KS ENERGY LIMITED
An Integrated Energy Services Hub

CONVERSION OF PREFERRED SHARES TO ORDINARY SHARES IN THE SHARE CAPITAL OF KS DRILLING PTE. LTD.

The Board of Directors of KS Energy Limited (the "Company" and together with its subsidiaries, the "Group") wishes to announce that KS Drilling Pte. Ltd. ("**KSDR**"), an 80% owned subsidiary of the Company and the remaining 20% is owned by Itochu Corporation, has, in accordance with the terms of the Investment Agreement dated 11 April 2011 entered into between the Company, Itochu Corporation and KSDR, converted a total number of 89,078,000 preferred shares into 89,078,000 ordinary shares (the "**Conversion**"). The new ordinary shares rank *pari-passu* with the existing ordinary shares of KSDR. The said 89,078,000 preferred shares are held in equal proportions by the Company and Itochu Corporation.

Consequent to the Conversion the resultant ordinary shareholdings owned by the Company and Itochu Corporation respectively are 178,156,000 ordinary shares representing 80% and 44,539,000 ordinary shares representing 20% of the total number of issued ordinary shares in the capital of KSDR.

This Conversion does not have any material impact on the net tangible assets or earnings per share of the Company for the financial year ending 31 December 2016.

None of the directors or substantial shareholders of the Company has any direct or indirect interest in the aforesaid transaction, save for their respective interests, through their shareholdings and/or directorships, as the case may be, in the Company.

By Order of the Board
KS ENERGY LIMITED

Kim Yi Hwa
Company Secretary

17 June 2016

For more information on KS Energy Limited, please visit our website at www.ksenergy.com.sg

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