

# NauticAWT Limited

(Company Registration Number: 201108075C)  
(Incorporated in the Republic of Singapore)

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## ENTRY INTO A BINDING TERM SHEET WITH RESPECT TO PROPOSED DISPOSAL OF FARM-IN INTEREST IN BLOCK VIIB, WEST GEORGIA

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### 1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of NauticAWT Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly owned subsidiary, NauticAWT Energy Pte Ltd (“**NauticAWT Energy**”) has on 26 July 2018 entered into a binding term sheet (the “**Term Sheet**”) with Qyrin Petroleum Technology Sdn Bhd (“**QP**”) and Vectra Petroleum Limited (“**Vectra**”), in relation to a potential 100% disposal of NauticAWT Energy and Vectra’s interest in the Block VIIB, West Georgia (“**Block VIIB**”) production sharing contract (the “**Block VIIB PSC**”) and NVP Georgia LLC (“**NVP**”) to QP (the “**Proposed Disposal**”).

Unless otherwise stated, all capitalised terms used herein shall have the same meaning as defined in the Company’s announcement dated 16 December 2016, 16 March 2017, 20 March 2017 and 29 September 2017 in relation to the Production Enhancement Project in Block VIIB, West Georgia.

### 2. BACKGROUND INFORMATION

#### 2.1 Information on QP

QP, an independent third party, is a private company incorporated in Malaysia. Its principal activities are the redevelopment of mature fields (brownfields) either in a consulting or advisory role or as operator of the field. Specific areas of expertise include:

- (i) Extraction and analysis of old, poor quality datasets;
- (ii) Enhanced Oil Recovery (“**EOR**”) from detailed planning, through iterative labwork and modelling, to pilot testing and full field rollout;
- (iii) Workover of old wells/drilling of new state of the art wells; and
- (iv) Detailed production enhancement.

QP is not related to any of the Directors, the controlling shareholders of the Company or their respective associates.

#### 2.2 Information on Vectra

Vectra is a private company incorporated in Hong Kong and is part of the Vectra Group, a diversified group of companies involved in aviation, manufacturing, services and oil and gas exploration and production across seven (7) countries throughout Europe and Asia.

Please refer to the Company's announcement dated 16 December 2016.

2.3 Information on Block VIIB PSC

As of the date of this announcement, NauticAWT Energy and Vectra are the legal and beneficial owners of, and has the right to convey, certain participating interests in the Block VIIB PSC. NauticAWT Energy and Vectra each holds 50% interest in the Block VIIB PSC. In addition, the Company has classified Block VIIB PSC as asset held for sale in the financial statement for the financial year ended 31 December 2017.

2.4 Information on NVP

NVP is a private company incorporated in Georgia and is an operating company under the Block VIIB PSC. NauticAWT Energy and Vectra each holds 50% of shareholding in NVP.

3. **RATIONALE**

Due to the changes of the business strategy of the Company focusing its business and funds on the development and production of Ultra High Performance Concrete ("**UHPC**") materials and offering engineered UHPC solutions and, *inter alia*, review of the Group's cash flows and working capital requirement, the Board has decided to dispose of the Block VIIB PSC and NVP.

4. **SALIENT TERMS OF THE TERM SHEET**

4.1 QP to advance a sum of US\$40,000 (the "**First US\$40K**") to NauticAWT Energy upon fulfilment of the following conditions:

- (a) Execution of the Term Sheet;
- (b) Execution of the loan agreement in relation to US\$160,000 in aggregate (which includes both the First US\$40K and the Second US\$40K, as defined below) from QP to NauticAWT Energy (the "**QP Loan Agreement**"). Please refer to paragraph 4.3 for QP Loan;
- (c) Registration and lodgement of corporate guarantee from NauticAWT Limited to QP with relevant authorities; and
- (d) Satisfactory outcome of due diligence visit to Georgia on Health, Safety and Environment ("**HSE**") and Minimum Work Program ("**MWP**") extension.

4.2 QP to further advance a sum of US\$40,000 (the "**Second US\$40K**") to NauticAWT Energy upon issuance of a confirmation letter from LEPL State Agency for Oil and Gas of the Ministry of Energy of Georgia, representing The State of Georgia (the "**Agency**"), Georgian Oil and Gas Corporation ("**GOGC**"), confirming their satisfaction with HSE clean-up works and that at least 50% of the works have been completed (the "**HSE Satisfaction Letter**").

4.3 The First and Second US\$40K, together with a sum of US\$80,000 loan from QP to NauticAWT Energy prior to the entry into this Term Sheet, totalling US\$160,000 in

aggregate (collectively known as the “**QP Loan**”) will be secured by a corporate guarantee by the Company. The interest for QP Loan is 8% per annum.

- 4.4 Upon disbursement of the First US\$40K, an exclusive option to purchase the Block VIIB PSC interest held by NauticAWT Energy and Vectra (the “**Option**”) will be granted to QP for a period of not more than 3 months or upon receipt of the MWP extension letter of support issued by the Agency reasonably satisfactory to QP (the “**MWP Support Letter**”), whichever is earlier unless otherwise extended by NauticAWT Energy, QP and Vectra (the “**Expiry Date**”).
- 4.5 Subject to the prior written approval of NauticAWT Energy, QP may elect to advance additional funds or undertake capital expenditure towards securing the MWP Support Letter (“**Additional Funds**”). Any Additional Funds advanced by QP in this regard will constitute as a loan from QP to NauticAWT Energy and shall be treated *parri passu* to the QP Loan.
- 4.6 NauticAWT Energy will remain as the operator with the responsibilities stipulated in the Block VIIB PSC prior to the exercise or expiry of the Option. For the avoidance of doubt, QP at their discretion may exercise the Option or reject the MWP Support Letter for good reason acting reasonably and in good faith (the “**Rejection**”).
- 4.7 Upon Rejection or expiry of the Option, the QP Loan together with the Additional Funds, if any, and the interest shall be repaid in full within 60 days from the date of rejection or the Expiry Date (as the case may be).
- 4.8 All legal costs of drafting the documentation relating to the Proposed Disposal and the QP Loan Agreement will be borne by NauticAWT Energy and Vectra in the same proportion as their respective stake in the Block VIIB PSC. QP will bear its own legal cost.
- 4.9 The aggregate cash consideration for the Proposed Disposal will be US\$3,000,000, US\$1,500,000 of which will be paid to Vectra and the other US\$1,500,000 to NauticAWT Energy (the “**NEPL Consideration**”).

For the avoidance of doubt, the NEPL Consideration will be paid to after deducting:

- (i) the QP Loan together with the Additional Funds advanced by QP to NauticAWT Energy, if any;
- (ii) debts held by NVP on the completion date of the Proposed Disposal; and
- (iii) any deficit in the Base Line Obligation owing to GOGC under the Block VIIB PSC on the completion date of the Proposal Disposal. Base Line Obligation is the available crude oil which shall be assigned to GOGC in accordance to the Block VIIB PSC.

## 5. DISCLOSURE OF INTERESTS

To the best of the Directors' knowledge, none of the Directors, substantial shareholders or controlling shareholders of the Company has any interests, direct or indirect, in the Term Sheet and the transactions contemplated therein, save for their interests arising by way of their directorships and shareholdings in the Company.

## 6. CAUTIONARY STATEMENT

- 6.1 The Proposed Disposal, if undertaken, will constitute a disposal under Chapter 10 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the SGX-ST and will be subject to, amongst other things, shareholders' approval, if required. The announcement pursuant to Chapter 10 of the Catalist Rules will be made in due course upon the signing of the definitive agreements.
- 6.2 The Company will make further announcement(s) in compliance with the Catalist Rules to keep shareholders informed, as and when there are further updates pertaining to the above matter or if there are any material developments. The Proposed Disposal is also subject to, amongst other things, the execution of the definitive agreements in relation to the above. Shareholders should note that at this juncture there is no certainty that definitive agreement(s) and documentation will be entered into in connection with the Proposed Disposal, or that the same will be completed.
- 6.3 Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.

By Order of the Board

**John Grønbech**

Executive Director and CEO

27 July 2018

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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