

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

SETTLEMENT & TRANSFER AGREEMENT WITH JADESTONE ENERGY (LEMANG) PTE LTD

The Board of Directors (the "**Board**") of **Eneco Energy Limited** (the "**Company**") wishes to inform shareholders that the Company's subsidiary, **PT Hexindo Gemilang Jaya** ("**Hexindo**") has on 23 November 2021 entered into a Settlement & Transfer Agreement (the "**Agreement**") with **Jadestone Energy (Lemang) Pte Ltd** ("**Jadestone**"). Jadestone and Hexindo are referred to as "Parties" and each a "Party".

(I) Background

(1) Jadestone and Hexindo are both parties to:-

- (a) the Production Sharing Contract dated 18 January 2007 ("**PSC**") originally entered into between PT Indelberg Indonesia, Hexindo and Badan Pelaksana Kegiatan Usaha Hulu Minyak Dan Gas Bumi relating to the area known as the "Lemang Block" located in the Jambi and Riau Provinces, Onshore South Sumatera, Indonesia ("**Lemang Block**") as amended from time to time, including by the Assignment Agreement dated 27 June 2020; and
- (b) the Joint Operating Agreement ("**JOA**") relating to the Lemang Block originally dated 19 December 2011, amended and restated on 4 October 2015 and as subsequently amended and novated from time to time.

(2) The Participating Interests of the Parties in the PSC and JOA ("**Participating Interest**") are as follows:

Jadestone (Operator)	:	90%
Hexindo	:	10%

- (3) Prior to the Agreement, the amount outstanding which is due and payable by Hexindo to Jadestone relating to its Participating Interest pursuant to the JOA is US\$1,357,726.99 ("**Total Debt**").
- (4) The Parties negotiated and entered into the Agreement, the salient terms and conditions whereof are set out below, in full and final settlement of all claims that each Party has or may have against one another.

(II) Salient Terms of the Settlement Agreement

The salient terms of the Agreement are as follows.

(1) The Agreement is subject to the following conditions precedent:-

- (a) The approval of the shareholders of the Company of the terms and conditions of the Agreement;
- (b) the approval of the shareholders of Hexindo, approving the Agreement and the transfer of the Hexindo Participating Interest to Jadestone;
- (c) the receipt by the Parties of the Discharge Confirmation from Super Power Enterprises Group Limited (British Virgin Islands Registration No. 1067327) ("**SPE**"), confirming, amongst other

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matters, that SPE has no further claims of any kind and in any manner whatsoever over any of the Lemang Block, the PSC or the JOA, or in any manner whatsoever against Hexindo, the Company and/or Jadestone; and

- (d) receipt by Jadestone of the Indonesian Government's approval of the transfer and assignment of Hexindo's Participating Interest to Jadestone.

If any of the conditions precedent set out in 1(a), 1(b) or 1(c) above are not satisfied or waived within 5 months of the date of the Agreement, then either Party may terminate the Agreement by written notice to the other Party.

- (2) The Agreement becomes unconditional when all conditions precedent stated above are satisfied or waived ("**Unconditional Date**"), and the following transactions will take place:-

(a) On and with effect from the Final Settlement Date (which is 10 business days from the Unconditional Date), Hexindo irrevocably assigns and transfers Hexindo's Participating Interest to Jadestone ("**Assignment**"); and

(b) Contemporaneously with the Assignment and by the Final Settlement Date, Jadestone will pay to the Company's account, as directed by Hexindo, a sum of US\$369,959.11 being the sum of US\$500,000.00 ("**Final Settlement Sum**") less the amount payable by Hexindo as Transfer Tax amounting to US\$130,040.89 payable to the Indonesian authorities (as required by Indonesian laws). The Transfer Tax will be remitted by Jadestone directly to the Indonesian authorities on behalf of Hexindo. The Transfer Tax equates to 7% of the consideration received by Hexindo for Hexindo's Participating Interest, being the sum of the Total Debt plus the Final Settlement Sum. The Total Debt will be waived by Jadestone.

- (3) Subject to the Parties performing their respective obligations under the Agreement:-

(a) interest will cease to accrue on the Total Debt as of the date of the Agreement;

(b) the JOA will terminate and Hexindo will have no Participating Interest or other interest of any kind whatsoever over the Lemang Block or in the PSC, and will not be liable to Jadestone for any amount, expense or costs of any kind whatsoever relating to any matter in connection with the Lemang Block or the PSC or the JOA;

(c) each Party will irrevocably (i) waive all rights and claims that it has or may have against one another, and (ii) release and discharge the other Party from all obligations or claims it has or may have under the PSC, the JOA, and any other matter related to the Lemang Block whatsoever. This will apply to each Party's respective Group Members as well (as defined in the Agreement); and

(d) the settlement and release as set out in the Agreement will be in full and final settlement of the Total Debt and all other Jadestone claims and all Hexindo claims.

- (4) The Parties are bound by confidentiality provisions.

- (5) If the Agreement is terminated for any reason whatsoever prior to the transactions referred to in paragraph (2) of this Part (II) above taking place or effect, then the Parties remain bound by the PSC and the JOA as if the Agreement had not been entered into.

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On the assumption that the conditions precedent of the Settlement Agreement is met on or before 31 December 2021, the Group is expected to record an impairment loss of approximately S\$3.04 million (US\$2.24 million) to take into account the disposal including:

- (i) oil and gas properties
- (ii) investment in exploration and evaluation assets
- (iii) other receivables

at the lower of its carrying amount and fair value less costs to sell.

The Company will make further announcements to keep shareholders informed of the progress of the transactions contemplated under the Agreement in due course.

By Order of the Board

ENECO ENERGY LIMITED

Gwee Chee Kiang
Chief Executive Officer
24 November 2021