KS ENERGY LIMITED
An Integrated Energy Services Hub

ANNOUNCEMENT OF INTERESTED PERSON TRANSACTION PURSUANT TO RULE 905(2) OF THE LISTING MANUAL

1. INTRODUCTION

The Board of Directors of KS Energy Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's previous announcement dated 1 March 2016 on the corrigendum to the Company's financial statement and dividend announcement for the financial year ended 31 December 2015 (the "**Previous Announcement**") in connection with the guarantee and advance by KS Drilling Pte Ltd in favour of PT Java Star Rig (the "**Additional Loan**").

Unless otherwise defined herein, all capitalised terms used in this announcement shall have the same meanings as those in the Previous Announcement.

2. BACKGROUND

Since the Previous Announcement, and as announced by the Company on 13 July 2017, the Indonesian customs court had on 4 July 2017 issued a decision in writing accepting the appeal filed by PT JSR.

The Indonesian customs court found that the importation of the Rig was in accordance with the terms of the Permit and was therefore exempted from import duty. PT JSR subsequently recovered the full amount of import duty and fines paid totalling IDR 197.0 billion (approximately $20.3 million).

Further to the above, PT JSR has since repaid approximately US$13.66 million of the Additional Loan, and as at the date hereof, the principal amount outstanding pursuant to the Guarantee and the Issuance Fees advanced is approximately US$0.55 million together with unpaid accrued interest of US$1.86 million.

3. INTERESTED PERSON TRANSACTION

As the Company holds 80.09% of KS Drilling, the amount at risk is 80.09% of the Additional Loan and the interest income thereon, which is $2.54 million (the "**Amount at Risk**").

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2016, the value of the audited consolidated net tangible assets ("**NTA**") of the Group was approximately $86.7 million (the "**2016 NTA**"). The 2016 NTA was the relevant NTA for the determination of the value of interested person transactions against the Group's latest audited NTA (i.e. 2016 NTA) for transactions from 27 April 2017 to 26 April 2018.

The Additional Loan became due in January 2018 when the Amount at Risk was less than 3% of the 2016 NTA.

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2017, the value of the audited consolidated NTA of the Group was approximately $52.2 million (the "**2017 NTA**"). The 2017 NTA was the relevant NTA for the determination of the value of interested person transactions against the Group's latest audited NTA (i.e. 2017 NTA) for transactions after 26 April 2018.

Consequently, the Additional Loan has been extended and the aggregate value of all interested party transactions with PT JSR (excluding transactions conducted under shareholders' mandate pursuant to Rule 920) is $2.60 million, which is more than 3% (but less than 5%) of the 2017 NTA and hence, this announcement is being made pursuant to Rule 905(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

The Additional Loan continues to be charged to PT JSR at an interest rate of 7.0% per annum (as previously disclosed in the Company's annual reports for the financial years ending 31 December 2016 and 31 December 2017).

As of today, the aggregate value of all interested person transactions entered into by the Group for the financial year ending 31 December 2018 (excluding transactions conducted under shareholders' mandate pursuant to Rule 920) is $2.67 million.

4. AUDIT COMMITTEE'S STATEMENT

The Audit and Risk Management Committee of the Company is of the view that the Amount at Risk was incurred on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

5. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed above, other than interests held through the Company as shareholders, none of the Directors or substantial shareholders of the Company has any direct or indirect interest in the Amount at Risk.

6. FURTHER ANNOUNCEMENTS

The Company will update shareholders on material developments relating to the Additional Loan, if any.

BY ORDER OF THE BOARD
KS ENERGY LIMITED

Victor Lai Kuan Loong
Company Secretary

21 June 2018