

Dear Mrs. Vickers,

Reference to the publication by Global Witness of the report "Scrutinizing South Sudan's First Post-Independence Oil Deal", dated 27<sup>th</sup> October 2014, STAR PETROLEUM would like to make the following statements:

- Again, we reiterate that we highly appreciate the role of Global Witness and other non-governmental organizations that investigates and campaigns to prevent natural resources-related conflicts and corruption and associated environmental and human rights abuses. We fully share those values.
- Since the Independence of the Republic of South Sudan, STAR PETROLEUM, always, has been confident about the future of the country. It has always trusted its Legal System and its Public Administration.
- STAR PETROLEUM, since its incorporation in 2005, and since the beginning of its activities in the Republic of Sudan, and after independence, in the new Republic of South Sudan, proved to be a serious and responsible investor, and has fulfilled fully its financial, technical and legal obligations required by laws and regulations. All proofs required by the Government of South Sudan have been already provided. Additionally, it is fair and important to mention that Star Petroleum always believed in the future of the independent Republic of South Sudan. We have been present in the country (first in Khartoum, before the separation, and afterwards in Juba) since 2008, and we have invested during all these years, having local presence and professional team.

✓ The following statements of your Report are not correct:

- *"The Company is closely connected to a businessman convicted of a million Euro fraud"*:
  - Mr. Merino is the beneficial owner of a small minority current participation interest (around 3%) in the Company and was a Director during a short period of time. He presented his voluntary dismissal and now he has no role in any Company activity. According to Court's public information, presumably committed the illegal conduct in period of time in which he did not have any responsibility in Star Petroleum as Director.
  - The Court accusation against Mr. Merino doesn't have any relation, directly or indirectly, with Star Petroleum or derived from his position as minority shareholder or former Director.
  - Mr. Merino is not a convicted as the Spanish Court has not still given a definitive resolution.

- *“The ultimate ownership of STAR PETROLEUM itself is opaque”.*
  - The ownership of STAR PETROLEUM as shown on page 3 of the Report is not correct in 2014.
  - International Public Authorities and STAR PETROLEUM'S Compliance Department are fully aware of the identity of all beneficial shareholders of the Company in compliance with all European Union Directives and especially to 2005/60/CE and 2006/70/CE as well as the GAFI recommendations. STAR PETROLEUM is implementing international global standards against money laundering, corruption and terrorist financing, therefore, increasing transparency and enable STAR PETROLEUM to successfully take action against illicit use of financial or corporative instruments. As per the request of the Government of the Republic of South Sudan, a list of ultimate beneficial shareholders was provided recently to them.
  - Disclosure of beneficial shareholders identity to citizens in a private Company is a matter of confidentiality as such information is irrelevant to them.
  
- *“The deal is being negotiated behind closed doors, and through a loophole in the law, which means that Star Petroleum has faced no competition from other companies in its negotiations for the concession”.*
  - STAR PETROLEUM currently has valid legal title of a working interest in Blocks E and B, of the Republic of South Sudan. Block E: STAR PETROLEUM signed a perfectly valid EPSA on the 6<sup>th</sup> August of 2010 in Khartoum for Block E. This EPSA was agreed fulfilling entirely with the legislation of Sudan and approved at the time by the National Petroleum Commission. Currently STAR PETROLEUM is in negotiations with the Ministry of Petroleum and Mining of the Republic of South Sudan, to adapt the above mentioned EPSA, into the new Republic of South Sudan's Legislation (Petroleum Act 2012), implying the signature of a new EPSA for Blocks E. Block B: Following that, parties involved are expected to sign a new EPSA for Block B.

- STAR PETROLEUM participated in a competitive process and we were able to become successful.
  - International prestigious Law Firms have been involved advising during the negotiation process both the Government of South Sudan and STAR PETROLEUM.
- *“The company isn’t producing oil anywhere else in the world”.*
- STAR PETROLEUM's Oil & Gas Management Team is highly qualified and has large experience and track-record in the sector. They lead and participated in all technical, legal and commercial negotiations and meetings with highly qualified teams of Government of Sudan, and the Independent Government of the Republic of South Sudan. The Technical Team of Star Petroleum is particularly strong on the upstream business, in which the great experience accumulated by former senior Repsol's International and African Oil & Gas executives (including Star Petroleum's COO, a top executive with 35 years in Repsol, of which 18 years as No. 2 Executive of the Company- Repsol's Vice Chairman- and Head of E&P).
  - This Team is strengthened with engineers and professionals of other areas of expertise (professionals with expertise in Natural Resources, Consulting, Finance, Equity and Debt Capital Markets). All the CVs and personal data of the Management Team has been fully provided to the Government of the Republic of South Sudan. Star Petroleum’s Technical Team, throughout their professional carriers, has the following aggregated experience in the international up-stream sector:
    - Experience in a variety of up-steam environments (including complex on-shore and off-shore blocks and marginal blocks)
    - Responsible for more than 1,200 exploration blocks
    - Managed Annual Up-Stream exploration budgets of more than \$9,000m
    - Discovered more than 6bn Boe
    - Generating production of more than 1,04m boepd
    - Operated in more than 30 different countries (in all continents), among others: Congo Brazzaville; Kazakhstan; Australia; Kurdistan; Colombia; Brazil; Uganda; Tanzania; Argentina; Algeria; Libya; Bolivia; Peru; Venezuela; Trinidad & Tobago; United States; Russia; Canada; and Nicaragua;

- *In addition, we would like to mention:*
  - STAR PETROLEUM commissioned, to an international consultant, a full study on the environmental impact regarding exploration activities in Block E, and will be executing its activity according to best international practices and the South Sudanese 2012 Petroleum Act in force. STAR PETROLEUM will take full care not to cause any risk to the environment and local communities in the concessions' areas. The Government of the Republic of South Sudan has a copy of said report.
  - Financially STAR PETROLEUM is a solid Company since its incorporation in 2005, having a paid-up share capital of 229,736,784 Euros and is not having any debts with banks or any financial liabilities to third parties. All company's costs and expenses are self-financed through the bid up capital and shareholders' loans. Star Petroleum is ready to finance its further investments in the Republic of South Sudan (Capex and Opex) as it has been proved to the Ministry of Petroleum and Mining of the Republic of South Sudan.

Accordingly, STAR PETROLEUM will not accept any accusations based on rumors, jealousy and unfounded facts that may affect the reputation and activities of the company.

The Ministry of Petroleum and Mining of the Republic of South Sudan is copied to prevent any damages that could affect also to the reputation and image of the Ministry of Petroleum and Mining and the Government of the country.

I would appreciate if you could make public this information in order to clarify and make your report more rigorous and professional.

Sincerely yours,

**Ignacio Lacasa**  
**Head of Legal & Compliance**