NauticAWT Limited

(Company Registration Number: 201108075C)
(Incorporated in the Republic of Singapore)

PRODUCTION ENHANCEMENT PROJECT IN BLOCK VIIB, WEST GEORGIA

---

1. INTRODUCTION

The board of directors (the "**Board**" or the "**Directors**") of NauticAWT Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that:-

(a) the Company's wholly-owned Singapore subsidiary, NauticAWT Energy Pte. Ltd. ("**NauticAWT Energy**"), has on 15 December 2016 entered into a farm-in agreement (the "**Agreement**") with Vectra Petroleum Ltd ("**Vectra**"), a company incorporated in Hong Kong, pursuant to which Vectra shall farm-out a 50% participating interest (the "**Assigned Participating Interest**") in the Block VIIB, West Georgia ("**Block VIIB**") production sharing contract (the "**Block VIIB PSC**") to NauticAWT Energy (the "**Proposed Transaction**"); and

(b) NauticAWT Energy has on 15 December 2016 entered into a joint operating agreement (the "**JOA**") with Vectra, pursuant to which both parties to the JOA shall define their respective rights and obligations with respect to petroleum operations conducted under the Block VIIB PSC.

2. INFORMATION ON BLOCK VIIB AND VECTRA

2.1 Information on Block VIIB

Block VIIB is located in western Georgia and covers an area of 1,175km^2. It contains eighty (80) wells drilled from 1940 to 1994, of which three (3) are currently active and producing a total of approximately 40 barrels of oil per day ("**bopd**") from the Shromisubani oil field which is situated within Block VIIB.

Georgia is ranked by the World Bank as one of the top economic reformers globally. Western Georgia has a well-developed transport, hydrological and electricity infrastructure, a dense grid of communications, railway, highways and two oil terminals on the coast of the Black Sea, which bounds Block VIIB to the west.

The Board considers Block VIIB represents an attractive geological setting in a proven hydrocarbon basin and has both discovered fields (including the Shromisubani oil field and Suspa gas field) and additional upside exploration potential in a wide range of stratigraphic formations based on the results of recently acquired 3D seismic data.

The Board considers Block VIIB an ideal candidate for production enhancement, with petrophysical evaluation establishing additional hydrocarbon bearing zones in existing producing and shut-in wells. By leveraging NauticAWT's unique in-house technical capabilities, which integrate geoscience, subsurface engineering and innovative field development with life extension solutions, NauticAWT hopes to significantly increase oil production from the block, barring unforeseen circumstances.

Based on information provided by Vectra, Vectra is the sole legal and beneficial owner of, and has the right to convey, certain participating interests in the Block VIIB PSC. The Block VIIB PSC was initially granted to Vectra with the effective date on 1 January 2012 for a period of twenty five (25) years with an option of a five (5) year extension.

There is no book value or net tangible asset value attributable to the Assigned Participating Interest, and the value of the Assigned Participating Interest. The Consideration, as defined in paragraph 3.2 of this announcement, will be recognised at cost in the financial statements of NauticAWT Energy. The net loss attributable to the Assigned Participating Interest for the financial year ended 31 December 2015 is S$0.6 million.

2.2 **Information on Vectra**

Vectra is a private company incorporated in Hong Kong and is part of the Vectra Group, a diversified group of companies involved in aviation, manufacturing, services and oil and gas exploration and production across seven (7) countries throughout Europe and Asia.

Vectra is not related to any of the Directors, the controlling shareholders of the Company or their respective associates.

3. INFORMATION ON THE PROPOSED TRANSACTION

3.1 **Salient terms the Proposed Transaction**

Pursuant to the Agreement, NauticAWT Energy shall, subject to certain conditions, acquire and/or earn a 50% legal ownership interest in the Block VIIB PSC.

Under the terms and conditions of the Agreement, amongst others:

(a) NauticAWT Energy (or any of its affiliates) will have the first right to conduct all the technical and project management services for the operations in the Block VIIB PSC, at arm's length rates;

(b) NauticAWT Energy will fund 100% of the capital expenditure cost incurred in the field throughout the life of the Block VIIB PSC with preferential cost recovery from oil sales proceeds; and

(c) NauticAWT Energy undertakes to spend a minimum of US$10,000,000 in capital expenditure cost during the period of the first five years following Completion, as defined in paragraph 3.3 of this announcement. The capital expenditure cost will be reimbursed to NauticAWT Energy from net income from the Block VIIB PSC after deducting any recoverable expenses (including operating expenditure payments and disbursements required under the terms of the Block VIIB PSC).

3.2 **Consideration for the Proposed Transaction**

The aggregate consideration for the Proposed Transaction is US$5,000,000 (the "**Consideration**"), and is to be paid as follows:-

(a) US$2,500,000 (the "**Initial Consideration**") on 15 March 2017 or earlier;

(b) US$2,500,000 (the "**Balance Consideration**") in quarterly instalments with the first instalment payable on 31 December 2017;

(c) Each instalment of the Balance Consideration shall be calculated based on 30% of NauticAWT Energy's share of net profit from oil sales for that quarter;

(d) The quarterly instalments shall continue until the Balance Consideration has been repaid;

(e) If the Balance Consideration has not been repaid by 30 June 2019 then a minimum repayment of US$200,000 per quarter will be due to Vectra between 30 June 2019 and 30 June 2020;

(f) All outstanding amounts due in any event will be paid by 30 June 2020; and

(g) The outstanding balance of the Balance Consideration shall attract an interest payment of 1.375% per quarter of the outstanding balance starting from 30 June 2017.

The Consideration was agreed to with Vectra on a "willing buyer willing seller" basis. In arriving at the Consideration, NauticAWT Energy took into account the Group's technical capabilities which integrate geoscience, subsurface engineering and innovative field development with life-extension solutions which the Board believes will enable a significant increase in production from Block VIIB, barring unforeseen circumstances. Also considered was the additional upside exploration potential in a wide range of stratigraphic formations within Block VIIB based on the result of recently acquired 3D seismic data.

The Consideration will be funded by a combination of debt financing and/or other funding to be procured by the Company. Further announcements in this regard will be made in due course.

3.3 **Conditions Precedent**

Completion of the Proposed Transaction (the "**Completion**") shall be conditional on the following conditions having been fulfilled or waived in accordance with the Agreement:-

(a) Receipt of the approval from the Georgian Government for the Proposed Transaction;

(b) All requisite regulatory and shareholder approvals, consents, waivers, registrations or statements of no objection (as the case may be) required by the Company by law or any competent authorities (including the relevant rules and/or requirements of the Singapore Exchange Securities Trading Limited) having jurisdiction over the Company and the matters contemplated in the Agreement ("**Required Approvals**"), and if such Required Approvals are subject to conditions, such conditions being reasonably acceptable to the NauticAWT Energy and Vectra, and such approval remaining in full force and effect at Completion;

(c) The finalisation and completion of the procurement by the Company of funds to satisfy the Initial Consideration. For the avoidance of doubt, completion of such procurement of funds may be conditional on obtaining the Required Approvals; and

(d) Agreement between NauticAWT Energy and Vectra on a work program and budget relating to the Block VIIB PSC covering a period of two years.

If any of the Conditions Precedent of the Agreement are not fulfilled within six (6) months from the date of this Agreement, either NauticAWT Energy or Vectra has the right to terminate this Agreement by giving thirty (30) days' notice to the other party.

4. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The pro forma financial effects are presented for illustrative purposes only and are not intended to reflect the actual future financial position of the Company following the completion of the Proposed Transaction.

Such pro forma financial effects have been computed based on the audited consolidated financial statements of the Group for the full financial year ended 31 December 2015 ("**FY2015**") based on the following assumptions:

(a) the financial effects of the Proposed Transaction on the net tangible assets ("**NTA**") per Share of the Group are computed assuming that the Proposed Transaction was completed on 31 December 2015;

(b) the financial effects of the Proposed Transaction on the loss per Share ("**LPS**") of the Group are computed assuming that the Proposed Transaction was completed on 1 January 2015;

(c) an exchange rate for FY2015 of US$1:S$1.3742;

(d) a closing exchange rate as at 31 December 2015 of US$1:S$1.4139; and

(e) transactional costs incurred for the Proposed Transaction are assumed to be insignificant and as such, have not been taken in account in the computation of the financial effects.

4.1 NTA per Share

	Before the Proposed Transaction	**After the Proposed Transaction**
NTA (S$'000)	8,255	8,255
Number of Shares	190,965,893	190,965,893
NTA per Share (S$ cents)	4.32	4.32

4.2 LPS

	Before the Proposed Transaction	**After the Proposed Transaction**
Loss attributable to owners of the Company (S$'000)	9,262	9,825
Weighted average number of Shares	174,462,950	174,462,950
LPS (S$ cents)	5.31	5.63

5. RELATIVE FIGURES UNDER RULE 1006

Based on the audited financial statements of the Group for FY2015, the relative figures for the Proposed Transaction computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "**Catalist Rules**") are as follows:

Rule 1006	**Bases**	**%**
(a)	Net asset value of assets to be disposed of, as compared with the Group's net asset value. This basis is not applicable to an acquisition of assets	Not applicable(1)
(b)	Net loss attributable to the assets acquired, compared with the Group's net loss	6.4%(2)
(c)	Aggregate value of the consideration to be paid, compared with the Company's market capitalisation	33.9(3)

(d)	Number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable[4]
(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable[5]

Notes:

(1) This basis is not applicable as the Proposed Transaction is in relation to an acquisition of assets.
(2) Based on net loss of S$0.6 million attributable to the Assigned Participating Interest for FY2015 compared with the Group's net loss of S$8.8 million for FY2015.
(3) Based on the Consideration of S$7.1 million (based on the Consideration of US$5,000,000 at the exchange rate as at 15 December 2016 of US$1:S$1.4247) and the Company's market capitalisation of S$21.0 million (based on the Company's existing issued share capital of 190,965,893 Shares and the VWAP of the Shares of S$0.1100 on 24 October 2016, being the last full market day on which trades were recorded on Catalist of the SGX-ST preceding the date on which the Agreement was signed).
(4) This basis is not applicable as no equity securities will be issued by the Company as consideration for the Proposed Transaction.
(5) This basis is only applicable to a disposal of mineral, oil and gas assets, but not to an acquisition of such assets.

As the relative figures computed based on Rules 1006(b) and Rules 1006(c) of the Catalist Rules exceed 5% but are less than 75%, the Proposed Transaction constitutes a "disclosable transaction" under Chapter 10 of the Catalist Rules.

6. RATIONALE FOR THE PROPOSED TRANSACTION

The Board believes that the Proposed Transaction will:

(a) allow the Group to strategically secure longer duration contracting opportunities which allow the Group to provide complementary service offerings, as outlined in the Company's Offer Document dated 14 July 2015;

(b) secure the Group to have the first right to provide its Subsea, Subsurface and Wells and Facilities services for Block VIIB; and

(c) enable the Group to leverage on Vectra's extensive track record, expertise and experience of project work in Georgia to pursue growth opportunities in new and existing markets.

7. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Transaction (other than through their respective shareholdings in the Company, if any).

8. SERVICE AGREEMENT

No person will be appointed as a director of the Company in connection with the Proposed Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the Proposed Transaction.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

10. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in shares of the Company, and where in doubt as to the action they should take, they should consult their financial, tax or other professional adviser immediately. The Proposed Transaction is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Transaction will be completed or that no changes will be made to the terms thereof.

11. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Agreement, together with a copy of the JOA, is available for inspection during normal business hours at the Company's registered office at 300 Beach Road #13-02 The Concourse Singapore 199555 for three (3) months after the date of this announcement.

12. ANNOUNCEMENTS

Further announcements on the Proposed Transaction will be made in due course as and when appropriate.

By Order of the Board

John Grønbech
Executive Director and CEO
15 December 2016

Overview of NauticAWT Limited

NauticAWT Limited is a Singapore headquartered firm offering subsurface, subsea and surface facilities engineering services and contracting solutions to the oil and gas industry. The Group is engaged in field exploration, field development and field refurbishments including design life extensions and production enhancement for ageing and mature assets for its clients.

With a global reach of 12 offices across Southeast Asia, Australasia, Middle East, Latin America and India, NauticAWT Limited provides a comprehensive range of technical and commercial solutions to the oil and gas industry. Through its multi-disciplined offerings, the

Group is able to deliver customised technical greenfield development services and brownfield enhancement and extension solutions, either stand-alone or as an integrated package. The Group also produces a unique range of UHPC and HPC materials for subsurface, subsea and surface applications, which is marketed under its NAX™ trademark.

---

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Advisors Private Limited ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Sebastian Jones, Director, SAC Advisors Private Limited, at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542, telephone (65) 6532 3829.

SAC Advisors Private Limited is a wholly-owned subsidiary of SAC Capital Private Limited.
