

RH PETROGAS LIMITED

(Registration Number: 198701138Z)

UPDATE ON PROFIT GUIDANCE FOR THE FOURTH QUARTER OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The Board of Directors (the “**Board**”) of RH Petrogas Limited (the “**Company**”) wishes to provide a further update to the profit warning issued on 8 November 2013 (SGXNET Announcement No. 149) in respect of latest development relating to the financial statements of the Company and its subsidiaries (the “**Group**”) for the fourth quarter of the financial year ended 31 December 2013.

- (1) Write-off of approximately US\$13.8 million for two unsuccessful exploration wells, being:
- a) Klagalo-1 well drilled in the Kepala Burung Production Sharing Contract (“**Basin PSC**”) as previously announced in the SGXNET Announcement No. 186 dated 29 January 2014; and
 - b) Zircon-1 well drilled in the Salawati Kepala Burung Production Sharing Contract (“**Island PSC**”) as previously announced in the SGXNET Announcement No. 129 dated 15 November 2013.

Under the Production Sharing Contract (“**PSC**”) regime, a substantial portion of such exploration expenditures have been recovered from oil and gas production.

- (2) Following an annual audit review, the Group has decided to write-off approximately US\$2.6 million for other exploration and evaluation expenditures incurred in the Basin PSC and Island PSC.
- (3) Following a review in November 2013 of the further studies on the results of the Gitar-1 exploration well drilled in the West Belida PSC, the Group has concluded that no further work will be carried out on this structure. As such, the Group will write-off the drilling cost of approximately US\$3.7 million as well as the costs of the seismic survey, geochemical survey and other geological and geophysical works incurred in the West Belida PSC, amounting to approximately US\$3.5 million.
- (4) In view of the drilling results of the Klagalo-1 and Zircon-1 wells as mentioned in paragraph (1) above, the Group carried out a reassessment of the goodwill which arose from the Group’s acquisition of the working interests in the Basin PSC and Island PSC. As a result, the Group will write-off goodwill of approximately US\$29.0 million.

The Group is in the business of exploration, development and production of oil and natural gas. To build and grow the Group’s oil and gas portfolio, the Group will from time to time explore for and drill exploration wells with a view to adding to the Group’s existing reserves and resources. Exploration success will contribute to the Group’s organic growth and add value to stakeholders.

The Group has made several successful discoveries from its exploration efforts. These include discoveries at the North Klalin and Southeast Walio fields, both located in the Basin PSC and where preparation of their Plan of Field Development (“**POFD**”) is currently underway, as well as the recent successful drilling of the offshore Koi structure located in the Island PSC, where a pre-FEED (Preliminary Front End Engineering Design) study is to be carried out. The successful development of these discoveries would add to the Group’s reserves and production going forward.

In the meantime, the Board wishes to advise shareholders of the Company and investors to exercise caution when dealing in the shares of the Company.

BY ORDER OF THE BOARD

Chang Cheng-Hsing Francis
Group CEO & Executive Director
24 February 2014