

SUBSCRIPTION OF NEW SHARES IN TWO SUBSIDIARIES OF RH PETROGAS LIMITED

INTRODUCTION

1. The Board of Directors of RH Petrogas Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that following discussions which commenced in late 2017 and the in-principle terms of cooperation reached under a memorandum of understanding signed in April 2018:
 - 1.1. the Company together with Petrogas Basin Holding B.V. (“**PBHBV**”) (an indirect wholly-owned subsidiary of the Company) and Petrogas (Basin) Ltd. (“**PBL**”) (a direct wholly-owned subsidiary of PBHBV), have signed a subscription and shareholders’ agreement (“**Basin SSHA**”) with PT Citra Wahana Abadi (“**CWA**”), under which CWA has agreed to subscribe for 314,800 new Class B Shares in PBL (“**PBL Subscription Shares**”), representing 17.346% of the Class B Shares in PBL in issue immediately after the completion of such subscription (“**PBL Subscription**”); and
 - 1.2. the Company together with Petrogas Island Holding B.V. (“**PIHBV**”) (an indirect wholly-owned subsidiary of the Company), and Petrogas (Island) Ltd. (“**PIL**”) (a wholly-owned subsidiary of PIHBV), have signed a subscription and shareholders’ agreement (“**Island SSHA**”) with CWA, under which CWA has agreed to subscribe for 944,400 new Class B Shares in PIL (“**PIL Subscription Shares**”), representing 17.346% of the Class B Shares in PIL in issue immediately after the completion of such subscription (“**PIL Subscription**”).

PBL SUBSCRIPTION

2. PBL currently holds a 34.064% participating interest in, and is the operator of, the Kepala Burung Production Sharing Contract located in West Papua, Indonesia (“**Basin PSC**”). The PBL Subscription involves the re-designation of 1,500,000 existing ordinary shares in PBL held by PBHBV, as 1,500,000 PBL Class A Shares and 1,500,000 PBL Class B Shares.
3. Holders of PBL Class A Shares shall have the exclusive benefit, liability and risk of certain specific items of PBL’s balance sheet (including those which relate to earnings accrued prior to 1 January 2018 and liabilities incurred prior to 1 January 2018). In addition, holders of PBL Class A Shares are entitled to certain items, such as the appointment and removal of directors of PBL and the distribution of certain exclusive amounts as regards PBL Class A Shares. The PBL Class B Shares shall entitle the holders thereof to vote on any resolution of members.
4. Immediately after the completion of the PBL Subscription, PBHBV would hold 100% of PBL Class A Shares and 82.654% of PBL Class B Shares. CWA would hold 17.346% of PBL Class B Shares.
5. Apart from the PBL Subscription, the Basin SSHA also sets out the Company’s and CWA’s agreement on their co-operation on the current term of the Basin PSC which expires on 15 October 2020, and in the event an extension or renewed term of the Basin PSC is secured, on the new production sharing contract over the Basin PSC block. Such agreement includes the Company funding (i.e., carrying), for the first seven contract years of such

extension or renewed term of the Basin PSC or new production sharing contract over the Basin PSC block, the cash call obligations for the capital and operating costs for the block's operation which is for and attributable to CWA's direct or indirect participating interest in the Basin PSC, and the recovery of such carry from the production attributable to CWA's direct or indirect participating interest with an agreed margin uplift.

Consideration For PBL Subscription

6. **Consideration.** The aggregate consideration that PBL would receive from the PBL Subscription is USD1,000,739.17 in cash (the "**PBL Consideration**").
7. **Pricing Factors.** The PBL Consideration was arrived at on arm's length negotiations, taking into account, *inter alia*, the projected discounted cash flows of the Basin PSC from 1 January 2018 till the expiry of the current term of the Basin PSC.

Value of PBL Subscription Shares

8. Based on the unaudited consolidated financial statements of the Group for the first quarter period ended 31 March 2018, the book value and the net tangible asset value of the PBL Subscription Shares is approximately USD370,000.

PIL SUBSCRIPTION

9. PIL currently holds a non-operating 18.702% participating interest in the Salawati Kepala Burung Production Sharing Contract located in West Papua, Indonesia ("**Island PSC**"). The PIL Subscription involves the re-designation of 4,500,000 existing ordinary shares in PIL held by PIHBV, as 4,500,000 PIL Class A Shares and 4,500,000 PIL Class B Shares.
10. Holders of PIL Class A Shares shall have the exclusive benefit, liability and risk of certain specific items of PIL's balance sheet (including those which relate to earnings accrued prior to 1 January 2018 and liabilities incurred prior to 1 January 2018). In addition, holders of PIL Class A Shares are entitled to certain items, such as the appointment and removal of directors of PIL and the distribution of certain exclusive amounts as regards PIL Class A Shares. The PIL Class B Shares shall entitle the holders thereof to vote on any resolution of members.
11. Immediately after the completion of the PIL Subscription, PIHBV would hold 100% of PIL Class A Shares and 82.654% of PIL Class B Shares. CWA would hold 17.346% of PIL Class B Shares.
12. Apart from the PIL Subscription, the Island SSHA also sets out the Company's and CWA's agreement on their co-operation on the current term of the Island PSC which expires on 22 April 2020, and in the event an extension or renewed term of the Island PSC is secured, on the new production sharing contract over the Island PSC block. Such agreement includes the Company funding (i.e., carrying), for the first seven contract years of such extension or renewed term of the Island PSC or new production sharing contract over the Island PSC block, the cash call obligations for the capital and operating costs for the block operation which is for and attributable to CWA's direct or indirect participating interest in the Island PSC, and the recovery of such carry from the production attributable to CWA's direct or indirect participating interest with an agreed margin uplift.

Consideration For PIL Subscription

13. **Consideration.** The aggregate consideration that PIL would receive from the PIL Subscription is USD101,095.25 in cash (the "**PIL Consideration**").

14. **Pricing Factors.** The PIL Consideration was arrived at on arm's length negotiations, taking into account, *inter alia*, the projected discounted cash flows of the Island PSC from 1 January 2018 till the expiry of the current term of the Island PSC.

Value of PIL Subscription Shares

15. Based on the unaudited consolidated financial statements of the Group for the first quarter period ended 31 March 2018, the book value and the net tangible asset value of the PIL Subscription Shares is approximately –USD92,000.

BY ORDER OF THE BOARD

Chang Cheng-Hsing Francis
Group CEO & Executive Director
6 July 2018