FAQ

PART A – QUALIFYING ACQUISITION ("QA")

1. What is your view on the outlook for oil & gas industry in 2016?

Fossil fuels of the oil and gas industry would continue to be the dominant energy source for the world. The exploration and production of fossil fuels would continue at concerted efforts in spite of the current oil price scenario, as it has been for decades. The industry has gone through many rounds of ups and downs in the oil prices, and has been resilient enough to weather both the good and not so good times. 2015 appears to be one of the many challenging years the industry has had.

We estimate the oil prices to settle around USD50 – USD60 per barrel in 2016. Exploration and Drilling activities would slow down to some extent along with new development projects until further outlook. However, production and maintenance activities would have to continue as these directly impact oil and gas asset performance and asset integrity.

2. What is Reach Energy's nature of business?

Reach Energy is the fourth and largest oil and gas SPAC set up in Malaysia with the aim to acquire oil and gas operating companies or oil and gas assets (termed as Qualifying Acquisition, QA) which are primarily focused on brownfield production and development activities.

3. What are the criteria for your QA?

Our QA criteria is to acquire oil and gas brownfields in the production and/or development phases which have higher reserves certainty and upsides and are of relatively lower risk as compared to exploration assets (Please refer to Reach Energy Prospectus page 70 for more details on the key criteria in selecting an asset for our QA).

4. What is the progress on the QA?

We have received the approval from Security Commission Malaysia ("SC") for our QA proposal and the last condition precedent that we need to fulfil is to get the shareholders' approval. The Proposed Acquisition will entail Reach Energy acquiring 60% equity interest in Palaeontol B.V comprising 10,800 Palaeontol B.V. shares. With majority ownership, we will have an effective control of the Company. Palaeontol B.V. is the sole interest holder of Emir-Oil LLP, our first hydrocarbon asset, which owns the entire working interest over 850.3 sq. km. in an onshore contracted area that includes four O&G Producing fields, two Development fields and several drillable prospects.

5. **What was the reason behind this acquisition?**

   In our bid to become an independent E&P company, we have been looking for a QA that fits our portfolio and criteria. After careful evaluation of some 40 candidates, Emir-Oil was chosen as its producing fields, development fields, drillable prospects and exploration area give us a unique opportunity to cover the wider spectrum of upstream O&G production, development and subsequent exploration activities. This QA candidate also has downstream value chain in LPG and Condensate revenues.

6. **Analysts are questioning the value of the proposed oil and gas (O&G) qualifying asset (QA) in Kazakhstan to be acquired by Reach Energy, claiming that the local special-purpose acquisition company (SPAC) is paying a higher price than the true value of the asset. Reach Energy has proposed to buy the controlling stake in the Emir Oil LLP's fields which are controlled by Hong Kong-listed MIE Holdings Corporation ("MIEH") for US$154.9 million (RM638.2 million). The local O&G Company will also assume US$173.1 million (RM706.6 million) in debt owed to MIEH. Tell us why Reach is also acquiring the loan on top of paying for the asset.**

   In reference to Reach Energy Berhad ("Reach Energy" or the "Company")'s announcement made on 5 March 2016 to Bursa Malaysia Securities Berhad in respect of the Proposed Acquisition, the Company wishes to clarify that the consideration of USD154.9 million (subject to adjustments and provided that the adjusted consideration shall not be greater than USD175,889,000) comprise of :

   (i) the purchase price of USD1.00 in respect of the acquisition of 60% equity interest in Palaeontol B.V.; and

   (ii) the remaining amount of the consideration in respect of the assignment and transfer of 60% amount owing by Palaeontol B.V to MIEH. As at 30 September 2015, the amount owing by Palaeontol B.V. to MIEH is USD288.5 million.

   For item (ii) above, at the Completion Date, Reach Energy will pay the remaining amount of the consideration to MIEH for the re-assignment and transfer of 60% of the outstanding Shareholder Loans in Palaeontol B.V. (together with its accrued interest), from MIEH to Reach Energy. Upon the re-assignment, Palaeontol B.V. will owe 60% of its outstanding Shareholder Loans to Reach Energy and the remaining 40% to MIEH.

   By way of background, the existing owner i.e. the seller, MIEH, has funded Emir Oil for all the investments in facilities and well, via shareholder loans (rather than equity). Hence, in the transaction, MIEH is transferring 60% of the outstanding shareholder loans that Emir Oil owes to the MIEH, to Reach Energy. After the transfer, Emir Oil will owe Reach Energy this shareholder loan.

   In a nutshell, Reach Energy is buying the asset for USD1.00 and also buying 60% of the shareholder loan extended to Emir Oil by the Seller which means Emir Oil will owe Reach Energy that shareholder loan plus accrued interests and not Reach Energy will owe anyone.

7. **What were the criteria you considered before deciding on Emir Oil?**
   Right from the beginning, we were looking for an asset that is onshore, close to infrastructure, has a low cost of operation and bigger growth potential. After conducting the necessary technical, legal, financial and tax due diligence, we decided that Emir-Oil is the

best asset that would bring long-term value to our shareholders. As a Start-up Company we had to find an asset that is onshore (not offshore) and easier to operate.

8. Can you share with us some background information about Emir-Oil Fields?

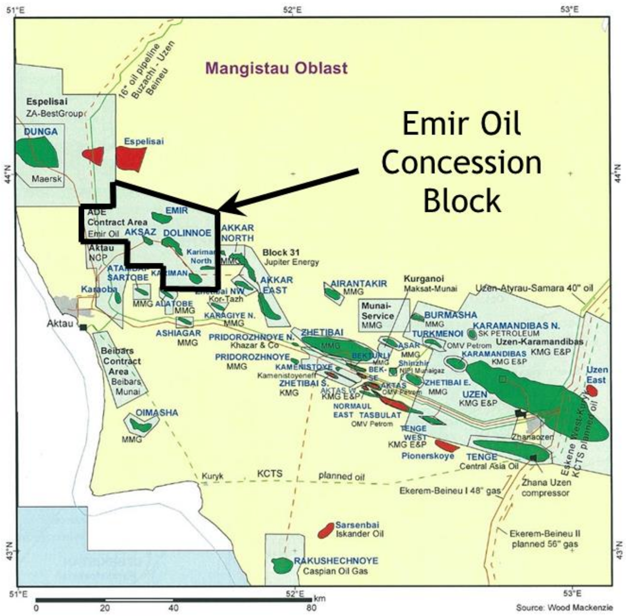
The Contract Block is located in the Mangistau Oblast about 40 km northeast of the City of Aktau which is Kazakhstan's largest sea-port on the Caspian coast. The hydrocarbon reserves of Emir-Oil Fields are located within the articulation zone of the proven oil field region in the prolific Mangyshlak Basin surrounded by some large producing fields such as Zhetibai, Uzen and Tenge. The Mangyshlak Basin is part of the 4 main hydrocarbon provinces of Kazakhstan, a country ranked amongst the top 12 hydrocarbon reserves holders globally. The Emir-Oil Concession Block (shown below) has a total contract area of approximately 850.3 sq.km. and comprises the following:

1) Four (4) Producing Fields (namely, Aksaz condensate-rich gas field, Dolinnoe oil field, Emir oil field and Kariman oil field) with a total contract area of approximately 45.5 km^2; and

2) An Exploration Area with a total contract area approximately 804.8 km^2. The following discovered fields and prospects are included in the Exploration Area:

    a) Two Development Fields (namely, the North Kariman and Yessen oil fields) which have been under pilot production since June 2012 and April 2013, respectively ; and

    b) Six Prospects (namely, Borly, Aidai, Begesh, East Saura, North Aidai, and Tanirbergen) which have been identified outside the Producing Fields for future exploration, appraisal, development and production. Additionally, four Prospects have been identified which are within and surrounding the Production Fields of Aksaz, Dolinnoe, Emir and Kariman.



9. I understand that the vendor, MIE is farming out 60% of the asset to Reach Energy. Why would they do such a thing if this is such a good asset?

We understand that the reasoning behind MIE's intentions to sell off a portion of its stake in the asset is to fund their other development programs for other oil and gas assets under their portfolio. It can be noted that the reasoning behind MIE's insistence to hold on to minimum of 40% shows that they are not willing to let go of the asset completely, highlighting the value and potential of the asset.

10. What made you look at Kazakhstan to purchase your first QA?

Kazakhstan has the largest proved oil reserves base in the Caspian Sea region. According to the EIA, Kazakhstan has proved crude oil reserves of 30 billion bbls as at January 2015 and is the second largest endowment in Eurasia after Russia, and the 12th largest in the world in 2015. Kazakhstan is the ninth largest country and the largest landlocked country in the world with a land area of over 2.7 million square km. Kazakhstan is the second largest oil producer among the former Soviet Union countries after Russia. It was estimated that in 2014 itself, the total petroleum and other liquids production was 1.70 million bbl/d.

In 2013, Kazakhstan exported nearly 1.4 million bbl/d of crude oil and condensate, with more than three-quarters of Kazakhstan's crude exports traveling around or across the Caspian Sea headed to European markets and an additional 16% of Kazakhstan's crude exports head east via a pipeline to the People's Republic of China.

Looking at this, we believe that investing in Kazakhstan's O&G industry will prove beneficial to us in the long run as the country's exports will likely increase in the near future following the commencement of production at Kashagan field and expansions at Tengiz and Karachaganak fields. Kazakhstan is also strategically placed between the two oil and gas demand centres of Europe and Asia.

11. How will this acquisition affect the Company's bottom line?

We expect this acquisition to contribute positively to the Company's bottom line immediately as the producing fields are already in the prime stage of production. We also expect the asset to continue delivering long-term revenue for the company and the shareholders.

12. What is the purpose for the creation of REB subsidiary company (SPV), and is this SPV 100% of REB?

REB SPV is a wholly-owned subsidiary company of REB, incorporated under Malaysian Laws for the sole purpose of acquiring the 60% indirect interest in Emir-Oil LLP.

13. What steps are necessary to complete the transaction between REB and the vendor? What is the current situation? Which stage REB is at present?

Per the Sales and Purchase Agreement ("SPA"), entered into with the vendor, MIE Holdings Corporation ("MIEH"), on the 5th March 2016, below are the conditions precedents to be fulfilled by REB and MIEH on or before 6 months from the date of the SPA (or such later date as the parties may mutually agree):

MIEH's conditions precedents:

i. Having procured the approval of the MOE of Kazakhstan for the transaction;

ii. Having procured the waiver of MOE of all of its pre-emption rights in connection with the transaction; and

iii. Having received approval from shareholders of MIEH at a general meeting.

REB's conditions precedents:

i. Having approval from its regulators, Securities Commission Malaysia for the transaction;

ii. Having procured the approval from shareholders of REB for the transaction; and

iii. Having received approval from the Committee of Republic of Kazakhstan for Regulation of Natural Monopolies and Competition Protection for the transaction.

The current status of the transaction is that MIEH has received all of the approvals and has completed all the conditions precedents. REB has received approvals for item (i) and (iii), pending approval from the shareholders i.e. item (ii) to complete their condition precedents.

14. What kind of investments are you planning to develop further?

We intend to pursue various future value-adding opportunities through application of advanced technologies to optimise the near-term production growth rate and maximise returns to shareholders. We will focus on three (3) key areas for the first 5-years which are increasing production, increasing the reserves and optimising OPEX and CAPEX.

15. What is the allocated CAPEX for the future development mentioned?

MIEH have invested significantly in new oil and gas processing facilities. Any future CAPEX would be for pipeline tie-ins to oil and gas trunk-lines, processing facility capacity upgrades and additional wells.

16. Can you share with us some of the benefits of this Emir-Oil Fields?

The Emir-Oil Fields are located in the prolific Mangyshlak Basin, Western Kazakhstan in close vicinity to the Caspian Sea as well as the country's export and distribution infrastructure centred around Aktau. The hydrocarbon accumulation of Emir-Oil Fields lie within the articulation zone of proven oilfield region surrounded by other producing fields such as Zhetibai and Uzen oilfields.

Based on the geological data, field development plan and production performance, the Emir-Oil Fields have significant 2P reserves. As at 1 July 2016, RPS Energy has estimated the remaining indicative gross 2P oil reserves of 70.0 MMstb and 2P gas reserves of 116.3 Bscf (total equivalent to approximately 89.4 MMboe) in the Producing Fields and Development Fields. Besides the substantial P3 reserves, a number of drillable prospects have been identified from 3D seismic interpretation. The unrisked prospective resources was estimated at 222.9 MMstb of oil (Source: MIEH). In addition, potential areas of field and reservoir extension will provide an opportunity for Reach Energy to increase its O&G reserves within the Contract Block.

The Emir-Oil Fields provide an opportunity for Reach Energy to accomplish its strategy of investing in and operating a balanced portfolio of O&G fields covering the wider spectrum of upstream O&G production, development and exploration activities. Upon completion of the Proposed Acquisition, Reach Energy will assume effective control of Emir-Oil which owns and operates four (4) Producing Fields that are in their prime and early stage of production and two (2) Development Fields which are currently under pilot production and with significant 2P reserves and high potential of further reserves/resources upgrade. This essentially will provide immediate revenue to the enlarged Reach Energy group. In addition, further production enhancement opportunities have been identified as well as drillable prospects with exploration/appraisal opportunities to be progressed.

17. Emir-Oil has been around since 2011, why haven't other O&G players or SPACs acquire the asset and keep it for themselves?

In our opinion, many O&G companies have been consolidating their respective portfolios for quite a while since the beginning of the oil slump last year. Some of the O&G companies are also in need of cash and would sell part of their asset for a reasonable price.

In addition, some companies may find Emir-Oil unsuitable for their portfolio due to their own reasons. Fortunately, the asset fits well with Reach Energy QA criteria.

18. What are the future plans of REB, after completion of transaction?

After completion of transaction, REB will assume control of Emir-Oil LLP whereby in the short to medium term will concentrate on developing the Emir-Oil oilfields to create more value for its shareholders. Among others, the key initiatives planned are:

i. Operating Team in Place:

- Integrate the operations team in Kazakhstan and Malaysia to further optimize the operations of Emir-Oil.

ii. Complete the Central Processing Facility (CPF) Project and construct the two pipelines

- On-going construction of CPF expected to be completed by the end of 2016.
- Commence construction of the oil and gas pipelines connecting to Kaz Trans Oil ("KTO") trunk line and Kaz Trans Gas ("KTG") trunk line.

iii. Optimize OPEX:

- Consolidate cost reductions already achieved and identify further areas to reduce costs.

iv. Develop reserve base :

- Conversion of 3P reserves to 2P with additional wells to be drilled. In addition, oil recovery is to be increased through implementation of new techniques.

- Enhance the exploration activities to convert the prospective resources into reserves.

In the longer term, REB intends to expand its operation in Kazakhstan through organic growth or M&A activities. In addition, REB will be looking for investment opportunities within the Asia Pacific region, including Malaysia.

19. Does REB plan to continue to invest in Emir Oil and other projects as well?

Currently, we have plans to complete the Phase 1 expansion that will take the processing capacity to 12,000 bbl/d of oil and 21 MMscf/d of gas. Phase 1 is expected to be on-stream late 2018 or early 2019.

Phase 2 expansion is planned to increase processing capacity to 23,000 bbl/d of oil and 31 MMScf/d of gas. Phase 2 expansion is planned to commence in 2019-2020. Any future CAPEX would be for processing facility capacity upgrades and additional wells.

REB will further review its investment plans in Emir-Oil or other projects inside or outside of Kazakhstan depending on attractiveness of the opportunities.

20. How much money is allocated for the QA?

We have allocated 94.75% or RM710.62 million from the RM750 million raised from the IPO for the QA plus the profits earned from the Islamic Trust Account.

21. What is the mode of payment for the QA?

The total purchase consideration is USD154,889,000. 85% of the adjusted Purchase Consideration is to be paid on the Completion Date and the remaining 15% of the adjusted Purchase Consideration is to be paid within twenty-four (24) months after the Completion Date, subject to the payment schedule as disclosed in our SPA.

22. What is the lifespan of the production oilfield?

Emir-Oil Fields started contractual production in 2011 and has another 20 years, until 2036, before the reserves deplete. However, ongoing studies and new discoveries would sustain production well beyond 2036.

23. What is the timeframe of completion of the QA?

Barring unforeseen circumstances and subject to all the requisite approvals being obtained, the Proposed Acquisition is expected to be completed by fourth quarter of 2016.

24. How will the completion of the QA help in the development of Reach Energy?

Once we complete the QA, Reach Energy will be transformed into a full-fledged E&P company. Then, we can embark on long-term plans – establish Reach Energy as an independent Malaysia-based E&P company with domestic and global operations.

25. What happens if the QA is not completed within the timeframe?

In the event Reach Energy fails to complete a QA within the permitted timeframe ***(by August 2017)***, it will be liquidated. The amount then held in the Trust Account, will be distributed to the respective shareholders as soon as practicable.

The management team and persons connected to them cannot participate in the Liquidation Distribution, except for securities purchased in the open market after the date of listing (Please refer to Reach Energy Prospectus page 55 for more details).

26. Can you explain in detail the procedure for a QA?

The QA must be approved by a majority numbering 75% of the total value of shares held by all shareholders present and voting. Our Articles of Association provide for the QA Share Repurchase to be made within seven (7) days after the QA has been fully and duly completed. We will consequently cancel the Shares tendered under the QA Share Repurchase.

27. The proposed QA would require at least 75% shareholder's approval, are you concerned that some of your majority shareholders would vote against the proposed QA?

It would be really unfortunate if this happens. We have conducted some analyses from our business econometric model/economic case and we are highly confident that the proposed QA will definitely bring better returns in the near term to long term.

We will engage and discuss with many of our shareholders until our EGM and hope that they can see the value and vote for the QA.

28. Do you think the 75% shareholder's approval requirement is high?

We believe the concept of SPAC is good, and we strongly support investor protection such as the 75% approval from shareholders. The shareholders are providing the fund to the Company, hence the shareholders must have a say to determine whether the QA is a quality asset or otherwise.

However, it would be unfortunate if some investors reject a quality asset which will provide high returns and if shareholders vote against it because they are only looking for short-term gain.

29. In the event this QA is rejected by the shareholders, what will be your next step?

In the event that this QA is rejected, we still have time until August 2017. We would have to review our shortlisted candidates that we had previously screened and reconsider our best choice again after evaluation of its prospects and value.

30. The current problem faced by many SPACs is many investors are treating it as a yield investment. How are you going to convince these short-term investors not to vote against?

As mentioned, it would be really unfortunate if this happens as we strongly believe the near-term and long-term return from our asset would definitely outweigh the yield gain.

We will be discussing with our key investors to convince them of our asset's value. In addition, we may organise a familiarisation trip for some of our investors to have better understanding of our asset.

31. There is an argument that if investors wish for a long-term value, they would have invested in an O&G company outright, so what are the merits or added values that differentiates this QA with others?

If this QA is approved, we will graduate and become an E&P company. One of the major differences between Reach Energy and other E&P companies is that we have better upside potential compared to some of them largely due to the value of the asset.

Not to mention, we are buying a producing oil field which is already generating revenue. So on a proforma basis, we believe that the share value of Reach Energy will definitely be higher than the cash value.

32. How much will shareholders receive from the trust account if Reach Energy fails to obtain QA?

The basis of computation of the Liquidation distribution is as follows:

$$A = \frac{\mathrm{B}}{\mathrm{C}}$$

Where A denotes the amount per share payable to the shareholders, B denotes the liquidation amount and C signifies the total amount of Shares excluding shares held by the management team, persons connected to the management team and the initial investor.

PART B – STOCK & FINANCIAL INFORMATION

33. What is the shareholding structure of Reach Energy?

After the IPO, the public owns 78.26% of the total shares, Reach Energy Holdings management team and the initial investors hold 20% and 1.74% of the remainder shares respectively.

34. What is the expiry date of the warrants?

The expiry date of the warrants is 8 years from Listing or 3 years if the QA are not completed.

35. What is the exercise date of the warrants?

The warrants can be exercised at any time during the period commencing from and inclusive of the date of completion of the QA until its expiry date.

36. What is the moratorium of the shares for the management team and the initial investors?

The management team is permitted to sell 50% of the Reach Energy Shares, Warrants and new Reach Energy Shares arising from the exercise of Warrants after Reach Energy has commenced commercial production and generated 1 full year of audited operating revenue. Thereafter, a maximum of 50% per annum on a straight line basis.

The initial investors are permitted to sell the Reach Energy Shares, Warrants and new Reach Energy Shares arising from the exercise of Warrants after the completion of the QA.

37. What advice would you give to the investors in pursuant to hold or sell your share?

We would ask the investors to accumulate and hold more of Reach Energy's shares. We have full faith in our expertise and plans. We will achieve our goals. The underlying demand from the energy sector remains strong where oil and gas will continue to be the dominating energy source of the world.

38. What are the reasons for the plunge of the share price? It has not been performing since the listing.

It is essential to note that the Company or its directors and key management do not have control over the prices of Company shares trading in the market. Nonetheless, we believe the decline in our share price was influenced by the poor market sentiment on oil & gas related counters triggered by the unexpected drop in oil prices since the last quarter of 2014.

39. How will the current share price affect the company's QA?

It will not affect the QA process as a total of 94.75% or RM710.62 million has been placed in an Islamic Trust Account during our listing and it will only be utilised for the QA.

40. How many shares now on the open stock market?

The total number of shares for Reach Energy Berhad ("REB") is 1,277,822,425 shares. However, based on the regulatory guidelines for REB, which is a Special Purpose Acquisition Vehicle ("SPAC"), the shares of its promoter i.e. Reach Energy Holdings and its initial investor (Daya Materials Berhad), totaling 277,822,425 shares or 21.74% of the total shares, are placed under moratorium and cannot be traded for a period of time. Hence the total number of tradeable shares on the open stock market is 1,000,000,000 shares.

41. How many shares are available in the stock market?

The 1,000,000,000 shares as mentioned in no. (40) are available in the open market for trading.

42. If an investor is interested to buy REB shares, what are the next steps?

The investor could acquire REB shares from the open market. The current share price is around RM 0.715 per share (as of 12 October 2016). The other option is to negotiate buying up blocks of shares being held by others.

43. If not enough available shares in the open stock market, how to buy shares, from the current shareholders or have some other ways?

If the intended size of investment is large (say 5% shareholdings of REB), we believe we could arrange for an off-market transaction with few of our existing shareholders. In addition, a combination of open market and off-market purchasing is possible.

44. Tell us more about the Share Placement announced recently.

On 6th May 2016, REB announced on Bursa Malaysia about the proposed placement of new ordinary shares of Reach Energy to raise gross proceeds of up to RM 180 million. The issue price of the placement will be fixed at a discount of not more than 15% to the 5-day volume weight average market price, whereby the Price-Fixing Date is to be determined later.

The shares placement is intended to replenish the cash that REB will utilize to repurchase the shares from dissenting shareholders (i.e. shareholders not supporting the proposed acquisition of Emir-Oil) and such repurchased shares will be cancelled. The money raised from the share placement will be used to complete the transaction, for investment in Emir-Oil and for working capital requirement.

The allocation of placement shares will be to the key shareholders who would support the transaction.