

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the section entitled “Business — Our Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$4,287.2 million (assuming an Offer Price of HK\$4.97 per Share, being the mid-point of the estimated Offer Price range), after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering.

We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately 93% of the net proceeds to us (approximately HK\$3,987.1 million, assuming an Offer Price of HK\$4.97 per Share, being the mid-point of the estimated Offer Price range) will be used for funding the development of oil sands and heavy oil projects, out of which we intend to allocate as follows:

| | |
|----------------------------|-------------------|
| West Ells | 64% |
| Delineation Drilling | 12% |
| Muskwa | 5% |
| Thickwood | 3% |
| Other Projects | <u>9%</u> |
| Total | <u><u>93%</u></u> |

and

- approximately 7% of the net proceeds to us (approximately HK\$300.1 million, assuming an Offer Price of HK\$4.97 per Share, being the mid-point of the estimated Offer Price range) will be used as general working capital for corporate and other purposes.

To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis. To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above they will be placed in short term demand deposits and/or money market instruments.

We expect to fund our capital expenditure requirements through cash at bank and on hand, net proceeds from the Global Offering, cash generated from operating activities, further issuances of equity and utilisation of credit facilities where available, however, we currently do not have any plan for further issuances of equity. We intend to develop our projects in multiple phases with staggered start dates, which we expect will allow us to maximise the efficiency of our available capital. Our intention is that cash flows from the development of more mature projects will help to finance the capital requirements of subsequent project development work, thereby reducing our need for additional external financing. For more information, refer to the section entitled “Business — Capital Expenditure” for details of our anticipated capital requirements and cash flows from our various projects.