

FALCON ENERGY GROUP LIMITED
(Company Registration No.: 200403817G)
(Incorporated in the Republic of Singapore)

UPDATE ANNOUNCEMENT

CONSTRUCTION CONTRACTS WITH SHANHAIGUAN NEW SHIPBUILDING INDUSTRY CO., LTD. (“BUILDER”) IN RELATION TO THE CONSTRUCTION OF FOUR UNITS OF JACK-UP RIGS

Unless otherwise defined, all capitalized terms used in this announcement shall bear the same meanings as in the Company’s Annual Report 2015/2016.

The Board of Directors (“**Board**”) of Falcon Energy Group Limited (“**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce the following:

1. By way of background, FTS Derricks Pte. Ltd. (“**FTS Derricks**”) (then a subsidiary of the Group, and now an associate of the Group) had, in 2013, entered into four construction contracts with the Builder in relation to the construction of four units of jack-up rigs. In connection therewith, the Company had given four performance guarantees for the due and punctual payment by FTS Derricks of the final instalment of the contract price payable by FTS Derricks upon delivery of the rig (and interest thereon) under each construction contract. The four performance guarantees amount to US\$784,800,000.
2. The performance guarantees for three of the four rigs amounting to US\$588,600,000 given by the Company have become no longer of effect as the Builder and FTS Derricks have each respectively exercised its rights under the three relevant construction contracts to terminate the said contracts.
3. Matters concerning the construction contract for the fourth rig are currently under discussion with the Builder. The management of the Company expects this to come to a conclusion shortly.

Shareholders and potential investors are advised to exercise caution in trading their shares. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Tan Pong Tyea
Chairman and Chief Executive Officer

31 May 2017