)		Upon completion of Phase I Acquisition and full conversion of the Convertible Notes issued under Phase I Acquisition and Phase II Acquisition, without regard to the conversion restrictions (Note 4)		Upon completion of Phase I Acquisition and full conversion of the Convertible Notes issued under the Acquisitions, without regard to the conversion restrictions (Note 4)	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Mr. Wong Kwan and his associates (Note 1)	849,530,000	26.21	849,530,000	22.11	849,530,000	19.13	849,530,000	18.37	849,530,000	14.56	849,530,000	12.92
Mr. Ma Yueng Lin	672,000,000	20.73	672,000,000	17.49	672,000,000	15.13	672,000,000	14.53	672,000,000	11.51	672,000,000	10.22
Mr. Baiseitov Bakhytbek (Note 2)	6,090,000	0.19	6,090,000	0.16	6,090,000	0.14	6,090,000	0.13	6,090,000	0.10	6,090,000	0.09
Mr. Zhou Li Yang (Note 2)	3,600,000	0.11	3,600,000	0.09	3,600,000	0.08	3,600,000	0.08	3,600,000	0.06	3,600,000	0.05
The Vendor	—	—	600,146,182	15.62	1,200,292,378	27.02	1,382,616,841	29.90	2,595,127,817	44.46	3,334,503,559	50.71
Other public Shareholders	1,710,299,752	52.76	1,710,299,752	44.53	1,710,299,752	38.50	1,710,299,752	36.99	1,710,299,752	29.31	1,710,299,752	26.01
Total	**3,241,519,752**	**100.00**	**3,841,665,934**	**100.00**	**4,441,812,130**	**100.00**	**4,624,136,593**	**100.00**	**5,836,647,569**	**100.00**	**6,576,023,311**	**100.00**

Notes:

(1) These Shares include 839,530,000 Shares held by Charcon Assets Limited and 10,000,000 Shares held by Orient Day Developments Limited. Since Charcon Assets Limited and Orient Day Developments Limited are wholly-owned by Mr. Wong Kwan, Mr. Wong Kwan is deemed under the Securities and Futures Ordinance to be interested in the Shares held by Charcon Assets Limited and Orient Day Developments Limited.

(2) Mr. Zhou Li Yang and Mr. Baiseitov Bakhytbek are Directors.

(3) Pursuant to the terms and conditions of the Convertible Notes, the Company will not be obliged to issue any Conversion Share if such issue will (i) cause the Company to be in breach of the minimum public float requirement stipulated under the Listing Rules; or (ii) result in the aggregate voting rights in the Company held by the holder of the Convertible Notes and parties acting in concert with it exceeding 29.9%, or if applicable, the maximum percentage (to one decimal place) of the issued Shares it could then acquire without being required to make a mandatory general offer for the Shares under the Takeovers Code.

(4) Such scenarios are shown for illustrative purposes only and should not exist in reality.

(5) The existing convertible securities of the Company include the warrants held by Orient Day Developments Limited, a company wholly-owned by Mr. Wong Kwan, which entitled it to subscribe for 384,000,000 Shares at an exercise price of HK$1.15 each and an aggregate of 230,170,000 outstanding share options with exercise prices in the range of HK$0.4666 to HK$1.3366 each. Save as aforementioned, the Company has no other convertible securities outstanding as at the date of this announcement.

LISTING RULES IMPLICATIONS

The Acquisitions, in aggregate, constitute a very substantial acquisition for the Company under the Listing Rules and are therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. Since no Shareholders have any material interest in the Acquisitions which is different from other Shareholders and neither the Vendor nor its associates holds any Share as at the date of this announcement, no Shareholders are required to abstain from voting at the SGM to approve the S&P Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, inter alia, further details of the Acquisitions, other disclosures required pursuant to the Listing Rules and a notice of the SGM is expected to be despatched to the Shareholders on or before 31 August 2013 so as to allow sufficient time for the Company and the professional parties to prepare the relevant information for inclusion in the circular.

Shareholders and potential investors should be aware that the Acquisitions are subject to certain conditions which include, amongst other things, satisfactory due diligence review of the Target Group by the Company, approval of certain transactions under the Restructuring Agreement by the Target's shareholders and approval and consent by the Russian Government, being fulfilled and thus may or may not proceed. Shareholders and potential investors are advised to exercise extreme caution when dealing in the Shares.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 10 June 2013, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 2 July 2013.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

"Acquisitions"	Phase I Acquisition, Phase II Acquisition and Phase III Acquisition
"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Company"	Pearl Oriental Oil Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
"Competent Person"	Oilfield Production Consultants (OPC) Limited, an independent petroleum technology consulting company, which has prepared the competent person's report in respect of the Nizhnechutinskoy Field and Khudayelskoye Field
"connected persons"	has the meaning ascribed to it under the Listing Rules
"Consideration Share(s)"	600,146,182 new Shares to be issued by the Company, as part of the consideration for Phase I Acquisition, to the Vendor in accordance with the terms and conditions of the S&P Agreement
"Conversion Share(s)"	new Share(s) to be issued by the Company upon the exercise of the conversion right under the Convertible Notes
"Convertible Notes"	the unsecured convertible notes in aggregate principal amount of up to US$192,807,251 with an initial conversion price of HK$0.55 per Conversion Share to be issued by the Company to the Vendor, as part of the consideration for the Acquisitions, in accordance with the terms and conditions of the S&P Agreement
"Cooperation Agreement"	the cooperation agreement dated 17 January 2013 (as supplemented by a letter agreement dated 23 January 2013) entered into between the Company and the Vendor, details of which were set out in the announcement of the Company dated 29 January 2013
"Director(s)"	the director(s) of the Company
"First Option"	the option granted by the Vendor to the Purchaser under the S&P Agreement entitling it to acquire the First Option Shares at US$1 per First Option Share
"First Option Share(s)"	196,707,562 Target Shares to be acquired by the Purchaser from the Vendor upon exercise of the First Option by the Purchaser
"GBP" and "pence"	Pound sterling and pence respectively, the lawful currency of the United Kingdom
"Government Commission"	the Government Commission for Control over Foreign Investment in the Russian Federation

"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Izberbash Block"	an oil and gas block located on the continental shelf of the Caspian Sea, Republic of Dagestan, Russia
"Kamanisk"	Kamanisk Holdings Limited, an existing shareholder of the Target
"Khudayelskoye Field"	an oilfield located at the southern end of the Pechora-Kozhva Swell, adjacent to the Upper Pechora Trough in Russia
"KNG"	Komineftegaz, a wholly-owned subsidiary of the Target, which holds the subsoil license for exploration and production of oil and gas at the Khudayelskoye Field
"Last Trading Day"	7 June 2013, being the last trading day before the publication of this announcement
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"NGPT"	Neftegazopromyslovye Tekhnologii, a wholly-owned subsidiary of the Target, which holds the subsoil license for exploration, survey and production of oil and gas at the Nizhnechutinskoy Field
"Nizhnechutinskoy Field"	an oilfield located at the northeastern slope of South Timan, the Ukhtinsky Region of the Komi Republic, Russia
"Option Share(s)"	the First Option Share(s) and/or the Second Option Share(s)
"Phase I Acquisition"	the acquisition of the Sale Shares by the Purchaser in accordance with the terms and conditions of the S&P Agreement
"Phase II Acquisition"	the acquisition of the First Option Shares by the Purchaser in accordance with the terms and conditions of the S&P Agreement
"Phase III Acquisition"	the acquisition of the Second Option Shares by the Purchaser in accordance with the terms and conditions of the S&P Agreement
"PRC"	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Purchaser"	Power East Global Limited, a company incorporated in the British Virgin Islands with limited liability which is indirectly wholly-owned by the Company

"Restructuring"	the restructuring of the share capital of the Target as contemplated under the Restructuring Agreement (except the subscription of new Target Shares by certain parties to the Restructuring Agreement, completion of which is expected to take place after completion of Phase I Acquisition and Phase II Acquisition) upon the completion of which the total issued share capital of the Target is expected to be 457,270,042 Target Shares
"Restructuring Agreement"	the agreement dated 5 June 2013 entered into among, inter alia, the Target and the Vendor relating to certain subscriptions of shares, the use of proceeds thereof, conversions of shares, a tender offer, the grant of share options and other matters regarding the Target
"Russian Governmental Approval"	the approval, consent and/or clearance by the Government Commission of the transactions contemplated in the S&P Agreement (or any one of them) under Strategic Sectors Law
"S&P Agreement"	the share purchase agreement dated 7 June 2013 entered into between the Purchaser and the Vendor in relation to the Acquisitions
"Sale Shares"	105,636,001 Target Shares
"Second Option"	the option granted by the Vendor to the Purchaser under the S&P Agreement to acquire the Second Option Shares at US$1 per Second Option Share
"Second Option Share(s)"	104,270,938 Target Shares to be acquired by the Purchaser from the Vendor upon exercise of the Second Option by the Purchaser
"SGM"	the special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the S&P Agreement and the transactions contemplated thereunder
"Share(s)"	ordinary share(s) of HK$0.1 each in the issued share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"stb(s)"	stock tank barrel(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategic Sectors Law"	the Russian Federation Federal Law No. 57-FZ on the procedure for foreign investment in companies with strategic significance for national security and defense (as the same may be amended, re-enacted, superseded and/or replaced)
"Sulak Block"	an oil and gas block located on the continental shelf of the Caspian Sea, Republic of Dagestan, Russia
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers

"Target"	Timan Oil & Gas plc, a public limited company incorporated in England and Wales
"Target Group"	the Target and its subsidiaries
"Target Share(s)"	ordinary share(s) of 1 pence each in the issued share capital of the Target
"US$"	United States dollar, the lawful currency of the United States of America
"VALMIN Code"	The Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (2005 edition), as prepared by the VALMIN Committee, a joint committee of The Australian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Mineral Industry Consultants Association as amended from time to time
"Vendor"	Levant Energy Limited, a company incorporated in the United Arab Emirates with limited liability
"%"	per cent

Translation of amounts in US$ into HK$ and GBP into HK$ have been made at the rate of US$1 = HK$7.8 and GBP1 = HK$12.0 respectively in this announcement for illustration purpose only. No representation is made that any amount in US$ and GBP have been, could have been or may be converted at such rate or at all.

By Order of the Board
Pearl Oriental Oil Limited
Law Wing Tak, Jack
Executive Director and Chief Executive Officer

Hong Kong, 28 June 2013

As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Wong Yuk Kwan (alias: Wong Kwan), Mr. Mohamad Ajami, Mr. Law Wing Tak, Jack, Mr. Wong Hiu Tung and Mr. Zhou Li Yang; one non-executive Director, namely, Mr. Baiseitov Bakhytbek; and three independent non-executive Directors, namely, Mr. Lam Kwan, Mr. Chan Kwan Pak and Ms. Yuen Sau Ying, Christine.

* *for identification purpose only*