

ENECO ENERGY LIMITED
(the “Company”)
(Co. Reg. No. 200301668R)
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX-REGCO QUERIES

The Board of Directors (the “**Board**”) of Eneco Energy Limited (the “**Company**”, “**EEL**” together with its subsidiaries, the “**Group**”) would like to respond to the queries from the Singapore Exchange Regulation (the “SGX-RegCo”) on 26, 30 and 31 August 2022 in relation to the Settlement and Transfer Agreement dated 23 November 2021 entered into between PT Hexindo Gemilang Jaya (“Hexindo”) and Jadestone Energy (Lemang) Pte Ltd (“Jadestone”). The Company sets out below its responses to the queries:

Question 1

Noted from the SGXNet announcement of 22 August 2022 which states amongst others, “The SPA is subject to the following conditions precedent which may be waived by REL O&G: - (a) The completion of the Settlement and Transfer Agreement dated 23 November 2021 (“Jadestone Agreement”) entered into between the Company’s subsidiary, PT Hexindo Gemilang Jaya (“Hexindo”) and Jadestone Energy (Lemang) Pte Ltd (“Jadestone”) which was announced by the Company on 24 November 2021”.

Please quantify the financial impacts on the Company and/or the Group in the event of the Settlement and Transfer Agreement is not completed?

Company’s Response

In the very unlikely event that the Jadestone Agreement is not completed, net assets held-for-sale amounting to S\$500,000 might have to be written off at Group level. There will be no financial impact at the Company’s level.

Question 2

Please provide the Board of Directors’ assessment of the ability of the Group and the Company to operate as a going concern in the event that the Settlement and Transfer Agreement is not completed.

Company’s Response

In the event that the Jadestone Agreement is not completed, the Board of Director of the Group is of the opinion that the Group and the Company will still be able to operate as a going concern. As discussed in paragraph (iv)(3) of Appendix F, the Group had not taken the net proceeds of S\$500,000 into consideration when assessing whether the Group would be able to operate as a going concern for the next twelve (12) months from the date of lifting of the trading suspension. The Group was able to maintain healthy cashflows that is in line with its cashflows forecast despite the fact that the proceeds from the completion of the Jadestone Agreement with Jadestone has not materialised.

Question 3

Please provide an update on the status of the Settlement and Transfer Agreement. What are the milestones and the estimated timeline for completion?

Company’s Response

The Jadestone Agreement obligates Jadestone to deliver a copy of the Indonesian government approval within five business days of their receipt of the same. EEL received an email from Michael

Horn (Executive Vice President Corporate & Business Development) of Jadestone on 23 August 2022 who has assured EEL that EEL will receive a copy of the approval as soon as possible, likely within the day Jadestone receives it. Jadestone cannot, however, confirm definitively when the government approval will be given although they seem confident of receiving it soon. Further, the Jadestone Agreement obligates Jadestone to transfer the funds on the Final Settlement Date which is defined as being no more than ten business days from receipt of the Indonesian government approval. Jadestone has also assured EEL that they will not delay transfer of the funds (both to EEL and the Indonesian tax office as required under the Jadestone Agreement) and should be able to commence the transfer within a day or two of receiving the Indonesian government approval.

Question 4

With reference to the Company's response to question 1, does Jadestone have any claims against the Group? Does the Group have any existing or potential liabilities if the Transfer and Settlement Agreement is not completed?

Please quantify the amounts and explain as to the Group's ability to meet these claims.

Company's Response

The Total Debt owing by Hexindo to Jadestone as at 23 November 2021 as agreed between the parties is US\$1,357,726.99. Upon Completion of the Jadestone Settlement Agreement, Hexindo (payable to EEL) will receive from Jadestone US\$500,000 less US\$130,040.89 being tax payable by Hexindo, and thereafter both Hexindo and Jadestone will release and discharge each other from all liabilities to each other.

In the very unlikely event that the Jadestone Settlement is not completed, the US\$1,357,726.99 remains Hexindo's liability to Jadestone, and the Group and EEL is ringfenced against this liability of Hexindo since the liability is not guaranteed by EEL. In any event, with the recent completion of the Share Sale and Purchase Agreement with Indonusa Oil Ltd, EEL is no longer the ultimate holding company of Hexindo and Hexindo's liability of US\$1,357,726.99 will have to be dealt with by the new owners of Hexindo. Jadestone will therefore have no claim whatsoever against the Group.

Question 5

We note that the Sales and Purchase Agreement in relation to the disposal of the 100% of the entire issued and paid-up share capital of REIL had a condition precedent that, "The completion of the Settlement and Transfer Agreement dated 23 November 2021 ("Jadestone Agreement") entered into between the Company's subsidiary, PT Hexindo Gemilang Jaya ("Hexindo") and Jadestone Energy (Lemang) Pte Ltd ("Jadestone") which was announced by the Company on 24 November 2021". Please provide the Board's confirmation as to whether it is provided in the terms of the Sales and Purchase Agreement in relation to the disposal of the 100% of the entire issued and paid-up share capital of REIL that the Purchaser will assume the Hexindo's liability to Jadestone?

Company's Response

Clause 4.01(2)(a), (b) and (c) of the Shares Sale & Purchase Agreement between REL Oil & Gas Pte Ltd ("Vendor") and Indonusa Oil Ltd ("Purchaser") dated 7 March 2022, ("Sale & Purchase Agreement") provides as follows:

The Purchaser confirms, agrees, accepts and acknowledges that the Sale Shares are sold by the Vendor strictly on the following conditions: -

- a. the Purchaser: -
 - i. acquires the Sale Shares and all the assets of the Company and the Subsidiaries, and

ii. assumes all Liabilities of the Company and the Subsidiaries including without limitation the BG Costs,

on an “as is” basis. The Vendor makes no representations or warranties of any kind whatsoever relating to the Company and the Subsidiaries, their assets, liabilities and businesses, or relating to the Sale Shares and/or any other matter in connection thereto, save and except for the representations and warranties set out in this Agreement. In particular but without limitation, the Vendor makes no representation or warranty of any kind whatsoever regarding the status, value, validity, Liabilities and/or any other matter concerning the KSO, and the Purchaser is fully aware of the terms and conditions of the KSO and its current status, including without limitation the BG Costs;

- b. the Purchaser has conducted its own due diligence investigations into inter alia, the legal, financial, contractual and trading position of the Company and the Subsidiaries and their assets and liabilities, as well as into the Vendor’s legal and beneficial ownership and title to the Sale Shares, and the Purchaser is satisfied with the results of such due diligence investigations. In particular but without limitation, the Purchaser confirms that it is fully aware of the existing status of the KSO and the further steps, obligations, liabilities, conditions, requirements, costs and expenses that the Purchaser will need to bear, undertake and perform under the KSO including without limitation, the BG Costs which the Purchaser will solely be responsible for as part of and in addition to the Liabilities, as the new owner of the Sale Shares on Completion of the sale and purchase of the Sale Shares. The Vendor will not be responsible nor liable for any of the said obligations, liabilities, costs or expenses related to the KSO; and
- c. the Purchaser assumes the BG Costs and all the other Liabilities of the Company and the Subsidiaries following Completion and thereafter, and the Purchaser will be solely and fully responsible for payment and/or performance and payment of such Liabilities and the BG Costs.

Please see clause 2(a)(ii) and definition of Liabilities and Subsidiaries.

“Liabilities” means all obligations, liabilities, taxation, claims, losses, penalties, damages, fees, costs and expenses of any kind in connection with the Company and the Subsidiaries and the business or affairs of the Company and the Subsidiaries including without limitation all obligations, liabilities, claims, penalties, fees, costs and expenses under or in connection with the KSO (including without limitation the BG Costs);

“Subsidiaries” means the direct and indirect subsidiaries of the Vendor as set out in Section 1.01 above, including the Company;

Hexindo was a Subsidiary of the Vendor as at the date of the Agreement and as at completion of the Agreement and therefore the Board can confirm that it is provided in the terms of the Sales and Purchase Agreement in relation to the disposal of the 100% of the entire issued and paid-up share capital of REIL that the Purchaser will assume Hexindo’s liability to Jadestone.

By Order of the Board

ENECO ENERGY LIMITED

Gwee Chee Kiang
Chief Executive Officer
31 August 2022