



Management's Discussion and Analysis

for the 9 months ended
September 30, 2009

This MD&A is dated November 27, 2009

Management's Discussion and Analysis

The following management's discussion and analysis (the "MD&A") of the financial condition and results of the operations of CBM Asia Development Corp., formerly Infinity Alliance Ventures Inc. (the "Company" or "CBM Asia") constitutes management's review of the factors that affected the Company's financial and operating performance for the period ended September 30, 2009 and should be read in conjunction with the Company's unaudited interim consolidated financial statements for the period ended September 30, 2009 as well as the Company's audited consolidated financial statements and accompanying management's discussion and analysis for the year ended December 31, 2008 (together the "Annual Filings"). The Company's consolidated financial statements have been prepared in Canadian dollars unless otherwise stated, and in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). This document is dated November 27, 2009. Readers should also read the "Forward-Looking Statements" legal advisory contained at the end of this document. Readers can find further information regarding the Company and its operations on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be obtained from www.sedar.com.

CBM Asia's Business

CBM Asia Development Corp. ("CBM Asia" or the "Company") is a Canadian-based unconventional gas company with significant coalbed methane ("CBM") exploration and development opportunities in Indonesia.

In November, 2009, the Company entered into a binding letter of intent to acquire an estimated 12% participating interest in a production sharing contract ("Sekayu PSC") for CBM on a 58,349 hectare block located in the South Sumatra Basin ("Sekayu Block") where initial exploration drilling of a production test well commenced in the second half of 2009. The Company has committed to fund an initial US\$3.25 million in exploration expenditures on the Sekayu PSC to prove reserves and submit a Plan of Development to the Government of Indonesia. See "Agreements – Sekayu" below.

The Company also has an 18% net working interest in a production sharing contract ("Kutai-West PSC") for CBM on a 76,000 hectare block located in the Kutai Basin of East Kalimantan (the "Kutai-West Block"). As geotechnical lead, the Company is responsible for directing a US\$5.6 million exploration and appraisal program to November 2011, to determine commercial feasibility of CBM production for the Kutai-West PSC and submit a Plan of Development. The Company has 40% net working interests in a second 56,500 hectare block also in the Kutai Basin ("Kutai-Ephindo Block"). See "Coalbed Methane Exploration Activity" and "Agreements" below.

Indonesia has one of the largest CBM resources in the world with a potential 453 trillion cubic feet in-place, more than double the country's natural gas reserves (Stevens and Hadiyanto, 2004). Between May 2008 and August 2009, 15 CBM PSCs were granted by the Government of Indonesia, representing exploration commitments of US\$95.68 million over the next 3 years.

The Company is listed on the TSX Venture Exchange ("TSX-V"), trading under the symbol "TCF". The Company also trades on the Frankfurt Exchange under the symbol "IY2" and the clearing symbol for trading in the United States is "CMBDF".

On October 5, 2009, the Company completed a non-brokered private placement offering (the "October 2009 Offering") of 11,000,000 units (the "Units") at a price of CDN\$0.30 per Unit for gross proceeds of CDN\$3,300,000. Each Unit consisted of one common share and one share purchase warrant to purchase an additional common share for a period of 36 months at a price of \$0.40 per share. Net proceeds of the October 2009 Offering will be used to fund the acquisition, exploration and development of the Company's coalbed methane interests in Indonesia and for general working capital purposes. Since April, 2008, the Company has raised approximately CDN\$9.7 million by way of private placement and currently has 51,116,659 shares issued and outstanding. See "Liquidity" and "Capital Resources".

A detailed history of CBM Asia Development Corp., from inception to December 31, 2008, as well as a discussion of the economic and industry factors and risks affecting the Company's operations (which are substantially unchanged), can be found in the Company's Annual Filings for the year ended December 31, 2008 and in the

Company's filing statement dated July 28, 2008 (the "Filing Statement"). These documents are filed on SEDAR, www.sedar.com, under the profile of CBM Asia Development Corp.

Coalbed Methane in East Kalimantan, Indonesia

CBM Asia has partnered with Jakarta-based PT Energi Pasir Hitam Indonesia ("PT Ephindo") and Far East Methane, LLC ("Far East") of Denver, Colorado, to explore, appraise and develop potential coalbed methane resources in the Kutai Basin, East Kalimantan. Under the Kutai Participation Agreement, the Company has a right to earn an 18% participation interest on the 76,000 hectare Kutai-West Block and a 40% participation interest on the 56,500 hectare Kutai-Ephindo Block. The Kutai basin is a major oil, gas and coal producing area; has thick, gas-charged coal seams at depths of up to 5000 feet; is accessible; and has good infrastructure, including proximity to the world's second largest LNG facility, PT Badak's Bontang plant. The Kutai Basin is the third largest coalbed methane basin in Indonesia; approximately 10,000,000 hectares in size, with a potential 80 TCF of coalbed methane resources (Stevens and Hadiyanto, 2004). Based on an extensive geotechnical evaluation of areas believed to have the greatest potential for economically extractable coalbed methane in the overall Kutai Block, the Company's initial focus is on the Kutai-West Block.

In 2007, the Company commissioned a report on the CBM potential of its exploration blocks entitled "Desk Study Regional Reconnaissance of Coal Bed Methane in Kutai Basin, East Kalimantan, Indonesia", by Jakarta-based geotechnical consultancy, PT Exploration Think Tank Indonesia ("ETTI"). The study included the examination of oil and gas well logs from the Kutai Block area that indicate that a relatively large number (10 to 30) of thin (3 to 15 feet) coal seams are spread out over the entire prospective depth interval from 500 to 4,000 feet. Further information obtained from surface outcrops on the coal quality throughout the area in or near the Kutai Block, indicated that the coal has characteristics suitable for CBM development. It is generally characterized as lignite to sub-bituminous and has low ash and carbon dioxide content, with moderate moisture content. A compilation of data related to CBM exploration identified 16 coal sweet spots in the East Kalimantan area. The study identified potential CBM resources, distributed across these 16 sweet spots all within the region of the Kutai Basin where the Company's blocks are located. In May 2008, the Company commissioned McDaniel & Associates Consultants Ltd., of Calgary, to complete an independent review of the CBM potential in the Kutia Block and the Company's initial work program thereon titled "East Kalimantan CBM Block Review", a copy of which was filed on Sedar on July 30, 2008.

These results, coupled with the 2004 report by Stevens and Hadiyanto that featured a comprehensive assessment of Indonesia's CBM resources, including an analysis of petroleum and coal mining data that identified 12.7 trillion cubic metres or 453 TCF¹ of prospective CBM resources within all onshore coal basins, provide the basis for the Company's targeted exploration of the Kutai Basin, which, according to Stevens and Hadiyanto ranked third in terms of CBM resource potential with 80.4 TCF of prospective CBM resources.

Coalbed Methane Exploration Activity

Kutai West

From January 2007 to November 2008, the Company undertook the initial study phase of the Kutai West Block and in the second half of 2008, submitted a Cooperation Contract to the Government of Indonesia's Executive Agency for Upstream Oil and Natural Gas Activities ("BPMigas"), for coalbed methane production sharing on the Kutai-

¹ Estimates are not compliant with NI51-101

West Block. On November 13, 2008, the Company and its partners were awarded a production sharing contract for 86,897 (760 Km²) hectares in the Kutai West Block in East Kalimantan ("Kutai West PSC"), which is approximately 15 km from a 30 km pipeline that connects to the Bontang LNG Plant, the world's second largest LNG plant. The Kutai West PSC marked only the fourth time the Indonesian Government awarded a PSC for the exploration and development of coalbed methane in Indonesia.

The Kutai West PSC, was awarded to Kutai West CBM Inc. and Newton Energy Capital Limited (the "Consortium"). Kutai West CBM Inc. has a 45% interest in the PSC and the Company has a 40% equity interest in Kutai West CBM Inc. Under the terms of the amended Kutai Participation Agreement (April 18, 2008), the Company has the right to earn an 18% overall interest in the Kutai-West PSC.

Upon signing the Kutai West PSC, the Company and its partners were required to pay a signing bonus of US\$1,000,000 to the Government of Indonesia ("GOI"). This signing bonus has been paid in full, (CBM Asia paid its portion, US\$300,000, in April 2009) and is now engaged in the Pilot Project phase of the Kutai Participation Agreement.

In April 2009, the Consortium received approval for its 2009 Work Program to assess CBM potential of the Kutai West Block including a geological review to identify the exact location and placement of drill targets followed by drilling and testing of three exploration wells on sweet spots. The 2009 Work Program has been deferred to 2010 pending finalization of a Joint Operating Agreement with Newton Energy Capital Limited and identification and approval of service providers required to undertake the proposed Work Program.

Under the terms of the Kutai West PSC, annual working payments of US\$75,000 are required as an advance to the GOI for providing facilities, supplies and personnel. The first such payment was due and paid in July 2009. Pursuant to the terms of the Kutai Participation Agreement and the Kutai West PSC (please consult the Company's current interim consolidated financial statements for contract details) CBM Asia paid its portion, amounting to US\$22,500 ($\$75,000 \times 45\% \times 2/3$), in July 2009. The Company has budgeted to drill the three exploration wells contemplated in the 2009 Work Program plus two additional wells (5 wells in total) on the Kutai West Block in 2010 at an estimated cost to CBM Asia of US\$1,134,000.

Kutai Ephindo

On March 20, 2009, the Company along with its joint venture partner PT Ephindo announced the commencement of the initial study phase of the Kutai-Ephindo Block of its Kutai Participation Agreement (the "Study Phase") to determine the potential for coalbed methane within the Kutai-Ephindo Block. Information gained during the Study Phase has been used in the Company's plan for an exploratory and appraisal drilling program and on June 15, 2009 was submitted to BPMigas as part of the application for a Cooperation Contract with the intention of securing a Production Sharing Contract. As geotechnical lead, the Company was responsible for directing the study and upon completion on June 15, 2009, submitted the Kutai-Ephindo Study Report along with an application for a production sharing contract to BPMigas. This application covers an area of 56,300 hectares that is adjacent to, and contiguous with, the area of the Company's existing Kutai West PSC. Once completed, the Company will retain a 40% interest in this new PSC. The Company has been informed by its partner PT Ephindo that the joint evaluation study has not commenced. The Company is currently awaiting commencement of the joint study with PT Ephindo and BPMIGAS, following which CBM Asia anticipates the awarding of a PSC. Upon the commencement of such study, the Company, together with PT Ephindo, will be required to post a performance bond to the Government of Indonesia in the estimated amount of US\$1,000,000 and a further estimated "signing bonus" of US\$1,000,000 on the awarding of a PSC for such block, of which the Company's share will be 66 2/3%. See "Capital Resources" below.

Agreements

Kutai Participation Agreement

The Kutai Participation Agreement was signed on January 17, 2007 and amended on April 18, 2008 and again on April 16, 2009. This Agreement describes the project in three phases: a Study Phase, a Proposal Phase and a Pilot Project Phase. The Company has met its earn-in commitments for the Study and Proposal Phases under the terms of the Kutai Participation Agreement. As noted in **Coalbed Methane Exploration Activity** (above), the Company is now engaged in the Pilot Project Phase on the Kutai West block.

Production Sharing Contract

On November 13, 2008, the Company, together with its partners, were awarded the Kutai West Production Sharing Contract ("PSC") by BPMigas. The Kutai West PSC has an initial term of three years for the exploration period and the Company and its partners must incur exploration expenditures totalling US\$5,515,000 over a period of three years including the drilling of two core holes and four exploration wells on the Kutai Block. The Kutai West PSC is subject to a one time extension of four years. The term of the PSC is for a total of thirty years and includes a domestic market obligation to supply 25% of total CBM produced for domestic consumption. Additionally, the GOI is entitled to approximately 20% (19.6429%) of profit gas produced each year. Finally, on the anniversary of the third and sixth years, the Company must relinquish ten percent of the contract area to the Government of Indonesia.

Sekayu

In November, 2009, the Company elected to enter into a revised letter of intent dated October 16, 2009 (the "Revised LOI") with, inter alia, Batavia Energy Inc. ("Batavia") to acquire, indirectly through a holding company ("Holdco"), 24% of South Sumatra Energy Inc. ("SSE") which, together with PT Medco CBM Sekayu ("PT Medco"), the operator, holds a production sharing contract ("Sekayu PSC") for coalbed methane on a 58,349 hectare block located in the South Sumatra Basin (the "Sekayu Block"), Indonesia. Under the terms of the Revised LOI, the Company is required to make a cash payment of US\$1,000,000 to Batavia upon closing and incur exploration expenditures totalling US\$3,243,500 under the Sekayu PSC on or before December 31, 2012, to earn an estimated 12% working interest in the Sekayu PSC. The Revised LOI will also grant CBM Asia the sole and exclusive right to provide, indirectly through Holdco, financing for up to an additional 24% interest in SSE representing the remaining estimated 12% working interest in the Sekayu PSC. Closing of the Revised LOI, currently scheduled for December 2, 2009, is subject to the satisfaction or waiver of certain condition precedents including the acceptance of the Exchange.

Under the terms of a participation agreement between Batavia and PT Ephindo ("Sekayu Participation Agreement"), Batavia has the exclusive right to earn an undivided 63% interest in SSE (estimated to hold a 50% interest in the Sekayu PSC) for an estimated net 31.5% undivided working interest in the Sekayu PSC, by funding all of SSE's exploration and development expenditures under the Sekayu PSC up to the earn-in cap of US\$8,000,000, of which Batavia has funded US\$1,500,000 to date. Under the terms of the Sekayu Participation Agreement and the Revised LOI, Batavia and CBM Asia have each committed to incur US\$3,256,500 and US\$3,243,500 respectively, of the remaining US\$6,500,000 Earn in Commitment. Of CBM Asia's share of the Earn in Commitment, the Company is required to spend up to US\$1,500,000 within the first 12 months and the balance on or before December 31, 2012. However, the Company may, at its option, elect to terminate the Revised LOI at any time after incurring expenditures of US\$1,500,000 for a pro rata reduced interest in SSE. The Company has also agreed, as a post-closing matter, to negotiate in good faith with Batavia and an existing creditor to purchase CDN\$1,000,000 in debt ("Batavia's Debt") 18 months after the Closing Date of the Revised LOI, on terms to be

negotiated and mutually agreed to. If successful, the acquisition of Batavia's Debt would make CBM Asia Batavia's largest secured creditor as currently constituted.

In September 2009, PT Medco drilled CBM-SE-02 exploration core well to a depth of 1,959 feet penetrating the upper Palembang B and C, and lower Pangadang A coal seams, within the Maura Enim Formation, recording a net coal thickness of approximately 90 feet. The Palembang C seam, also in the upper group of the formation, showed a single 20-foot thick coal seam. In the lower Maura Enim unit, the Pangadang A, three seams with an aggregate coal thickness of 30 feet were encountered over an interval of 60 feet. The test well was cased to 878 feet. Samples were shipped to the Center for Geological Survey, Geological Agency of Indonesia in Bandung, where gas contents and saturations will be determined. An injection falloff test was conducted in the Palembang B coal to assess permeability.

Sangatta Participation Agreement

The Company recovered US\$134,721 against its investment on September 15, 2009, as provided for in the underlying participation agreement, from joint venture partners, and has elected not to further pursue investigations on the Sangatta project.

As at September 30, 2009, the Company had incurred a total of \$2,234,877 (December 31, 2008:\$2,121,962) in acquisition and other costs relating to the oil and gas projects including payments detailed above.

Based on the foregoing, management is of the view that the Company currently has sufficient capital to make the initial cash payment and fund its share of the proposed 2010 work program on the Sekayu PSC (see "Agreements – Sekayu" and "Proposed Transactions"), fund its 2010 budgeted work program on the Kutai West Block (see "Coalbed Methane Exploration Activity – Kutai West") and pay for its estimated general and administrative expenses for 2010. See "Liquidity" and "Capital Resources".

Selected Annual Financial Information

The selected annual financial information of the Company set out below is presented in accordance with Canadian generally accepted accounting principles and should be read in conjunction with the Company's audited consolidated financial statements for the periods presented. All figures are presented in Canadian dollars.

Table I – Selected Annual Financial Information

	Year Ended December 31, 2008	Five Months Ended December 31, 2007	Incorporation (August 29, 2006) to July 31, 2007
	(audited)	(audited)	(audited)
Total revenues	-	-	-
General and Administrative Expenses	(2,108,722)	(184,119)	(189,448)
Loss before other items	(2,108,722)	(184,119)	(189,448)
Other Items:	26,349	-	-
Interest income	-	-	136,391 ²
Foreign exchange loss	(11,741)	(1,330)	-
Project investigation costs	-	(30,340)	-
Write-down of oil & gas projects	(467,551)	-	-
Net Loss and Comprehensive Loss	\$(2,561,665)	(215,789)	(53,057)
Total assets	6,001,042	1,885,689	475,781

For a discussion of the factors that have caused variations in the Company's financial condition and results of operations for the above periods please refer to the Company's Annual Filings for the year ended December 31, 2008.

² On January 22, 2007 CBM Asia entered into a letter agreement, on a non-arm's length basis, with L.G.R. Resources Ltd. ("LGR"), a reporting issuer then listed for trading on the CNSX, whereby LGR agreed to fund certain due diligence costs related to the Kutai Project pending the negotiation and execution of a definitive agreement providing for the acquisition of CBM Asia by LGR. After failing to enter into a definitive agreement, LGR forgave a total of \$136,391 in due diligence costs incurred on behalf of CBM Asia in respect of the Kutai Project. Alan T. Charuk, the President, Chief Executive Officer and sole director of CBM Asia at that time, was also an officer of LGR when the letter agreement was made. Mr. Charuk was not a director of LGR at that time and did not participate in the decision by LGR to forgive the repayment of LGR's due diligence costs.

Results of Operations

During the year ended December 31, 2008 the Company incurred approximately \$1,367,843 in acquisition and other costs related to its coalbed methane projects in Indonesia for a total of \$2,121,962 as at December 31, 2008. However, for the nine month period ended September 30, 2009 the Company incurred only \$112,916 in expenditures related to such projects, particularly the Kutai-West Project, for total capitalized costs and expenditures of \$2,234,877 as at September 30, 2009. This difference in expenditures from 2008 to 2009 is due, in part, to higher expenditures in 2008 associated with the Company's completion of the initial study phase and award of a PSC from the Government of Indonesia for the Kutai-West Block in November, 2008 and, in part, to the Company's decision to defer its proposed 2009 work program for the Kutai-West Block from 2009 to 2010 pending finalization of a joint operating agreement with the Company's PSC partners and the identification and approval of service providers required to undertake such program. See "Coalbed Methane Exploration Activity – Kutai West".

As an exploration stage company, the Company has yet to earn any income from its properties and no revenue has been generated, other than interest income of \$45,506 for the nine month period ended September 30, 2009 (December 31, 2008 – \$26,349). Total general and administrative expenses for the nine month period ended September 30, 2009 were \$1,755,906 compared to \$771,523 for the corresponding nine month period ended September 30, 2008. This difference reflects the increased expenses associated with higher costs of managing and operating a publicly traded company. The largest increase occurred in consulting fees associated with advising the Company on strategy and planning of operations including technical advice with respect to the advancement of its coalbed methane projects. For the period ended September 30, 2009 consulting fees totalled \$410,643 compared to \$292,760 in 2008. Of this amount \$274,500 was paid to related parties in 2009 compared to \$29,750 for the corresponding period in 2008. See "Transactions with Related Parties" below. Management fees also rose from \$67,863 in 2008 to \$215,000 for the period ended September 30, 2009 reflecting in part the increased duties, responsibilities and liabilities associated with the management of a publicly traded company. See "Transaction with Related Parties" below. Salaries and employee benefits also rose from \$nil in 2008 to \$196,520 in 2009; the Company hired additional staff during the year to carry out the increased administrative and accounting functions associated with operating a publicly traded company as well as the higher level of administration associated with the Company's coalbed methane projects. The Company also incurred information technology expenses of \$75,123 in 2009 compared to nil in 2008 as the Company upgraded its computer and software systems in 2009 to reflect additional staffing and increased reporting requirements. Legal fees also rose from \$3,040 in 2008 to \$69,166 in 2009 (particularly in the three month period ended September 30, 2009 - \$43,625) due to, among other things, the completion of the October 2009 Offering and the negotiation of the Revised LOI with Batavia. Investor relations and marketing costs rose from \$20,000 in 2008 to \$75,643 in 2009 and technical & analytical, conferences increased from nil in 2008 to \$25,652 in 2009 reflecting the increased emphasis on shareholder and investor communications associated with being a publicly-traded company. The decrease in executive and board compensation from \$45,000 in 2008 to \$13,500 in 2009 was due primarily to the recording of certain fees paid to directors for consulting services in 2009 as consulting fees rather than executive and board compensation as in 2008.

The Company also incurred net stock based compensation expense of \$284,369 for the period ended September 30, 2009 (2008 – nil) in connection with the issuance of 1,889,000 options and 500,000 options to directors, officers, employees and consultants at exercise prices of \$0.28 per share and \$0.30 per share, respectively, and the cancellation and surrender of 885,666 previously granted stock options at a price of \$0.60 per share, using the Black-Scholes option pricing model.

As a result of such increased expenditures, the Company incurred a loss before other items of \$1,755,906 for the nine month period ended September 30, 2009 compared to a loss of \$771,523 for the corresponding nine month period ended September 30, 2008. After taking into account interest income of \$45,506 (2008 - \$8,575), a foreign exchange loss of \$8,774 (2008 – nil), the recovery of \$145,000 (US\$134,721) from joint venture parties (2008 – nil) and further write down of \$2,536 (2008 – nil) in connection with the Company's Sangatta project (see "Agreements – Sangatta Participation Agreement), the Company incurred a net and comprehensive loss of \$1,178,486 for the nine month period ended September 30, 2009 compared to a net and comprehensive loss of \$762,948 for the corresponding period ended September 30, 2008.

Quarterly Information

The quarterly financial information set out below is presented in accordance with Canadian generally accepted accounting principles and should be read in conjunction with the Company's financial statements and related notes for such periods. All figures are presented in Canadian dollars.

On August 12, 2008 the shareholders of CBM Asia Development Corp. ("CBM Asia") completed a reverse takeover (the "RTO") of the Company, then Infinity Alliance Ventures Inc. ("Infinity"), pursuant to which CBM Asia (legally Infinity's wholly-owned subsidiary) is considered to be the continuing entity for accounting purposes and to have acquired net assets of Infinity. Accordingly, the quarterly financial information set out in Table 2, represents that of CBM Asia which includes the financial statements of Infinity from August 12, 2008, the date of the RTO. See the Company's Annual Filings for the year ended December 31, 2008 for a detailed discussion of the RTO.

Table 2 – Quarterly Results

	2009			2008			
	September 30 (unaudited)	June 30 (unaudited)	March 31 (unaudited)	December 31 (audited)	September 30 (unaudited)	June 30 (unaudited)	March 31 ³ (unaudited)
Total Revenues	-	-	-	--	-	-	-
Working Capital	2,040,038	2,795,743	3,427,277	3,132,138	4,310,660	660,085	934,754
Loss before other items	(224,064)	(617,815)	(914,025)	(1,337,204)	(389,956)	(263,254)	(118,308)
Interest Income	109	586	44,841	17,774	5,007	3,568	-
Net Loss and Comprehensive Loss	(83,412)	(619,670)	(475,404)	(1,798,722)	(384,949)	(259,686)	(118,308)
Total Assets	4,801,902	5,232,277	6,217,038	6,001,042	6,312,935	2,071,845	2,102,844
Total Long-Term Financial Liabilities	-	-	-	-	-	-	-
Cash Dividends Declared – per share	-	-	-	-	-	-	-
Basic and Diluted Loss per Share	(0.11)	(0.13)	(0.13)	(0.09)	(.02)	(0.02)	(0.01)
Shares outstanding at period end	40,116,659	40,116,659	40,116,659	39,345,180	39,344,860	17,822,159	17,822,159

The Company is an exploration stage company and, other than interest income, it has generated no revenues from operations. To date, the Company's only source of financing has been the sale of equities and short-term loans from related parties. See **Liquidity and Capital Resources**.

Concurrent with and following the completion of the Company's RTO of Infinity in August, 2008, the Company has experienced a marked increase in general and administrative expenses resulting in significantly higher losses for

³ As a non-reporting issuer, CBM Asia did not prepare quarterly financial statements for periods prior to March 31, 2008.

those fiscal quarters completed after the RTO. The main reason for such increase is directly related to the Company's transition from a private company in the first half of 2008 to a publicly traded company in the second half of 2008 and the additional reporting, administrative, legal and regulatory requirements associated with managing and operating a publicly traded company and the increased staffing, consultants, filing fees and costs associated therewith. Management and consulting fees comprised a significant portion of these expenses totalling \$218,089 for the quarter ended September 30, 2009 compared to \$182,059 as at September 30, 2008. The balance of the Company's general and administrative expense are comprised primarily of filing fees, telephone, rent, employment costs, information technology, travel and general office supplies related to the day to day operations of the office.

Apart from the foregoing, the Company experienced significantly higher general and administrative expenses in the fourth quarter ended December 31, 2008 totalling \$1,337,204 (loss before other items) compared to the general and administrative expenses (loss before other items) in previous quarters due to certain fourth quarter adjustments including the recording of a stock based compensation expense of \$762,294. Excluding this item, the Company's general and administrative expenses (loss before other items) for the quarter ended December 31, 2008 would have been \$574,910. The Company also recorded a write-down of its interest in the Sangatta project of \$467,551 in the fourth quarter ended December 31, 2008 resulting in an overall net and comprehensive loss of \$1,798,722 compared a net and comprehensive loss of \$384,949 and \$259,686 in the previous quarters ended September 30, 2008 and June 30, 2008, respectively.

The Company also incurred a stock based compensation expense of \$484,423 in the first quarter ended March 31, 2009 thereby increasing its general and administrative expenses (loss before other items) to \$914,025 compared to general and administrative expenses (loss before other items) of only \$118,308 for the corresponding quarter ended March 31, 2008 while the Company was still a private company. Excluding this item, the Company's general and administrative expenses (loss before other items) would have been \$429,602 for the quarter ended March 31, 2009. However, the Company's overall net and comprehensive loss for the quarter ended March 31, 2009 (\$475,404) was somewhat offset by the recovery of asset back commercial paper totalling \$398,224 during the quarter. See "Capital Resources" below.

For the quarter ended September 30, 2009 the Company incurred general and administrative expenses totalling \$552,810 but recorded a loss before other items of only \$224,065 due to a recovery of \$328,745 in stock based compensation expense resulting from the cancellation and surrender of 885,666 stock options previously granted to certain directors, officers, employees and consultants of the Company at a price of \$0.60 per share. See "Outstanding Share Data" below. The recovery of \$145,000 (US\$134,721) from certain joint venture partners in connection with the Sangatta project further reduced the Company's net and comprehensive loss for the quarter ended September 30, 2009 to \$83,413.

Generally speaking, the large increase in general and administrative costs following completion of the RTO was anticipated by management and is attributable to several key factors including the hiring of technical consultants to assist in the management and development of the Company's coalbed methane projects, an increase in the number of staff required to administer the day to day operations of a publicly-traded company, the need for additional office space, increased consumption of office supplies, costs associated with regulatory filings and increased travel expenses, all in furtherance of the Company's coalbed methane projects in Indonesia.

Since the initial increase following completion of the RTO, the Company's general and administrative expenses have begun to level off with such expenses averaging approximately \$490,512 per quarter for the first nine months of 2009. Management is currently reviewing its staffing requirements and administrative functions with a view to consolidating certain operations and reducing its reliance upon outside consultants in order to better streamline the Company's operations and reduce costs.

Transactions with Related Parties

Alan T. Charuk, President and Chief Executive Officer of the Company, continues to provide ongoing management services to the Company at a fee of \$15,000 per month. During the three and nine month periods ended September 30, 2009 the Company incurred fees totalling \$45,000 (2008 - \$15,000) to Mr. Charuk.

Table 3 – Related Party Fees

During the period nine month period ended September 30, 2009 the Company also incurred consulting and/or advisory fees to the following related parties in respect of services provided to the Company:

Name of Related Party	Position with Company	Amount of Fees	Nature of Services Provided
James M. Charuk	Director	\$ 151,300 5,505 778 9,169	Oil and gas consulting Meetings Maps Rent
Far East Methane LLC (principals – Charles W. Bloomquist and Harvey S. Price)	Director / Officer	\$ 37,719 2,155	Oil and gas consulting Telephone
First Growth Management Ltd. (principal – Clint B. Sharples)	Director	\$ 84,859	General consulting

These expenditures were measured by the exchange amount, which are the amounts agreed upon by the transacting parties.

Commencing September 1, 2008 the Company agreed to pay a director's stipend of \$1,500 per month to Bradley J. Field in his capacity as an independent director of the Company. During the quarter ended September 30, 2009 Mr. Field was paid a total of \$4,500 in director's fees by the Company.

Charles W. Bloomquist, a director and officer of the Company, and Harvey S. Price, an officer of the Company, are entitled to receive, indirectly through Far East Methane LLC, a 1 ½% participating, carried interest in any production sharing contracts for coalbed methane arising out of the Kutai and Sangatta projects. Far East Methane LLC is a private consulting firm owned jointly, in equal parts, by Mr. Bloomquist and Dr. Price.

Commencing October 15, 2009 Lee Southern, the Chief Financial Officer of the Company, is receiving \$3,000 per month.

Dividend Report and Policy

The Company has not paid any dividends since incorporation. The directors of the Company intend to retain all future earnings and other cash resources for the future operation and development of the Company's business, and accordingly, do not intend to declare or pay any cash dividends in the foreseeable future.

Liquidity

The Company is an exploration stage company and, other than interest income, it has generated no revenues from operations. The Company's source of financing to date has been the sale of equities and short-term loans from related parties.

At September 30, 2009, the Company had working capital of \$2,040,037 (December 31, 2008 - \$3,132,138)

including cash and cash equivalents of \$2,137,808 representing the balance of funds remaining from the Company's brokered private placement financing of \$4,900,702 completed in conjunction with the closing of the RTO (the "Concurrent Financing")⁴. See also **Investment in Asset Backed Commercial Paper** below for a discussion of the Company's sale of ABCP for net proceeds of \$1,040,000 and "Capital Resources" for details of the October 2009 Offering completed after September 30, 2009.

Based on the information above, management is of the view that the Company currently has sufficient capital to continue as a going concern and implement its workplan (see **Coalbed Methane Exploration Activity**) for the upcoming fiscal year including the drilling of the initial evaluation wells on the Kutai-West Block in 2010.

The Company will, however, require additional capital to undertake further exploration, development and, if successful, production of its coalbed methane projects beyond 2010 and to complete the earn-in of its working interests. Failure to obtain such additional financing on commercially reasonable terms or at all could result in delay or indefinite postponement of further exploration and development and the possible, partial or total loss of the Company's interests in certain projects.

Capital Resources

Under the terms of the Kutai Participation Agreement and the Kutai West PSC, the Company is required to make certain cash payments and fund certain expenditures relating to the Kutai Block. At present, the Company has budgeted approximately \$1,134,000 to carry out its proposed work program on the Kutai-West Block in 2010. The Company has also budget a further \$1,334,000 to pay for its estimated share of the performance bond to be advanced to the Government of Indonesia upon commencement of the joint study report on the Kutai-Ephindo Block and the anticipated signing bonus to be paid to such government upon an awarding of a PSC for such block. See **Coalbed Methane Exploration Activity – Kutai West and Kutai Ephindo** and **Agreements - Kutai Participation Agreement and Production Sharing Contract**.

Costs of \$2,234,877 related to the acquisition of the Company's interest in the Kutai Block have been capitalized as at September 30, 2009 (December 31, 2008 - \$2,121,962), net of the total write-down of \$470,087 in exploration expenditures related to the Sangatta Block. These costs consist of finder's fees, legal fees, geological consulting fees, engineering consulting fees and other related acquisition costs.

By agreement dated March 19, 2008 the Company has entered into a five year office lease in respect of its premises located at Suite 404 – 815 Hornby Street, Vancouver, B.C. commencing May 1, 2008 with monthly lease payments of \$3,360. Due to the need for additional space, on April 1, 2009, the Company entered into a month-to-month arrangement for additional space at the rate of \$2,000 per month, for total monthly lease payments of \$5,560.

The Company has entered into the Revised Letter of Intent with, inter alia, Batavia to acquire, indirectly through Holdco, 24% of SSE which, together with PT Medco, the operator, holds the Sekayu PSC for coalbed methane in the Sekayu Block in South Sumatra, Indonesia. Under the terms of the Revised LOI the Company has agreed to make a cash payment of US\$1,000,000 upon closing and incur exploration expenditures totalling US\$3,243,500 under the Sekayu PSC on or before December 31, 2012 to earn an estimated 12% working interest in the Sekayu PSC. Closing of the Revised LOI is scheduled for December 2, 2009 subject to the satisfaction or waiver of all condition precedents including the acceptance of the Exchange. See "Agreements – Sekayu" above.

⁴ For details regarding the Concurrent Financing please consult the Company's Annual Filings for the year ended December 31, 2008. This figure does not include proceeds from the October 2009 Offering.

On October 5, 2009 the Company completed the October 2009 Offering consisting of 11,000,000 Units at a price of \$0.30 per Unit for gross proceeds of \$3,300,000. Each Unit consisted of one common share and one warrant to purchase an additional share for a period of 36 months at a price of \$0.40 per share, provided that the Company has the right to accelerate the expiry date of the warrants upon 30 days notice if the volume-weighted average price of the Company's shares equals or exceeds \$1.25 per share for a period of 20 consecutive trading days or more. A portion of the net proceeds from the October 2009 Offering has been set aside to make the cash payment to Batavia and fund the first year's exploration commitment (up to a maximum of US\$1,500,000) under the Sekayu PSC pursuant to the terms of the Revised LOI.

Investment in Asset Backed Commercial Paper

In January 2009 the Company was able to dispose of its ABCP and received \$1,000,000 face value of the note and \$40,000 in interest. The proceeds from the sale of the ABCP have been added to the Company's general working capital with the corresponding recovery of \$398,224 recorded in other items

Proposed Transactions

The Company has agreed to acquire, indirectly through Holdco, 24% of SSE, which, together with PT Medco, the operator, holds the Sekayu PSC for coalbed methane on the 58,349 hectare Sekayu Block located in South Sumatra Basin, Indonesia. See "Agreements – Sekayu" and "Capital Resources" above for further details regarding the Company's proposed acquisition of a participating interest in the Sekayu PSC.

Outstanding Share Data

The authorized capital of the Company consists of an unlimited number of common shares without par value, an unlimited number of Class A preference shares with a par value of \$1.00 each and an unlimited number of Class B preference shares with a par value of \$5.00 each. As of November 27, 2009, there were 51,116,659 common shares issued and outstanding.

Table 4 –Stock Options and Warrants

As of November 27, 2009, the following stock options and warrants were outstanding:

Type of Security	Number of Shares	Exercise Price	Expiry Date
Stock options (charitable org.)	113,331	\$0.15	February 19, 2017
Stock options – Series A	999,334	\$0.60	August 12, 2013
Stock options – Series B	949,000	\$0.28	January 5, 2014
Stock options – Series C	950,000	\$0.28	January 9, 2014
Stock options – Series F	<u>125,000</u>	\$0.32	May 12, 2011
	3,136,665		
Agent's options	571,748	\$0.60	August 12, 2010
Share purchase warrants	4,083,918	\$0.90	August 12, 2010
Corporate finance warrants	25,000	\$0.90	August 12, 2010
Share purchase warrants	<u>11,000,000</u>	\$0.40	October 5, 2012
TOTAL	15,680,666		

Accounting Information

Change in Accounting Policies and New Accounting Pronouncements

On January 1, 2008, the Company adopted four new accounting standards as laid out in the CICA⁵ Handbook. These were: Section 1535, Capital Disclosures, Section 3862, Financial Instruments – Disclosures, Section 3863, Financial Instruments – Presentation and Section 1400, Assessing Going Concern. The requirements of these new standards are for disclosure purposes only and have not impacted the financial results of the Company. For a detailed discussion of these accounting standards please consult the Company's unaudited interim consolidated financial statements for the period ended September 30, 2009.

Recently Released Canadian Accounting Standards

As of January 1, 2009, the Company identified several recently released accounting standards which could have an impact on its financial reporting. These are briefly described below. The Company is currently evaluating the impact of the adoption of these new sections on its financial statements. For a more in-depth discussion of these items please consult the notes to the Company's unaudited interim consolidated financial statements for the period ended September 30, 2009.

Goodwill and Intangible Assets

A new section in the CICA Handbook (Section 3064) establishes standards for the recognition, measurement, presentation and disclosure of goodwill relating to fiscal years beginning on or after October 1, 2008. The Company adopted the new standards as of January 1, 2009.

Business Combinations, Consolidated Financial Statements and Non-controlling Interests

In January 2009, the CICA issued several sections to provide guidance on these topics. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures; Section 1601 establishes standards for the preparation of consolidated financial statements; and Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, although earlier adoption is permitted. If the Company chooses to adopt any one of these Sections, the other sections must also be adopted at the same time.

Other than noted above, there were no significant changes in the Company's accounting policies during the three month period ended September 30, 2009.

International Financial Reporting Standards ("IFRS")

In February 2008, the CICA's Accounting Standards Board confirmed that IFRS will replace Canadian GAAP in 2011 for profit oriented Canadian publicly accountable enterprises. The Company will be required to report its results in accordance with IFRS beginning in 2011. The Company has developed a changeover plan to complete the transition to IFRS by January 1, 2011, including the preparation of required comparative information.

The key elements of CBM Asia's changeover plan include:

- determine appropriate changes to accounting policies and required amendments to financial disclosures;
- identify and implement changes in associated processes and information systems;
- communicate collateral impacts to internal business groups; and

⁵ Canadian Institute of Chartered Accountants

- educate and train internal and external stakeholders.

The significant areas of impact continue to include property, plant & equipment ("PP&E"), impairment testing, asset retirement obligation, stock-based compensation, and income taxes. The areas identified as being significant have the greatest potential impact to the Corporation's financial statements or the greatest risk in terms of complexity to implement. The Company expects one of the most significant impacts of the IFRS changeover will be in the accounting for certain upstream activities. Under Canadian GAAP, the Company follows the CICA's guideline on full cost accounting. In moving to IFRS, the Company will be required to adopt new accounting policies for upstream activities, including pre-exploration costs, exploration and evaluation costs and development costs.

In July 2009, the International Accounting Standards Board ("IASB") issued amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards. The amendments exempt first-time adopters using the full cost method from retrospective application of IFRS for oil and gas assets. Instead, the exemption allows a first-time adopter to measure oil and gas assets at the date of transition to IFRS on the following basis:

- (a) exploration and evaluation assets at the amount determined under the entity's previous GAAP; and
- (b) assets in the development or production phases at the amount determined for the cost centre under the entity's previous GAAP. Entities should allocate this amount to the cost centre's underlying assets pro rata using reserve volumes or reserve values as of that date.

The amendments also require entities to test exploration and evaluation assets and assets in the development and production phases for impairment at the date of transition to IFRS in accordance with IFRS 6, Exploration for and Evaluation of Mineral Resources, or IAS 36, Impairment of Assets, respectively, and, if necessary, reduce the amount determined in accordance with (a) or (b) above.

The Company will update its IFRS changeover plan to reflect new and amended accounting standards issued by the International Accounting Standards Board. As IFRS is expected to change prior to 2011, the impact of IFRS on the Company's Consolidated Financial Statements is not reasonably determinable at this time.

Critical Accounting Estimates

CBM Asia's unaudited interim consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and management has not made any assumptions regarding critical accounting estimates in the preparation of our financial statements.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Financial and Other Instruments

The Company has examined its use of financial instruments and has made the following designations: cash and cash equivalents as held-for-trading, investment in asset backed commercial paper as held-to-maturity and accounts payable and accrued liabilities as other financial liabilities. These categories of financial instruments are more fully described in the Company's unaudited interim consolidated financial statements dated September 30, 2009.

Risks and Uncertainties

The business of the Company involves a number of risks and uncertainties that could cause actual results to differ from results projected in any forward-looking statement, or statements, made in this report. In particular, coalbed methane exploration and development is subject to a high degree of risk. When the operations are located in a foreign country such as Indonesia, these risks can be even higher. The Company recognizes that even its combination of experience, knowledge and careful evaluation may fail to overcome these risks. These risks and uncertainties include those risks described below.

Foreign Currency Risk

Between the third quarter of 2008 and the quarter just ended the average U.S./Canadian dollar exchange rate decreased by 5 percent, that is from \$0.9605 in the third quarter of 2008 to \$0.9108 in the third quarter of 2009. Since the Company pays certain of its consultants and all of its operating costs in Indonesia in US funds, our exposure to foreign currency risk should the US dollar gain further ground could impact the value of our assets and cash flows. To date the Company have not engaged in hedging activities to hedge our foreign currency exposure. In the future, the Company may enter into hedging instruments to manage our foreign currency exchange risk or continue to be subject to exchange rate risk.

Credit Risk

The Company limits its exposure to credit risk by maintaining its cash with high-credit quality financial institutions.

Liquidity Risk

The Company maintains sufficient cash on hand to meet our financial obligations on their due dates. The Company is in the exploration stage and relies on equity financing obtained through the sale of common shares and the exercise of warrants and options to meet is financial obligations. Exploration and development activities are expensive and the Company will require additional financing to carry on. The Company has no assurances that the Company will be able to procure financing in the future or, that if the Company are able to procure financing that the financing will be on commercially reasonable terms.

Interest Rate Risk

The Company invests its cash in interest bearing short term deposits at floating rates of interest, thereby maintaining liquidity. As a result of maintaining cash in interest bearing accounts and deposits, the Company's cash is subject to fluctuations in interest rates, which can affect its value.

Ability to Continue as a Going Concern

Under the requirements of CICA Handbook Section 1400 management must assess and disclose the Company's ability to continue as a going concern. As noted under **Liquidity**, the Company believes that these sources will be sufficient to cover the expected cash requirements in the next 12 months.

A more in-depth discussion of risks can be found in the Company's unaudited interim consolidated financial statements dated September 30, 2009, the Annual Filings for the year ended December 31, 2008 and the Company's Filing Statement dated July 28, 2008, all of which are available for viewing on SEDAR.

Financial and Disclosure Controls and Procedures

Venture issuers are not required to include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings* ("**NI 52-109**"). In particular, the Company's certifying officers are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Additional Information

Additional information regarding the Company may be found on SEDAR, www.sedar.com

Advisory

Forward Looking Statements

Except for the statements of historical fact contained herein, the information presented in this MD&A constitutes "forward-looking information" or "forward-looking statements" within the meaning of applicable securities legislation concerning the business, operations and financial performance and condition of the Company. Often, but not always, forward-looking information and statements can be identified by words such as "plans", "expects", "may", "should", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", or variations of such words and phrases that refer to certain actions, events or results that may, could, would, might or will occur or be taken or achieved. Forward-looking information and statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by those forward-looking information and statements.

*Forward-looking statements contained in this MD&A may pertain to the following, among others: drilling plans and timing of drilling, tie-in of wells, plans for facilities construction and completion and the timing and method of funding thereof, the performance characteristics of the Company's coalbed methane properties, drilling, completion and facilities costs, results of various projects of the Company, timing of development of undeveloped reserves, production levels, the size of the Company's coalbed methane reserves, projections of market prices and costs, supply and demand for coalbed methane, expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development, treatment under governmental regulatory regimes and tax laws, and capital expenditure programs and the timing and method of financing thereof. The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below, as well as those factors discussed under **Other MD&A Requirements – Risks and Uncertainties** herein: risks associated with the coalbed methane industry (including operational risks in exploration development and production, delays or changes in plans with respect to exploration or development projects or capital expenditures); volatility in market prices for methane gas; uncertainties associated with estimating reserves and estimates and projections in relation to production, costs and expenses; uncertainties surrounding the Company's ability to obtain all permits, consents or authorizations required for its operations and activities; health, safety and environmental risks; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; geological, technical, drilling and processing problems; fluctuations in foreign exchange or interest rates and stock market volatility; changes in income tax laws or changes in tax laws and incentive programs relating to the coalbed methane industry; the ability of the Company to fund the capital and operating expenses necessary to achieve the business objectives; uncertainties associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities. Any statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions about the profitable production of the resources and reserves described. Specifically, no proved reserves have been assigned to the properties in which the Company holds participating interests. Accordingly, the future value of the Company is highly dependent on the success of the Company's exploration activities on its Kutai Block. However, exploration, appraisal, and development of coalbed methane reserves is speculative, involves a significant degree of risk, and few properties that are explored are ultimately developed into new reserves.*

In addition, all of the Company's coalbed methane properties and operations are currently located in Indonesia. As such, the Company is subject to political, economic, and other uncertainties, including, but not limited to, expropriation of property without fair compensation, changes in energy policies or the personnel administering them, nationalization, currency fluctuations and devaluations, exchange controls and royalty and tax increases and other risks arising out of foreign

governmental sovereignty over the areas in which the Company's operations are to be conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrections. The Company's ability to achieve its business objectives in Indonesia is highly dependent upon the strength and success of its Indonesian joint venture partners and other experts and consultants engaged by the Company to advise and assist the Company in Indonesia. The loss or ineffectiveness of one or more of the Company's strategic relationships in Indonesia may cause the Company's actual results of operations to differ materially from that implied by any forward-looking statements contained herein.

It is also possible that in the future third parties will operate some, if not most, of the assets in which the Company acquires an interest. In such event, the Company will have limited ability to exercise influence over the operation of these assets or their associated costs, which could adversely affect the Company's financial performance as anticipated by the forward-looking statements contained herein. The Company's return on assets operated by others will therefore depend upon a number of factors that may be outside of the Company's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices, all or any which may cause the Company's actual results from operations to differ significantly from the results implied by the forward-looking statements.

In particular, the award of a PSC by the Government of Indonesia on the Company's Kutai-Ephindo Block is contingent upon, among other things, the submission of a joint study report on the block by the Company, PT Ephindo and BP Migas. The Company has been informed by its partner PT Ephindo that the joint study has not been commenced and further delays in the commencement of such report will directly result in the delay of a PSC award, if any, from the Indonesian government. In the absence of such PSC, the Company will not be able to proceed with its proposed exploration program on the Kutai-Ephindo Block.

As disclosed under the heading "Coalbed Methane Exploration Activity – Kutai West" the 2009 work program on the Company's Kutai West Block has been deferred to 2010 pending finalization of a joint operating agreement with the Company's joint venture partners and identification and approval of service provider required to undertake the proposed work program. The Company has budgeted a commencement date for this work program by the second quarter of 2010. Any further delay in finalizing the joint operating agreement or securing services providers will result in the further postponement of the work program.

The closing of the Revised LOI with Batavia for the Company's purchase of a 12% working interest in the Sekayu PSC is scheduled for December 2, 2009. However, closing remains subject to the satisfaction or waiver of certain condition precedents including the acceptance of the Exchange. Any delay in completing the Revised LOI as scheduled could, in the absence of an agreement extending the closing date, result in a termination of the Revised LOI and loss of the Company's right to purchase an interest in the Sekayu PSC. See "Agreements – Sekayu".

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and forward-looking information in this MD&A, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information in this MD&A. These statements speak only as of the date of this MD&A and save and except as required under applicable securities legislation the Company assumes no obligation to update or revise them to reflect new events or circumstances.