

**KS ENERGY GROUP DRILLING RIG “KS JAVA STAR” CONTRACT UPDATE
LEGAL CLAIM BY A CUSTOMER**

The Board of Directors of KS Energy Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcements dated 4 April 2019 and 2 March 2020 in relation to a contract for the “*KS Java Star*” jack-up drilling rig (the “**Rig**”) awarded to a consortium of PT Atlantic Oilfield Services, a subsidiary of KS Drilling Pte. Ltd. (“**KS Drilling**”) and PT Java Star Rig, a joint venture of KS Drilling (the “**Previous Announcements**”).

As mentioned in the announcement dated 2 March 2020, the Rig was involved in an incident which occurred at around 4pm, on 29 February 2020, in the Java Sea southeast of Bawean Island (the “**Incident**”). There was a rapid penetration of a leg into the seabed during the jacking-up preloading process, after which, a well on the platform was observed to be on fire. The fire was subsequently extinguished.

Further to the Previous Announcements, the Board wishes to announce that the consortium has received a notice of contract termination and letter of demand from the customer, Camar Resources Canada Inc. (“**CRC**”) effective from 23 March 2020. CRC has claimed for *inter alia* costs, damages and losses in relation to the Incident of US\$ 23,494,961 (the “**Claim**”). The consortium has appointed lawyers to advise them in this regard. The consortium shall defend against the termination and Claim vigorously.

The expected value of the contract was originally estimated to be approximately US\$4.9 million. The shorter contract is not expected to have any material effect on the earnings per share and net tangible assets per share of the Company for the financial year ending 31 December 2020.

The Company will release further announcements, as appropriate, to update shareholders.

By Order of the Board
KS Energy Limited

Marilyn Tan Lay Hong
Joint Company Secretary
26 March 2020

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