

DEED OF RELEASE AND SETTLEMENT RELATING TO THE GROUP'S PARTICIPATING INTEREST IN THE LEMANG PRODUCTION SHARING CONTRACT

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 entered into a Deed of Release and Settlement ("**Release & Settlement Deed**") with Mandala Energy Lemang Pte. Ltd. ("**Mandala**") relating to the Group's Participating Interest in the Lemang Production Sharing Contract ("**Lemang PSC**"), which was executed on 15 December 2020.

Pursuant to the terms of the Release and Settlement Deed, Mandala and Hexindo agreed that as of 9 December 2020, :-

- (a) the following agreements entered into between Mandala and Hexindo would be terminated :-
- (i) the farm-in agreement dated 4 October 2015 whereby Mandala acquired thirty-five per cent. (35%) Participating Interest in the Lemang PSC from Hexindo ("**35% FIA**");
 - (ii) the farm-in agreement dated 16 September 2017 whereby Mandala acquired fifteen per cent. (15%) Participating Interest in the Lemang PSC from Hexindo ("**15% FIA**");
 - (iii) the farm-in agreement dated 2 August 2018 whereby Mandala acquired six per cent. (6%) Participating Interest in the Lemang PSC from Hexindo ("**6% FIA**"); and
 - (iv) the tripartite deed entered between, amongst others, Mandala and Hexindo on 16 September 2017, (the above collectively referred to as the "**Mandala-Hexindo Agreements**"). The termination of the Mandala-Hexindo Agreements will not however, in any way affect the transfers of Participating Interests to Mandala pursuant to those agreements, which the parties acknowledge have been completed.
- (b) Each party irrevocably releases and discharges the other party and its Group Members from any and all claims which the first mentioned party and/or its Group Members may have pursuant to the Mandala-Hexindo Agreements ("**Claims**"), waives any and all such Claims, and covenants and undertakes not to make, and shall procure that none of its Group Members shall make, any Claims against the other party and/or its Group Members. "Group Member" refers to a party's subsidiary or parent company or any subsidiary of any such parent company, and its respective officers, directors, commissioners, employees or agents.

The cash calls made by Mandala on Hexindo from 30 September 2019 to 1 October 2020 amounting to US\$985,281.24 (including default interest) under the joint operating agreement ("**JOA**") between Mandala and Hexindo (originally dated 19 December 2011, amended and restated on 4 October 2015 and as subsequently amended from time to time relating to the Lemang PSC), remain outstanding and unaffected by the discharges and releases in the Release and Settlement Deed and Hexindo is in default with regards to these cash calls. Hexindo is, however, released and discharged from debts and amounts due or owing to Mandala under the Mandala-Hexindo Agreements, including the outstanding loan balance of US\$5,569,696.41 (as at 31 October 2020) This will result in the extinguishment of liabilities of the Group amounting to US\$ 5,569,696.41 thus improving the profit and loss account of the Group. Further, the Release and Settlement Deed additionally resolves and extinguishes Hexindo's dispute with Mandala over Hexindo's claims for US\$3,323,004.90 as at 30 September 2019. The settlement of the ongoing dispute with Mandala over Hexindo's claim of US\$3,323,004.90 and the elimination of the loan is a positive development for the Company and the Group.

BY ORDER OF THE BOARD
ENECO ENERGY LIMITED

Colin Peter Moran
Executive Director cum Chief Executive Director
15 December 2020