KS ENERGY LIMITED
An Integrated Energy Services Hub

ENTRY INTO SUPPLEMENTARY SHARE CHARGE TO AMEND AND SUPPLEMENT THE CURRENT SECURITY IN RELATION TO THE EXISTING KSE BONDS ("PROPOSED AMENDMENT OF SHARE CHARGE AGREEMENT")

*All capitalised terms used herein shall have the definitions ascribed to them in the announcements dated 26 May 2017, 1 August 2017, 29 September 2017, 4 October 2017, 8 December 2017, 7 June 2018, 9 July 2018, 19 October 2018, 9 November 2018, 16 November 2018, 3 December 2018 and 7 December 2018 (the "**Previous Announcements**"), unless otherwise stated or context otherwise requires.*

1. INTRODUCTION

1.1. The board of directors (the "**Board**" or the "**Directors**") of KS Energy Limited (the "**Company**", together with its subsidiaries, the "**Group**") refers to the Previous Announcements and wishes to announce that the Company has on 10 December 2018 entered into a supplemental agreement to the share charge in respect of shares in KS Drilling Pte. Ltd. with Pacific One Energy Limited ("**POEL**"), Ms Hedy Wiluan ("**HW**"), Oversea-Banking Corporation Limited ("**OCBC**") and TAEL One Partners Ltd ("**TAEL**") to amend and supplement the current security in relation to the Existing KSE bonds ("**Supplemental Share Charge**").

2. PROPOSED AMENDMENT OF SHARE CHARGE AGREEMENT

2.1. As continuing security for the payment and discharge of the Company's obligations under the Existing KSE Bonds, the Company charged its rights, title, interests, benefits and claims in its entire equity interest in KS Drilling Pte. Ltd. (the "**Charged Assets**"), representing approximately 80.09 per cent. of the equity interest of KS Drilling Pte. Ltd., by way of a first ranking fixed charge in favour of OCBC, acting as security trustee for each of POEL, HW, TAEL and OCBC (the "**Security Trustee**") subject to the terms of the share charge dated 8 December 2017 ("**Original Share Charge**" and together with the Supplemental Share Charge, the "**Share Charge**").

2.2. The Company and the Existing Bondholders, OCBC and TAEL entered into the Supplemental Share Charge to amend and supplement the Original Share Charge. Each of POEL, HW, TAEL and OCBC approved the passing of the extraordinary resolution at the bondholders meeting to enter into the Supplemental Share Charge to vary and amend certain terms of the Share Charge sequentially as set out below:

(a) Following the completion of the purchase of Existing KSE Bonds from OCBC and issuance of KSR Bonds to OCBC:

(i) OCBC shall be removed as a party (defined in the Share Charge as "Secured Parties") to the Share Charge;

(ii) The parties to the Share Charge shall be the Company, OCBC (as Security Trustee), TAEL, POEL and HW;

(iii) The shares in KS Drilling Pte. Ltd. as security shall be reduced to 97,099,817 shares and 54.2 per cent. in number of all other shares in the share capital of KS Drilling Pte. Ltd. which are in the future issued to or acquired or subscribed by the Company or (to the extent of the Company's interest) in which the Company in future has an interest;

(iv) The powers of the receiver to, *inter alia*, appoint and remove directors of the KS Drilling Pte. Ltd. shall be removed.

(b) Following the completion of the purchase of the Existing KSE Bonds from POEL and HW and issuance of Consideration Shares to POEL and HW:

(i) POEL and HW shall be removed as parties (defined in the Share Charge as "Secured Parties") to the Share Charge. The sole remaining Secured Party to the Share Charge shall be TAEL;

(ii) The shares in KS Drilling Pte. Ltd. as security shall be further reduced to 12,308,427 shares and 6.9 per cent. in number of all other shares in the share capital of KS Drilling Pte. Ltd. which are in the future issued to or acquired or subscribed by the Company or (to the extent of the Company's interest) in which the Company in future has an interest.

3. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed herein, none of the Directors or controlling Shareholders have any interests, direct or indirect, in the Proposed Amendment of Share Charge Agreement, other than through each of their respective shareholding interests, direct and/or indirect, in the Company.

4. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Supplemental Share Charge is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 19 Jurong Port Road Singapore 619093 for a period of three (3) months from the date of this announcement.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the announcement) have individually and collectively reviewed and approved the issue of this announcement, and have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate in all material aspects and that no material facts have been omitted from this announcement which would make any statement in this announcement misleading, and they jointly and severally accept responsibility accordingly. Where any information contained in this announcement has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources.

6. TRADING CAUTION

Shareholders and potential investors of the Company are advised to read this announcement, the Previous Announcements, and any further announcements by the Company carefully. Shareholders of the Company are advised to refrain from taking any action in respect of their

securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD
KS ENERGY LIMITED

Lai Kuan Loong Victor
Company Secretary
10 December 2018