

November 22, 2023

To

Selan Exploration Technology Limited

Unit No. 455-457, 4th Floor,
JMD Megapolis, Sector - 48,
Sohna Road, Gurgaon,
Haryana - 122018, India

Dear Members of the Board:

I. ENGAGEMENT

We understand that the Board of Directors of Selan Exploration Technology Limited is considering an amalgamation of Antelopus Energy Private Limited with Selan Exploration Technology Limited through a Composite Scheme of Arrangement (“**Scheme**”) under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. Pursuant to the Scheme, the entire business and the undertaking of Antelopus Energy Private Limited (the “**AEPL**” or the “**Transferor Company**”) comprising their entire business, all assets and liabilities of whatsoever nature (*as set out in the Scheme*) shall be transferred to and vested in and/ or be deemed to be transferred to and vested in Selan Exploration Technology Limited (the “**SETL**” or “**Transferee Company**”) as a going concern. SETL shall be issuing equity shares to the shareholders of AEPL. The equity shares of AEPL are unlisted, however equity shares of SETL are currently listed on the BSE Limited (“**BSE**”) and the National Stock Exchange of India Limited (“**NSE**”).

II. Overview of the Scheme

The terms and conditions of the proposed issuance of shares by SETL are more fully set out in the draft Scheme shared with us, the final version of which will be filed by the aforementioned companies with the appropriate authorities.

This draft Scheme contemplates the amalgamation of AEPL with and into SETL, with effect from the Appointed Date i.e. April 1, 2023, and the consequent dissolution of AEPL without being wound up, and the issuance of equity shares of SETL to the shareholders of equity shares (including Class A 1 equity shares) and redeemable preference shareholders of AEPL in accordance with the share exchange ratio, in accordance with applicable provisions of Companies Act, 2013, Foreign Exchange Management Act, Regulations and SEBI Regulations.

We understand that the fair value of SETL being a listed company is based on its market price as per the applicable SEBI pricing regulation and the operating cash flows as expected from their assets of oil and gas through their productive life. On the other hand for AEPL being an unlisted company its fair value is based on the operating cash flows as expected from their assets of oil and gas through their productive life. Basis this the share exchange ratio for the issuance of equity shares of SETL to the shareholders of AEPL has been arrived at. We further understand that the valuation of both SETL and AEPL and the approach to such valuation has been detailed in the valuation report dated November 22, 2023 (the “**Valuation Report**”) prepared by Bansi S. Mehta Valuers LLP (the “**Valuer**”), who have been appointed for this exercise by SETL.

IIFL Securities Limited

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In connection with the aforesaid, vide engagement letter dated September 12, 2023, we are submitting our opinion ("**Opinion**"), as to the fairness of the share exchange ratio as detailed in the draft Scheme and the Valuation Report. We have not undertaken a valuation of the businesses of SETL and AEPL. Further, we have not independently checked or verified the assumptions or calculations made by the Valuer. Based on our perusal of the Valuation Report and the draft Scheme, including any assumptions and caveats mentioned therein, we understand that:

For Equity Shareholders of AEPL and Class A1 Equity Shareholders of AEPL:

“For every 10,000 equity shares and Class A1 equity shares of face and paid-up value of Rs. 10/- (Ten) held in AEPL 4287 equity shares of face and paid-up value of Rs. 10/- (Ten) in SETL”

For Preference Shareholders of AEPL:

“For every 10,000 0.001%redeemable cumulative preference shares of face and paid-up value of Rs. 10/- (Ten) held in AEPL 18 Equity shares of face and paid-up value of Rs. 10/- (Ten) in SETL”

We have relied upon the draft Scheme (together with the other facts and assumptions set forth herein) into account while determining the meaning of "fairness", from a financial point of view, for the purposes of this Opinion.

III. Rationale for the Scheme

The rationale for the Scheme as shared with us by the SETL management is based inter-alia on the following benefits:

1. Diversifying SETL’s portfolio across multiple sedimentary basins, both onshore and offshore, thereby providing access to increased proven oil and gas resource base and ability to enhance production.
2. Enhance value for stakeholders through pooling of resources and sharing technical capabilities resulting in creation of a leading energy company in India.
3. Unison in availing opportunities presented to both SETL and AEPL individually resulting in efficient management, greater economies of scale and building a stronger resource base for future growth.
4. Simplification of the shareholding structure and strengthening the operational strategy.
5. Elimination of multiple entities, resulting in focused management team, reduction in overheads and compliance costs.
6. Leveraging the complementary strengths of AEPL and SETL – the amalgamation would create meaningful value for various stakeholders including shareholders, employees and customers as the combined entity would benefit from the AEPL’s deep expertise and a strong track record in oil and gas exploration and production operations while having access to the expertise of SETL in reservoir management, leveraging technology deployment, operational efficiency and speed of execution, with safety and sustainability.

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IV. BACKGROUND

A. Antelopeus Energy Private Limited

AEPL (hereinafter referred to as the “Transferor Company”) is a private limited company incorporated under the provisions of the Companies Act, 2013 on September 25, 2018, having Corporate Identification Number U74999HR2018PTC076012.

The registered office of the Transferor Company is situated at Unit No. 455-457, 4th Floor, JMD Megapolis Sector 48, Sohna Road, Gurgaon – 122018, Haryana.

The Transferor Company is primarily engaged in the business of exploration and production of oil & gas and is focused on monetizing discovered and stranded resources in the Indian subcontinent.

The Transferor Company operates 4 contract areas. Two offshore assets, one each in the West and the East Coast of India and two onshore contract areas, one each in the State of Assam and the State of Andhra Pradesh. We understand that the onshore contract area in the State of Andhra Pradesh is awaiting the grant of Petroleum Mining Lease by the Government of Andhra Pradesh.

Presently, the entire equity share capital of the Transferor Company is held by Blackbuck Energy Investments Limited, incorporated under the laws of Cayman Islands, (“**Blackbuck**”) and its nominee (s).

B. Selan Exploration Technology Limited

SETL (hereinafter referred to as the “**Transferee Company**”) is a listed public limited company incorporated under the provisions of the Companies Act, 1956 on July 05, 1985, having Corporate Identification Number L74899HR1985PLC113196.

The registered office of the Transferee Company is situated at Unit No. 455-457, 4th Floor, JMD Megapolis Sector 48, Sohna Road, Gurgaon – 122018, Haryana.

The equity shares of the Transferee Company are listed on the National Stock Exchange of India Ltd. (“**NSE**”) and the BSE Limited (“**BSE**”). The Transferee Company is primarily engaged in the business of exploration and production of oil and gas.

As on September 30, 2023, Blackbuck holds 30.46% equity shares of the Transferee Company, and the balance 69.54% equity shares are held by the public shareholders.

V. LIMITATION OF SCOPE AND REVIEW

Our Opinion and analysis is limited to the extent of review of the valuation report by the Valuer and the draft Scheme. In connection with the Opinion, we have:

- i. Reviewed the draft Scheme and the Valuation Report
- ii. Reviewed the audited financials for SETL and AEPL for the year ended March 31, 2023

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- iii. Reviewed the Special Purpose Interim Financial Statements of AEPL and Limited Review Report of the Unaudited Financial Reports of SETL as of September 30, 2023
- iv. Reviewed the projected business plans of AEPL and SETL for the years to end on March 31, 2024 to March 31, 2040, as applicable
- v. Held discussions with Valuer, in relation to the approach taken to valuation and the details of the various methodologies utilised by them in preparing the valuation report and recommendations
- vi. Held discussions and sought various clarifications with the senior management team of SETL in relation to certain financial and operating information with respect to the business prospects
- vii. Reviewed historical stock prices and trading volumes of SETL on the BSE and the NSE.

This Opinion is intended only for the sole use and information of SETL, and in connection with the Scheme, including for the purpose of obtaining judicial and regulatory approvals for the Scheme. We are not responsible in any way to any person/ party/ statutory authority for any decision of such person or party or authority based on this Opinion. Any person/ party intending to provide finance or invest in the shares/ business of either SETL and/or AEPL or their subsidiaries/joint ventures/associates shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

It is hereby notified that any reproduction, copying or otherwise quoting of this Opinion or any part thereof, other than in connection with the Scheme as aforesaid can be done only with our prior permission in writing. We acknowledge that this Opinion will be shared to the extent as may be regulatorily required, including with the National Company Law Tribunal, stock exchanges, SEBI, shareholders, advisors of SETL in relation to the Scheme, as well as with other statutory authorities.

We have assumed and relied upon the accuracy and completeness of all information and documents provided to us, data publicly available or otherwise reviewed by or discussed by the management with us. We have relied upon the SETL management's assurances that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any respect.

We have not carried out any due diligence or independent verification or validation of any information to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the SETL or AEPL or their subsidiaries/affiliates, if any, (including and relating to any of the oil and gas production blocks and its life of exploration and production). In particular, we do not express any opinion as to the value of any asset (including and relating to any of the oil and gas production blocks and its life of exploration and production) of SETL, AEPL and / or their respective subsidiaries/affiliates, whether at current prices or in the future. No investigation of the respective company's claim to the title of assets (including and relating to any of their oil and gas production blocks and its life of exploration and production) has been made for the purpose of the exercise and the companies' claim to such rights has been assumed to be fully valid. We assume no responsibility whatsoever for matters of a legal nature. Further, we have not evaluated solvency or fair value

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of the SETL or AEPL under any law relating to bankruptcy, insolvency or a similar matter.

Our analysis and results are also specific to the financial position as of September 30, 2023 and based on market parameters and select other information up to November 21, 2023, as applicable. An exercise of this nature involves consideration of various factors. This Opinion is issued on the understanding that SETL has drawn our attention to all the matters, which they are aware of concerning the financial position of SETL and/or AEPL, their businesses (including and relating to any of their oil and gas production blocks and its life of exploration and production), and any other matter, which may have an impact on our Opinion, including any significant changes that have taken place or are likely to take place in the financial position of the Companies or their businesses (including and relating to any of their oil and gas production blocks and its life of exploration and production). We have no responsibility to update this Opinion for events and circumstances occurring after the date of this Opinion.

One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose.

We have assumed, that the Scheme will be in compliance with all applicable laws and other requirements and will be implemented on the terms described in the draft Scheme, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on SETL, AEPL or its relevant subsidiaries/affiliates and their respective shareholders. We have assumed, at the directions of SETL that the final Scheme will not differ in any material respect from the draft Scheme. We understand from the SETL's management that the Scheme will be given effect to in totality and not in parts.

We express no view or opinion as to any other terms or other aspects of the Scheme. We express no opinion or view with respect to the financial implications of the merger for any stakeholders, including creditors of the Company.

The Opinion provided by us should not be construed as a legal opinion on the Scheme filed under section 230 to 232 of the Companies Act, 2013 or with the provisions of any applicable laws.

We express no view as to, and our Opinion does not address, the underlying business decision of SETL to effect the Scheme, the relative merits of the proposed arrangement as compared to any other alternative business strategy, the effect of Scheme on SETL or AEPL or their affiliates, including, without limitation, possible implications on ownership structure, listing format, capital structure or trading price of the SETL and AEPL shares post completion of the proposed Scheme. SETL and AEPL remain solely responsible for the commercial assumptions on the basis of which they agree to proceed with the Scheme of Arrangement. Our Opinion is necessarily based only upon information as referred to in this letter.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on SETL or AEPL and/or their subsidiaries/affiliates, and their respective shareholders, nor does our Opinion address any legal, tax, regulatory (including all SEBI regulations) or

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accounting matters. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, governmental investigation or other contingent liabilities to which SETL or AEPL or its other subsidiaries/affiliates (including and relating to any of their oil and gas production blocks and its life of exploration and production), are or may be a party.

Our Opinion is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to us as September 30, 2023 and market parameters and select other information up to November 21, 2023, as applicable. It should be understood that subsequent developments may affect this Opinion and we assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof.

Our Opinion also does not address any matters otherwise than as expressly stated herein, including but not limited to matters such as corporate governance, shareholders rights or any other equitable considerations.

We may have in the past provided, and may currently or in the future provide, investment banking services to SETL and AEPL and their affiliates that are unrelated to the Scheme, for which services we have received or may receive customary fees. Our engagement as a provider of a fairness opinion is independent of our other business relationships, which we may have with SETL or AEPL and/or their subsidiaries or their respective affiliates.

In addition, in the ordinary course of their respective businesses, affiliates of IIFL Securities Limited may invest in securities of SETL or AEPL and/or its subsidiaries or group companies/affiliates/parent company or for their own accounts and for the accounts of their customers subject to compliance of SEBI (Prohibition of Insider Trading) Regulations and, accordingly, may at any time hold a position in such securities. Our engagement and the Opinion expressed herein are solely for the benefit of the Board of Directors of the SETL (in their capacity as such) in connection with its consideration of the Scheme and for none other. Delivery of our Opinion does not create any fiduciary, equitable or contractual duties on IIFL Securities Limited (including, without limitation, any duty of trust or confidence). Further, our Opinion is being provided only for the limited purpose of complying with the SEBI regulations and the requirement of the stock exchanges on which the Company is listed, and for no other purpose.

Neither IIFL Securities Limited, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for this assignment.

On the basis of our professional skills, our understanding of the business, related to the industry, market survey, we have arrived at the Opinion. Neither IIFL nor any individual signing or associated with this Opinion shall be required by reason of this Opinion to give any testimony or appear in any court or other legal proceedings.

The Company has agreed to indemnify IIFL, on demand, against liabilities arising out of or in
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connection with the services rendered and to be rendered by IIFL under the Engagement Letter.

SETL understands and acknowledges that there exists no conflict of interest or any potential conflict of interest with respect to the contents of this Opinion or the appointment of IIFL by SETL for issuing this Opinion in relation to the Scheme. Further, IIFL shall in no way be liable to SETL or AEPL or any third party for any conflict of interest or any potential conflict of interest that may arise pursuant to the issuance of this Opinion.

SETL has been provided with the opportunity to review the draft Opinion as part of our standard practice to make sure that factual inaccuracy or omissions are avoided in our final Opinion.

The fee for our services is not contingent upon the results of the Scheme. This document is subject to the laws of India.

Our Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter related thereto.

The Opinion is addressed to the Board of Directors of the Company. The Opinion shall not, otherwise than as permitted or as required as per the SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 (as amended) (“**SEBI Circular**”) be disclosed or referred to publicly or to any other third party without IIFL’s prior written consent. However, SETL may provide a copy of the Opinion if requested/ called upon by any regulatory authorities of India subject to SETL promptly intimating IIFL in writing upon receipt of such request from the regulatory authority. If this is used by any person other than to whom it is addressed or for any purpose other than the purpose stated hereinabove, we shall not be liable in any manner whatsoever, whether in contract or tort or otherwise including for any indirect, consequential, punitive, special or incidental liability to any party in connection with sharing/reference/disclosure of the Opinion as above.

VI. CONCLUSION

Based on and subject to the foregoing, we are of the opinion that the share exchange ratio under the Valuation Report dated November 22, 2023 is fair and reasonable to the shareholders from a financial point of view. Further the valuation of SETL and AEPL as detailed by the Valuer is fair and reasonable.

Yours sincerely
For **IIFL Securities Limited**



Name: Pinkesh Soni
Designation: Vice President
Place: Mumbai

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