KS ENERGY LIMITED
An Integrated Energy Services Hub

PT JAVA STAR RIG – CUSTOMS IMPORT DUTY IMPOSED

The Board of Directors (the "**Board**") of KS Energy Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that PT Java Star Rig ("**PT JSR**"), held by a joint venture company of KS Drilling Pte Ltd ("**KS Drilling**"), has received notice from the Ministry of Finance of the Republic of Indonesia - Directorate General Customs and Excise (the "**DGC**") that the importation of the jack-up drilling rig named the *KS Java Star* (the "**Rig**") was not in accordance with certain terms of the importation permit and customs duty exemption facility (the "**Permit**") issued by the Indonesian Investment Coordinating Board ("**BKPM**") and therefore not exempted from import duty.

The Permit was granted to PT JSR in Q4 2012 by BKPM prior to the importation of the Rig into Indonesia.

In reviewing the case, DGC concluded that the implementation of the Permit granted to PT JSR by BKPM was not in accordance with the terms of the Permit and therefore assessed that import duty and fines totalling IDR 197.0 billion (approximately S$20.5 million based on the exchange rate of S$1.00 to IDR 9,600) are due and payable by PT JSR. As a result, a customs bond arranged by KS Drilling has been called upon to settle the amount.

The Group expects the import duty and fines will negatively impact the net result for the full year ended 31 December 2015 ("**FY2015**") based on the preliminary assessment made by the Board with reference to the unaudited management accounts of the Group and information currently available to the Board, which may be different from the actual audited financial information of the Group for FY2015. Further details on the unaudited financial information will be disclosed when the Group publishes its annual results for FY2015 which is expected to be around the end of February 2016.

PT JSR is currently reviewing the decision of the DGC with their legal advisors and plans to file an appeal at the Indonesian tax court. The Company will release further announcements as and when there are material developments on the above.

KS Drilling, an 80%-owned subsidiary of the Company, is an investment holding company. The main activities of its subsidiaries are in the provision of onshore and offshore drilling services, rig management and support services, oilfield equipment ownership and leasing.

BY ORDER OF THE BOARD
KS ENERGY LIMITED

Kim Yi Hwa
Company Secretary

11 February 2016

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