

**RH PETROGAS LIMITED**

(Company Registration No.: 198701138Z)

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**EMPHASIS OF MATTER BY INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

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The Board of Directors of RH Petrogas Limited (the “**Company**”) wishes to announce that the Company’s independent auditor, Ernst & Young LLP, has in its Independent Auditor’s Report, included an emphasis of matter in relation to the audited financial statements of the Company and its subsidiaries (the “**Group**”) for the financial year ended 31 December 2015 (“**the Audited Financial Statements**”), an extract of which, together with the related Note 2 to the Audited Financial Statements, are set out in Appendix A to this announcement.

Shareholders of the Company are advised to read the Audited Financial Statements in the Company’s Annual Report 2015, which will be despatched in due course. This announcement is made pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

BY ORDER OF THE BOARD

Chang Cheng-Hsing Francis  
Group CEO & Executive Director  
11 April 2016

## **APPENDIX A**

### **Extract : Independent Auditor's Report**

#### **Emphasis of matter**

We draw attention to Note 2 to the financial statements. The Group incurred a net loss of US\$182,032,000 and negative operating cash flow of US\$18,857,000 during the year ended 31 December 2015 and as at that date, the Group's current and total liabilities exceeded its current and total assets by US\$34,459,000 and US\$29,737,000, respectively.

These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The ability of the Group to continue as a going concern depends on a substantial shareholder undertaking to provide adequate funds to the Group till 30 June 2017 to meet the Group's forecasted future cash obligations as and when they fall due. If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Our opinion is not qualified in respect of this matter.

### **Extract : Note 2 – Fundamental accounting concepts**

For the year ended 31 December 2015, the Group incurred a net loss of US\$182,032,000 (2014: US\$28,297,000) and negative operating cash flow of US\$18,857,000 (2014: positive operating cash flow of US\$24,191,000). The loss for 2015 is primarily due to impairment losses on goodwill, oil and gas properties, development expenditures and exploration and evaluation assets.

As at 31 December 2015, whilst the Group has cash and bank balances of US\$6,280,000 (2014: US\$36,717,000), the Group's current and total liabilities exceeded its current and total assets by US\$34,459,000 (2014: US\$17,404,000) and US\$29,737,000 (2014: net assets of US\$151,880,000), respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as going concern.

Notwithstanding the above, the consolidated financial statements are prepared on a going concern basis because a substantial shareholder has given an undertaking to provide adequate funds to the Group till 30 June 2017 to meet its forecasted future cash obligations as and when they fall due. The Group is actively in discussion with its banker to obtain waiver of its breach of loan covenants. Furthermore, the Group is also actively exploring other financing options for the financing of the capital expenditure, operating expenditure and working capital requirements in relation to the exploration, development and production activities of the Group.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.